

How Will Health Care Reform Change Seniors' Health Care?

United Seniors of Maryland
September 20, 2010

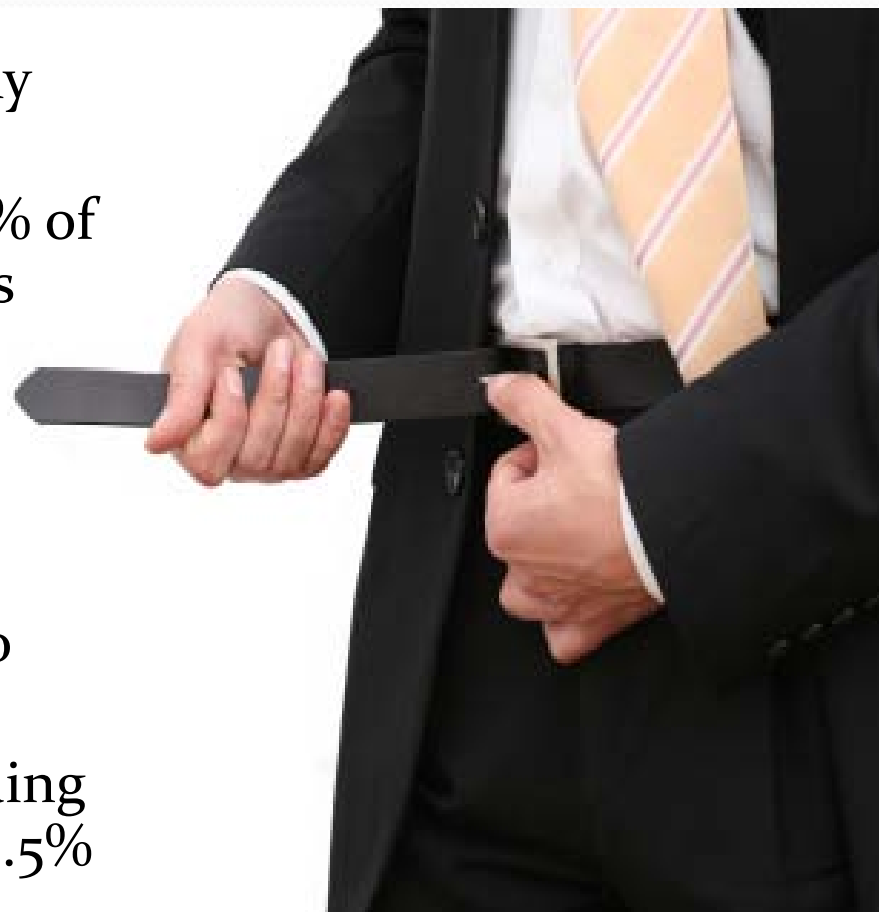
Paul R. Willging, Senior Associate
Bloomberg School of Public Health
Johns Hopkins University

Depends on Your Politics

- Basic benefits will not change. -- AARP
 - Physical and many preventive services free.
 - \$250 toward your drug costs. Doughnut hole closes in 2020.
 - Medicare solvency for another decade.
- But costs will increase. -- NCPA
 - For each \$1 in new benefits, there will be \$10 in reduced Medicare spending.
 - No funding to make sure all the promised services will be available.
 - Human resources will not be available.
- And both might be right. -- Willging

Financial Changes to Medicare

- Increased Revenues
 - Higher payroll taxes for wealthy workers (\$200/\$250,000)
 - Higher Part D premiums for 5% of wealthy Medicare beneficiaries (\$85,000/\$170,000)
- Reduced Spending
 - Slower growth in payments to providers (not doctors)
 - Reduction in over-payments to Medicare Advantage plans
 - Average yearly Medicare spending increases down from 6.8% to 5.5%
 - No cuts in basic benefits



Reduced Payments to Medicare Advantage Plans

- MA plans are paid about \$1,100 more per person than people in original Medicare (13% higher)
- Payments frozen in 2011
- Beginning in 2012, these overpayments will be gradually reduced



The Basic Math of Medicare Under Health Reform

\$7.15 TRILLION = Projected total Medicare spending before health reform (2010 -2019)

\$6.75 TRILLION = Projected total Medicare spending after health reform (2010-2019).

