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## Health Reform Check-Up: Improvements to Drug and Medical Coverage under Medicare Private Plans

The Patient Protection and Affordable Care Act that the Senate will vote on in December includes a number of provisions that lower costs and remove barriers that prevent people with Medicare, especially those with limited incomes, from receiving the medicines and medical care they need. These provisions address the problems that Medicare Rights Center hotline counselors hear every day from older adults and people with disabilities and their caregivers.

### Half-Price Brand-Name Drugs in the Doughnut Hole

Under Section 3301, people with Medicare who fall into the coverage gap in Medicare drug coverage would receive a 50 percent discount on brand-name drugs instead of the full price they pay today. In addition, Section 3315 makes a down payment toward closing the coverage gap, or doughnut hole, by providing an additional \$500 in coverage in 2010.

**Who Benefits:** Over 3.4 million people like 66-year-old Lillian M., of Tulsa, Oklahoma, who fall into the doughnut hole. Diagnosed with a rare, painful disorder, Ms. M entered the doughnut hole in September, and started skipping doses of the medicines she uses to control the pain and other symptoms.

### Uniform Appeals Process for Prescription Drug Plans

Administrative barriers in Medicare drug plans' appeals process have prevented people with Medicare from obtaining the medicines they need and discouraged doctors from helping patients with their appeals. Section 3312 requires prescription drug plans and private Medicare health plans to:

- Allow appeals over the telephone or over the internet;
- Use a simple, standardized form for all appeals.

**Who Benefits:** The thousands of Part D enrollees, like 70-year-old Rachel S. of Leonia, New Jersey, who must appeal for coverage of their medicines. Ms. S. appealed for coverage on behalf of her diabetic, 85-year-old husband in January and did not secure coverage until November, months after the regulatory deadline for Part D appeals.

## **Stabilizing Drug Coverage for Low-Income People with Medicare**

Since the start of the Medicare drug benefit in 2006, millions of low-income people with Medicare have been shunted from one drug plan to another when the plan they are enrolled in no longer qualifies for a full premium subsidy for the following year. Sections 3303 and 3304 will mean hundreds of thousands of low-income people with Medicare will be able to keep the drug plan they are enrolled in from one year to the next and not have to pay a premium. The provisions ensure:

- The premium subsidy for drug coverage for low-income people with Medicare reflects the average cost of providing drug coverage;
- Plans with premiums slightly above the premium subsidy level in any state can waive the additional difference and allow low-income enrollees to stay in the plan at no charge.

**Who Benefits:** Hundreds of thousands of low-income people with Medicare, like those helped by Ashley A., a social worker from Northport, Alabama, whose clients faced thousands of dollars in out-of-pocket costs because the drug plan they were assigned to did not cover their medicines.

## **Ensuring Payments to Medicare Private Health Plans Lower the Cost of Medical Care**

Private “Medicare Advantage” health plans now use government subsidies that exceed their cost of covering basic Medicare benefits to provide “benefits,” such as free gym memberships or reductions in the Part B premium, but leave their enrollees exposed to high cost-sharing for hospitalizations, chemotherapy and other services required by those in poor health. Section 3202 would:

- Prohibit Medicare Advantage plans from charging more than Original Medicare for chemotherapy, skilled nursing care and other essential services;
- Require Medicare Advantage plans to use any bonus payments to lower enrollees’ cost-sharing for medical services (by lowering deductibles and coinsurance and/or capping out-of-pocket costs for medical services for the plan year);
- Require limits on out-of-pocket costs to apply to all Medicare services, with no exclusions for chemotherapy or other essential services.

**Who Benefits:** People like the 82-year-old man from Clearwater, Florida, who discovered, after his wife was diagnosed with breast cancer, that his Medicare Advantage plan’s advertised out-of-pocket limit did not include his coinsurance for chemotherapy.