

What You Need To Know About The Medicare Promotional Brochure

Here Are the Facts According to the Experts



CENTERS FOR MEDICARE & MEDICAID SERVICES



Medicare and the New Health Care Law — What it Means for You

A Message from Kathleen Sebelius, Secretary of Health & Human Services

The Affordable Care Act passed by Congress and signed by President Obama this year will provide you and your family greater savings and increased quality health care. It will also ensure accountability throughout the health care system so that you, your family, and your doctor—not insurance companies—have greater control over your care.



These are needed improvements that will keep Medicare strong and solvent. Your guaranteed Medicare benefits won't change—whether you have a Medicare Advantage plan or not—and cost savings that you get through the new services and in the future.

“These are needed improvements that will keep Medicare strong and solvent.”

The Centers for Medicare & Medicaid Services (the federal agency that runs the Medicare, Medicaid, and Children's Health Insurance Program) will continue to provide you with up-to-date information about these new benefits and will ensure that your personal information is safe.

Remember—rely on your trusted sources of information when it comes to accurate information about Medicare, and don't hesitate to call 1-800-MEDICARE or go to www.medicare.gov if you have questions or concerns. Don't give your information to anyone who isn't a trusted source.



“Remember – rely on your trusted sources of information when it comes to accurate information about Medicare.”

In May, Secretary Sebelius sent a promotional brochure to Medicare Beneficiaries that claimed to provide accurate information on how health reform would affect the Medicare program. The promotional brochure was filled with inaccuracies and omissions. In short, it was misleading. It selectively provided information and, in some instances, blatantly contradicted conclusions made by Medicare's Chief Actuary, the program's own in-house, non-partisan expert. Using reports from Medicare's Chief Actuary and the Congressional Budget Office, this document aims to clarify just some of the misleading claims made by the Secretary.

What you need to know:

Health reform cut \$529 billion from Medicare. Medicare's Chief Actuary said some of the Medicare cuts, “may be unrealistic,”¹ and “are unlikely to be sustainable.”² And those cuts can't be double counted to improve solvency. Medicare's Chief Actuary said the cuts, “cannot be simultaneously used to finance other Federal outlays (such as coverage expansions) and to extend the trust fund, despite the appearance of this result from the respective accounting conventions.”³

What you need to know:

Unfortunately, you cannot rely on the promotional brochure you received from the Department of Health and Human Services. Key points are not substantiated by either Medicare's own Chief Actuary or the Congressional Budget Office. Medicare's Chief Actuary is a non-partisan federal employee who works for the U.S. Department of Health and Human Services. The Congressional Budget Office is a congressional support agency that provides objective, non-partisan analyses to Congress on a wide array of federal issues.

¹ Memorandum from Richard S. Foster, Chief Actuary, Centers for Medicare and Medicaid Services, *Estimated Financial Effects of the Patient Protection and Affordable Care Act as Amended* 9 (April 22, 2010).

² *Id.* at 12.

³ *Id.* at 9.

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What you need to know:

The Congressional Budget Office says that health reform will likely raise Part D premiums almost 10 percent.⁴

What you need to know:

These so-called overpayments are actually, by law, used to lower beneficiary out-of-pocket costs and to provide extra benefits for seniors.⁵ The fact is that these funds have been helping millions of low-income seniors who can't afford to pay for expensive supplemental coverage. This Medicare cut will force millions of seniors to pay more for their health care.

What you need to know:

Medicare's Chief Actuary says 7.4 million fewer seniors will be getting Medicare Advantage coverage in seven years because of health reform.⁶ This decrease is caused by the Medicare cuts in health reform. What the promotional brochure doesn't say is that while you will still get Medicare's basic benefits, you may be forced back into traditional Medicare to get them, and the extra benefits Medicare Advantage plans provide today are likely to disappear.⁷

HEALTH CARE LAW



What Stays the Same

The guaranteed Medicare benefits you currently receive will remain the same. During open enrollment this fall, you will continue to have a choice between Original Medicare and a Medicare Advantage plan. Medicare will continue to cover your health costs the way it always has, and there are no changes in eligibility. But, there are some important benefits that you and your family can take advantage of starting this year. Look for more details in your *Medicare and You Handbook* coming this fall.

Improvements in Medicare You Will See Right Away

More Affordable Prescription Drugs

“Over the next ten years, you will receive additional savings until the coverage gap is closed in 2020.”

- Over the next ten years, you will receive additional savings until the coverage gap is closed in 2020.

Important New Benefits to Help you Stay Healthy

- Next year you can get free preventive care services like colorectal cancer screening and mammograms. You can also get a free annual physical to develop and update your personal prevention plan based on current health needs.

...will receive a one-time, \$250 rebate check if you checks will begin mailing in mid-June, and will enter the

...50% prescription drugs.