-\$400 BILLION = Net 10-year **reduction** in Medicare spending due to health reform (from 6.8% average yearly increases to 5.5% yearly increases).

But Remember:

+\$500 BILLION = Net 10-year increase in Medicare spending due to 2003 Medicare prescription drug law (not paid for).

Health Reform Financial Changes to Medicare



- Medicare solvency extended for 9 more years
- Increased funding to improve some Medicare benefits

What About the Federal Budget Deficit?

Congressional Budget Offices estimates health reform will save \$124 billion over 10 years.



How These Changes Affect YOU

- Medicare Prescription Drug Improvements
- Better Preventive and Chronic Care
- Greater Access to Home and Community Long-Term Care Services
- Other Improvements for Seniors (Early Retirees, Primary Care, Elder Abuse, Workforce)

How These Changes Affect **YOU**

Improvements in Medicare Prescription Drug Coverage

- \$250 Rebate Check for those who hit donut hole
- 2011: 50% discounts
- 2020: Coverage gap completely closed



How These Changes Affect **YOU**



Improvements in Medicare Prescription Drug Coverage

- Improved appeals for coverage denials
- More help for people with limited means

How These Changes Affect **YOU**

Better Preventive Care

- Free annual wellness visit and prevention plan
- No more cost sharing – free preventive benefits
- More funding for prevention services



How These Changes Affect **YOU**

Better Chronic Care

- New quality improvements
- Better coordination among doctors, specialists, other providers
- Services to reduce hospital readmissions
- Help so you can manage your own care



How These Changes Affect **YOU**



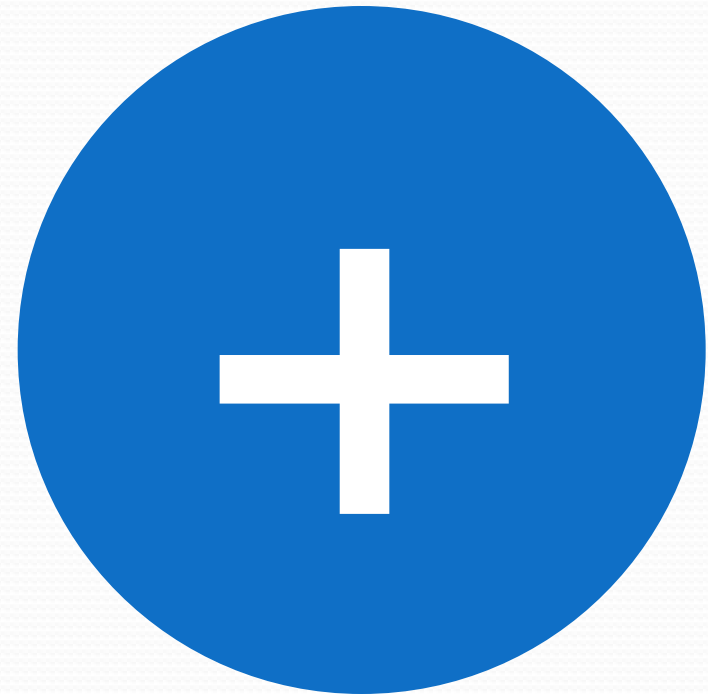
Greater Access to Home and Community Long-Term Care Services

- Help to **stay at home**
- Financial protections for spouses
- Program to leave nursing homes
- Voluntary public insurance program for full and part-time workers (CLASS)

