



Questions and Answers on Medicare and Health Reform

I worked hard my whole life and I'm just getting by now. Why should I pay more for my Medicare to cover the uninsured?

You won't. There are no Medicare benefit cuts in the health reform law. Health reform will not increase the share you pay under Medicare for a doctor visit, hospital stay, prescription drug or any type of medical treatment.

Is there anything good for Medicare in this law? What's in it for me?

The biggest improvement is to Medicare drug coverage. The law phases out the doughnut hole—the gap in the Medicare drug benefit when consumers have to pay full price for their medicines and their premiums—by 2020. The law also eliminates copays and deductibles for many preventive care services, and provides coverage for an annual wellness visit. Many of the payment reforms are also designed to improve the quality of care people with Medicare receive. For example, hospitals will receive incentives to improve patient care after discharge to prevent unnecessary readmissions, and doctors will be encouraged to coordinate care that their patients receive from different specialists.

Ten years to close the doughnut hole? I don't think I'll still be around. I need help now.

Help starts now. People who fall into the coverage gap in 2011 will receive a 50 percent discount on brand-name drugs. The share consumers pay for both brand-name and generic drugs will decrease until the gap is eliminated in 2020. From 2020 on, consumers will pay on average 25 percent for their drugs after they have paid their deductible until they reach catastrophic coverage, when the consumer pays only 5 percent. They will no longer have to pay full price for their drugs at any point during the year after they have met their deductible. [Read more about the coverage gap in 2011.](#)

What about this "\$500 billion" in Medicare cuts? Where does that come from?

The law has over \$400 billion in Medicare savings over the next ten years. The largest portion of those savings comes from reducing the annual increase in Medicare payments to hospitals, skilled nursing facilities and home health agencies. The annual increase would be reduced by a "productivity factor" to encourage medical providers to become more efficient.

Aren't those cuts too drastic? Will hospitals still be able to treat Medicare patients?

The major hospital associations have supported health reform partly because the law will cover almost all uninsured Americans, who now show up at emergency rooms when they need treatment but can't pay for it. It is true that Medicare's independent actuaries have expressed concern that providers won't be able to meet the productivity target and people with Medicare might see reduced access to services. But the Medicare savings accrue over ten years, and Congress can revisit the payment rates if access problems begin to surface. Congress passed bills to moderate the Medicare cuts it had passed in 1997. The 1997 bill reduced Medicare spending by a higher percentage than the savings projected under health reform.

Will I still be able to see my doctor? She said there was a Medicare pay cut coming.

The cuts to doctor payments that have been in the news lately are not the result of the health reform law. There are Medicare pay cuts for doctors scheduled under current law that will take effect at the end of 2011 and in following years if Congress does not act. These cuts are required under a payment formula that was enacted in 1997 and are unrelated to health reform. Congress has passed bills to override the scheduled cuts in past years, but those bills have increased the cost of completely eliminating the payment formula.

I am in Original Medicare, but my sister-in-law joined a "Medicare Advantage" plan. Is she going to lose her coverage?

No. Medicare pays private "Medicare Advantage" health plans 9 percent more per enrollee than it costs to provide care for the same person under Original Medicare. Health reform will bring the payments to the companies providing these plans more in line with costs under Original Medicare. Medicare private health plans will still be required to provide coverage that is at least as good as Original Medicare. Plans that deliver high-quality care and are efficient will still receive increased payments from Medicare, which may be used to fund extra benefits, but the law reforms the current system of subsidies. The law restricts the ability of Medicare private health plans to charge more than Original Medicare for specific services. It also requires plans to spend at least 85 percent of the money they receive from taxpayers on medical services for plan members, instead of profits and marketing costs. Any person with Medicare who sees a premium increase or benefit reduction in their Medicare private health plan can change to another plan or return to Original Medicare for coverage.

How does all this get paid for? I'm worried about putting a burden on my grandkids.

The Congressional Budget Office (CBO) estimates that the combination of Medicare savings and increased revenues in the bill more than pays for coverage for the uninsured. As a result, the bill reduces the deficit over the first ten years as well as over the longer term, according to CBO. If your grandchildren lose their jobs, or cannot get health coverage through their employer, they will still be able to afford health insurance. The Medicare savings all improve the financial health of the Medicare trust fund, which is

funded by payroll taxes and pays for inpatient hospital care and other services under Medicare Part A.

It all sounds a little too perfect. Is there anything you don't like about health reform?

No law is perfect. We are concerned that the law creates an independent board that is empowered to limit spending growth in Medicare. We think it is better to leave those decisions to Congress, which is accountable to people with Medicare. The law also increases the premiums for Part D drug coverage for the wealthiest 5 percent of people with Medicare (individuals earning over \$85,000 per year and couples earning more than \$170,000), who now already pay a higher Part B premium.

I'm still skeptical. I'd like to see some facts and figures. Where can I learn more?

You can learn more on our [Medicare and Health Reform webpage](#).

One last thing. Who are you guys? There is a lot of spin out there. I don't like being spun.

You're right to be cautious. There are a lot of organizations and politicians who now claim to be defenders of Medicare who don't have a good track record of supporting Medicare.

The Medicare Rights Center is an independent, national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs and public policy initiatives. To learn more about us, visit www.medicarerights.org.