“The new law levels the playing field by gradually eliminating Medicare Advantage overpayments to insurance companies.”

- The new law levels the playing field by gradually eliminating Medicare Advantage overpayments to insurance companies.
- If you are in a Medicare Advantage plan, you will still receive guaranteed Medicare benefits.

...Repealing in 2014, the new law protects Medicare Advantage members by taking strong steps to ensure than administrative costs



“If you are in a Medicare Advantage plan, you will still receive guaranteed Medicare benefits.”

⁴ Memorandum from the Congressional Budget Office, *Comparison of Projected Medicare Part D Premiums Under Current Law and Under Reconciliation Legislation Combined with H.R. 3590 as Passed by the Senate* (March 19, 2010).

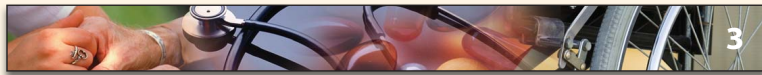
⁵ 42 U.S.C. § 1854(b)(1)(C) (2006).

⁶ Memorandum from Richard S. Foster at 11.

⁷ *Id.*

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Improvements in Medical Care

“Your choice of doctor will be preserved.”

Better Access to Care

- Your choice of doctor will be preserved.
- The law increases the number of primary care doctors, nurses, and physician assistants to provide better access to care through expanded training opportunities, student loan forgiveness, and bonus payments.
- Support for community health centers will increase, allowing them to serve some 20 million new patients.

Better Chronic Care

- Community health teams will provide patient-centered care so you won't have to see multiple doctors who don't work together.
- If you're hospitalized, the new law also helps you return home successfully—and avoid going back—by helping to coordinate your care and connecting you to services and supports in your community.

Improvements Beyond Medicare

Improves Long-Term Care

- New tools and resources under the new law, will help improve nursing home care.
- The new law creates a program to help pay for long-term care.
- Individuals on Medicaid will receive improved home- and community-based care options, and spouses of people receiving home- and community-based services through Medicaid will no longer be forced into poverty.

Helps Early Retirees

- To help offset the cost of employer-based retiree health plans, the new law creates a program to preserve those plans and help people who retire before age 65 get the affordable care they need.

Helps People with Pre-existing Conditions

- The new law provides affordable health insurance through a transitional high-risk pool program for people without insurance due to a pre-existing condition.
- Insurance companies will be prohibited from denying coverage due to a pre-existing condition for children starting in September, and for adults in 2014.
- Insurance companies will be banned from establishing lifetime limits on your coverage, and use of annual limits will be limited starting in September.

Expands Health Coverage for Young People

- Young people up to age 26 can remain on their parents' health insurance policy starting in September.

“If you're hospitalized, the new law also helps you return home successfully – and avoid going back – by helping to coordinate your care and connecting you to services and supports in your community.”

What you need to know:

The promotional brochure makes it sound like everyone gets this new benefit and that's just not the case. To qualify, you have to be a Medicare beneficiary who was hospitalized in a hospital with a high readmission rate and then receive services from a community-based organization that provides specific care transition services detailed in the new law. After you meet all those requirements, you also have to be a “high-risk” beneficiary based on a diagnosis of multiple chronic conditions or other risk factors which has to include at least one on a list of specified risk factors, such as cognitive impairment or depression. That's a lot of fine print.

What you need to know:

Medicare's Chief Actuary says that due to the Medicare cuts in health reform, 15 percent of Medicare Part A providers could be unable to sustain their operations.⁸ This means that access to a significant number of hospitals, skilled nursing facilities, hospices and home health providers is at risk.

Medicare's Chief Actuary also said that these cuts could cause some providers to “*end their participation in the program*” with the effect of “*possibly jeopardizing access for beneficiaries.*”⁹

And access to doctors is in jeopardy too. While health reform cuts \$529 billion from Medicare, it didn't fix a longstanding problem with physician payments. The Congressional Budget Office said that without an additional, expensive legislative fix, “payment rates for physicians' services in Medicare would be reduced by about 21 percent in 2010 and then decline further in subsequent years.”¹⁰ Health reform didn't fix this problem. So this claim that health reform preserves your choice of doctor is unsupported and inaccurate.

⁸ Memorandum from Richard S. Foster at 10.

⁹ *Id.*

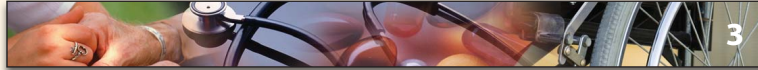
¹⁰ Letter from Douglas Elmendorf, Director, Congressional Budget Office, to the Honorable Nancy Pelosi, Speaker of the House of Representatives 14 (March 20, 2010).