How These Changes Affect **YOU**

Other Improvements for Seniors

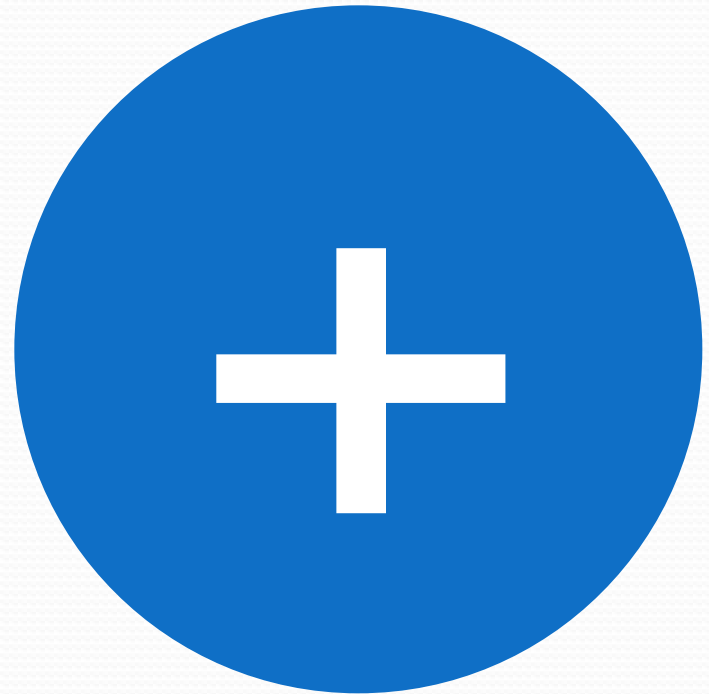
- Help to keep premiums down for early retirees
- Bonuses for primary care doctors (other doctor payment issues not addressed)



How These Changes Affect **YOU**

Other Improvements for Seniors

- New protections against elder abuse, neglect, financial exploitation
- Better training for workers caring for seniors
- Nursing home quality improvements



How These Changes Affect **YOU**

Changes in Medicare Advantage (MA) Plans?

- No one knows, but:
- Some plans may eventually reduce benefits or increase premiums
- New bonuses to reward high quality care
- New consumer protections to limit out-of-pocket costs



Four Facts – The New Law Will:

1. Not cut your basic Medicare benefits — and it will make some benefits better.
2. Reduce Medicare spending and the federal deficit, and extend Medicare's solvency by nine years.
3. Help people find and pay for long-term care at home.
4. Improve health care for seniors in other ways.

Critical State Role

- Medicaid Eligibility Rules
 - 133% of Federal Poverty Level
 - 16 Million New Eligibles
 - 50% Increase
- Insurance Regulations
 - Eliminate Exclusions and Rate Variations
 - Oversight of Rate Increases
- Insurance Exchanges
 - Standardized Information
 - Oversight of Health Plan Practices

Prerequisites for Success

- Executive Branch Leadership
- Strategic Plan
- Operational Plan
- Needs assessment
- Short Term Priorities



The State of Maryland

Executive Department

- Executive Order on March 10, 2010
- Establishes Health Care Reform Coordinating Council
- Designates Membership
- Staffed by Department of Health and Mental Hygiene
- Timeline of January 1, 2011 for Comprehensive Report
 - Policy Recommendations
 - Implementation Strategies
 - Financial Model

