



520 Eighth Avenue, North Wing, 3rd Floor
New York, NY 10018
212.869.3850/Fax: 212.869.3532

Hearing on the Health Care Law's Impact on the
Medicare Program and its Beneficiaries

Committee on Ways and Means
U.S. House of Representatives
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Statement for the Record

Submitted by Joseph Baker
President, Medicare Rights Center

The Medicare Rights Center is a national, independent nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through individual counseling and advocacy, educational programs and public policy initiatives. We provide services through six different hotlines to individuals, caregivers and professionals who need answers to Medicare questions or help securing coverage and getting the health care they need. Our work directly representing people with Medicare gives us a unique perspective on the Affordable Care Act (ACA).

The ACA includes several important improvements to Medicare that will give older adults and people with disabilities access to more affordable and higher quality health care. Such improvements include:

- Increased prescription drug coverage by closing the Medicare Part D coverage gap, known as the “doughnut hole”
- Expanded access to affordable preventive care services
- Investment in delivery system reforms that will better coordinate the care people with Medicare receive
- Better coverage for people with pre-existing conditions and disabilities

First, the ACA closes the coverage gap, or doughnut hole, in the Medicare prescription drug benefit. Over 3 million individuals fall into the doughnut hole each year, and many of these individuals have multiple chronic conditions, some of them life threatening. Since the advent of the Part D drug benefit in 2006, the Medicare Rights Center has handled hundreds of calls from clients who have entered the doughnut hole, and their stories spotlight the issue. Stories include individuals who must skip doses, split their pills or forgo medications altogether because of the high out-of-pocket costs of prescription drugs when they are in the doughnut hole.

Ms. G, a client from Arizona, called Medicare Rights Center because she is in the doughnut hole and cannot afford her medications. She has diabetes, a heart condition and high blood pressure, and is currently on 16 medications. She also has very high hospital bills. Ms. C's income is \$2,400 per month, so she does not qualify for a program that would help her pay for the cost of her medical bills or drugs. The closure of the coverage gap will help Ms. C afford her medically necessary prescriptions that help prevent her serious health conditions from getting worse.

Ms. C, a client from New York, takes several medications, including a very expensive anti-cancer medication to keep her cancer at bay. She called the Medicare Rights Center when she learned from her pharmacist that she was approaching the doughnut hole. She said that she would be able to avoid the doughnut hole if she did not take her anti-cancer medication, but wanted to know if there was any assistance she could receive that would allow her to afford and take this medication. Due to her income, Ms. C had limited options. Medicare Rights advised her that a far too common option was to ask doctors for free samples of medications in order to sustain treatment if no other assistance was available. Without closure of the doughnut hole, Ms. C will face unaffordable

drug costs. If she is unable to access her medication, the chances of her cancer recurring are increased.

The ACA will improve the experience of Ms. G, Ms. C and others who in the past have faced similar financial hurdles to accessing their medications. In 2010, individuals in the doughnut hole were eligible to receive a \$250 rebate on drug costs. This year, pursuant to the ACA, they will receive a 50 percent discount on brand-name drugs, and by 2020 the doughnut hole phase-out will be complete, which means individuals will pay the standard 25 percent cost-sharing for their medications.

Also, the ACA aims to transform the way that all Americans, including people with Medicare, think about their care and engage the health system. The law emphasizes prevention and allows for the provision of new or expanded preventive services under Medicare. In addition to providing annual wellness exams and prevention plans to people with Medicare, the ACA eliminates consumer cost-sharing for many Medicare-covered services recommended by the United States Preventive Services Task Force, such as mammographies and screenings for heart disease and osteoporosis. This increased access to affordable preventive services will improve Americans' health and could reduce long-term costs to the health care system. By eliminating barriers to preventive services, the law encourages healthy behaviors and allows consumers to personally invest in their care.

Ms. C, a client from Oklahoma, called Medicare Rights Center because she wanted to quit smoking. Her doctor prescribed a medication to assist her in her efforts, but her drug plan would only cover the drug if she agreed to attend smoking cessation counseling sessions, which Medicare covered, but with cost-sharing. Now, as a result of health reform, Ms. C, and those in similar situations, will be able to go to smoking cessation counseling sessions free of charge.

Ms. C, like many others, wanted to take steps to become healthier and improve her quality of life. The ACA helps people with Medicare be able to take these initial steps.

But the ACA's effort to empower patients to be more involved in their own care goes beyond the elimination of cost-sharing for preventive benefits. The law invests in delivery system reforms that aspire to emphasize patient-centered models of care and to better coordinate the care patients receive. These reforms will hopefully create greater efficiency in the program that will bolster Medicare's financial outlook without sacrificing consumers' quality of and access to care. For example, the ACA increases reimbursements to doctors who provide primary care, thereby offering them incentives to enter this practice area. The bill also provides incentives to doctors or groups of doctors to create "medical homes" and "Accountable Care Organizations," wherein they coordinate the care that patients receive from a variety of providers. According to a 2006 MedPAC report, the average person with Medicare sees five doctors. However, there is no incentive in the current Medicare system for doctors or other care providers to talk with each other. In fact, the Medicare Rights Center often must facilitate these conversations and the exchange of information across care settings through our casework, or our clients must do so for themselves, which can be difficult, especially in times of acute illness.

While we all have many questions about how these new models and reforms will work and are currently engaged with other stakeholders to ensure that consumer protections remain central to reforms, all parties must ensure that we are getting the highest value for our healthcare dollars. The ACA aims to address this issue in a responsible way that does not just pass higher costs on to Medicare consumers.

In addition to these improvements, health reform improves coverage for people with pre-existing conditions and those with disabilities who do not yet qualify for Medicare. Americans under 65 with Social Security Disability Insurance have to wait two years before they are eligible for Medicare coverage. In many cases, these individuals and other individuals who are uninsured and have a pre-existing condition can now join states' high-risk pools, which were created by the ACA, and receive insurance coverage while they wait for Medicare. Most important, in 2014, they will have access to even more insurance options in the form of plans offered on state-based health exchanges and expanded Medicaid. This means that people in the two-year waiting period, one of the populations most in need of affordable, high-quality care, will now be better able to access affordable coverage. Allowing people better access to care before they enroll in Medicare should also mean that they require less care once they become Medicare eligible. No longer will people have to play the waiting game as their condition worsens and require more acute and potentially more expensive care before Medicare becomes available to them.

The ACA takes positive steps this year, as noted above, to provide significant benefits to people with Medicare and planned delivery system reforms will help to ensure that people with Medicare have continued access to high-quality, affordable care.