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HEALTH CARE LAW



Improvements in Medicare You Will See Soon

Better Access to Care

- Your choice of doctor will be preserved.
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- Support for community health centers will increase, allowing them to serve some 20 million new patients.

Better Chronic Care

- Community health teams will provide patient-centered care so you won't have to see multiple doctors who don't work together.
- If you're hospitalized, the new law also helps you return home successfully—and avoid going back—by helping to coordinate your care and connecting you to services and supports in your community.

Improvements Beyond Medicare That You and Your Family Can Count On

Improves Long-Term Care Choices

- New tools and resources in the Elder Justice Act, which was included in the new law, will help prevent and combat elder abuse and neglect, and improve nursing home quality.
- The new law creates a new voluntary insurance program called CLASS to help pay for long-term care and support at home.
- Individuals on Medicaid will have more choices in long-term care options, and states will have more choices in long-term care services through Medicaid.



"Helps Early Retirees."

Helps Early Retirees

- To help offset the cost of employer-based retiree health plans, the new law creates a program to preserve those plans and help people who retire before age 65 get the affordable care they need.

Helps People with Pre-existing Conditions

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"Helps People with Pre-existing Conditions."

Expands Health Coverage for Young People

- Young people up to age 26 can remain on their parents' health insurance policy starting in September.

What you need to know:

Millions of seniors could actually *lose retiree benefits* because of health reform. Health reform cut subsidies for retiree benefits¹¹ which increases the cost for employers to offer drug benefits to retirees. This change will likely force many employers to drop their drug coverage for retirees altogether.

What you need to know:

For the next few years, health reform relies on high-risk pools to help those with preexisting conditions. But health reform fails to provide enough funding for the high-risk pools. The Congressional Budget Office says there are millions of people with preexisting conditions who may be eligible for coverage in the program, but due to insufficient funding, HHS would need to limit enrollment to about 200,000 people or funding will run out.¹² The CBO said an extra \$5-10 billion would be needed to actually insure everyone who is eligible for the program.¹³ This means a lot of people who were expecting immediate access to affordable coverage may just end up with another broken promise.

¹¹ Pub. L. No. 111-148, § 9013, (2010).

¹² Letter from Douglas Elmendorf, Director, Congressional Budget Office, to the Honorable Michael B. Enzi, Ranking Member of the Senate Committee on Health, Education, Labor and Pensions 2, 3 (June 21, 2010).

¹³ *Id.* at 2.

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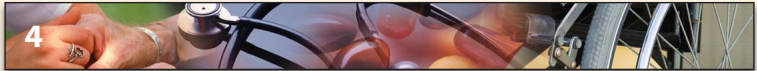


What you need to know:

Reductions in growth of Medicare spending are not the result of reductions in fraud, waste and abuse as claimed here. Medicare's Chief Actuary said that reductions in growth are instead the result of drastic cuts in Medicare by the permanent productivity cuts and the cuts that will be recommended in the future by an unelected Independent Payment Advisory Board (IPAB) that was created by health reform. Medicare's Chief Actuary even warned that these permanent productivity cuts are "unlikely to be sustainable."¹⁴

"Over the next 20 years, Medicare spending will continue to grow, but at a slightly slower rate as a result of reductions in waste, fraud, and abuse."

HEALTH CARE LAW



The New Law Preserves and Strengthens Medicare

New Tools to Fight Fraud and Protect Your Medicare Benefits

- The new law contains important new tools to help crack down on criminals seeking to scam seniors and steal taxpayer dollars.

Keeps Medicare Strong and Solvent

- Over the next 20 years, Medicare spending will continue to grow, but at a slightly slower rate as a result of reductions in waste, fraud, and abuse. This will extend the life of the Medicare Trust and provide cost savings to

expect to save on average in premiums and over \$200 million compared to what they would have paid out the new law.

beneficiaries (\$85,000 of annual premiums for single individuals or \$170,000 for married couples filing jointly) will pay higher premiums. This will impact about 2% of Medicare beneficiaries.

- Call 1-800-MEDICARE if you have any questions or want to report something that seems like fraud.



For More Information

For more information about the new health care law now, visit www.medicare.gov. If you have any questions, call 1-800-MEDICARE (1-800-633-4227) or your State Health Insurance Assistance Program (SHIP). Visit www.medicare.gov or call 1-800-MEDICARE to get their telephone number. TTY users should call 1-877-486-2048. If you need help in a language other than English or Spanish, say "Agent" at any time to talk to a customer service representative.

Visit the Eldercare Locator at www.eldercare.gov to find out how to access home- and community-based services and benefits counseling, transportation, meals, home care, and caregiver support services. You can also call 1-800-677-1116. The Eldercare Locator, a public service of the U.S. Administration on Aging, is your first step for finding local agencies in every U.S. community.



CMS Product No. 11467

¹⁴ Memorandum from Richard S. Foster at 12.