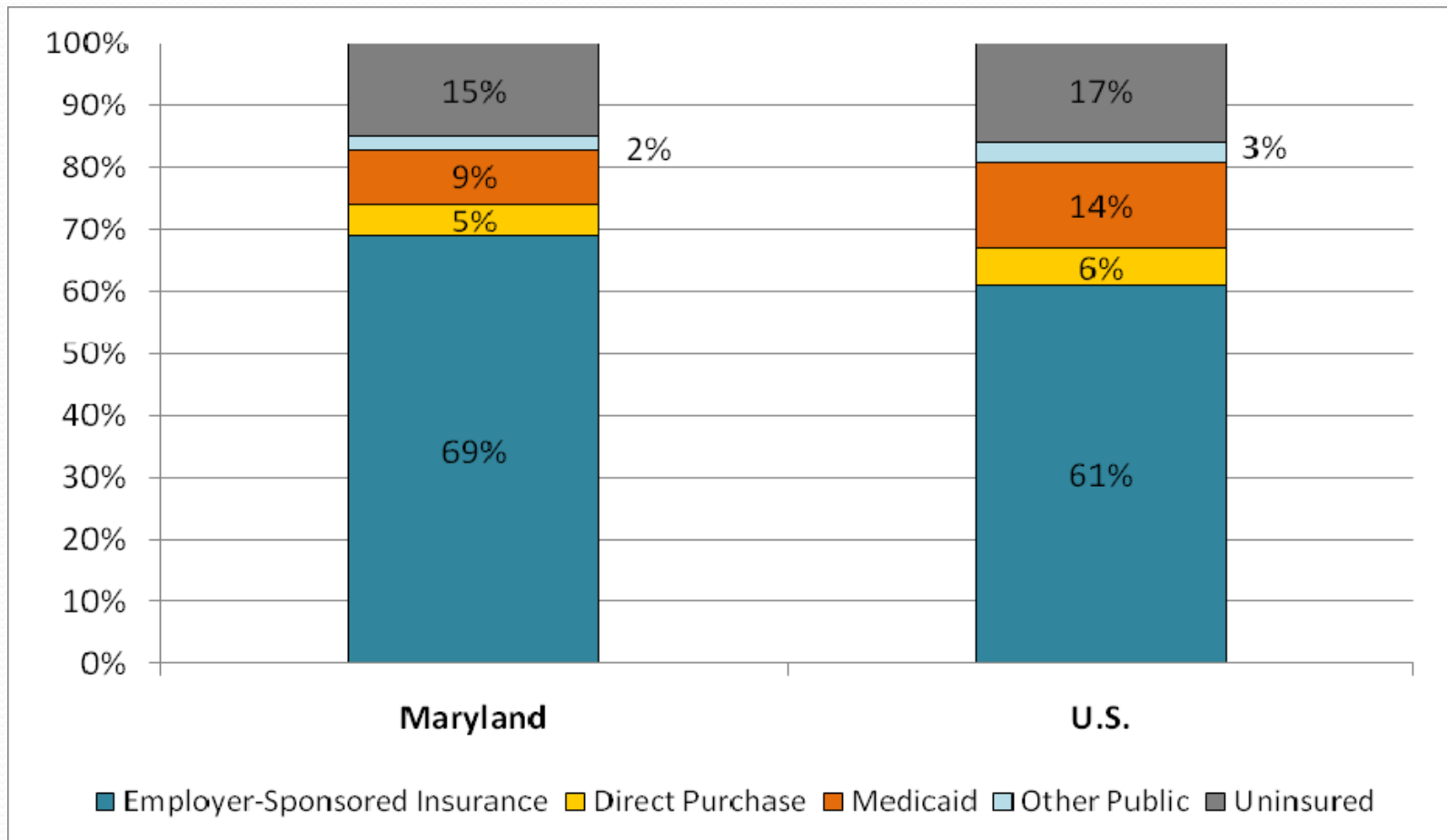
HCRCC Membership

- The Honorable Anthony G. Brown
Lieutenant Governor, State of Maryland
Co-Chair
- John M. Colmers
Secretary, Maryland Department of
Health & Mental Hygiene
Co-Chair
- Carolyn Quattrocki, Deputy Legislative
Officer
Governor's Designee
- T. Eloise Foster
Secretary, Department of Budget and
Management
- Beth Sammis
Acting Commissioner, Maryland
Insurance Administration
- Douglas F. Gansler
Maryland Attorney General
- Marilyn Moon
Chair, Maryland Health Care
Commission
- Donald A. Young, M.D.
Chair, Health Services Cost Review
Commission
- The Honorable Edward J. Kasemeyer
Member, Maryland Senate
- The Honorable Thomas "Mac"
Middleton
Member, Maryland Senate
- The Honorable Peter Hammen
Member, Maryland House of Delegates
- The Honorable James W. Hubbard
Member, Maryland House of Delegates

Six Operating Principles

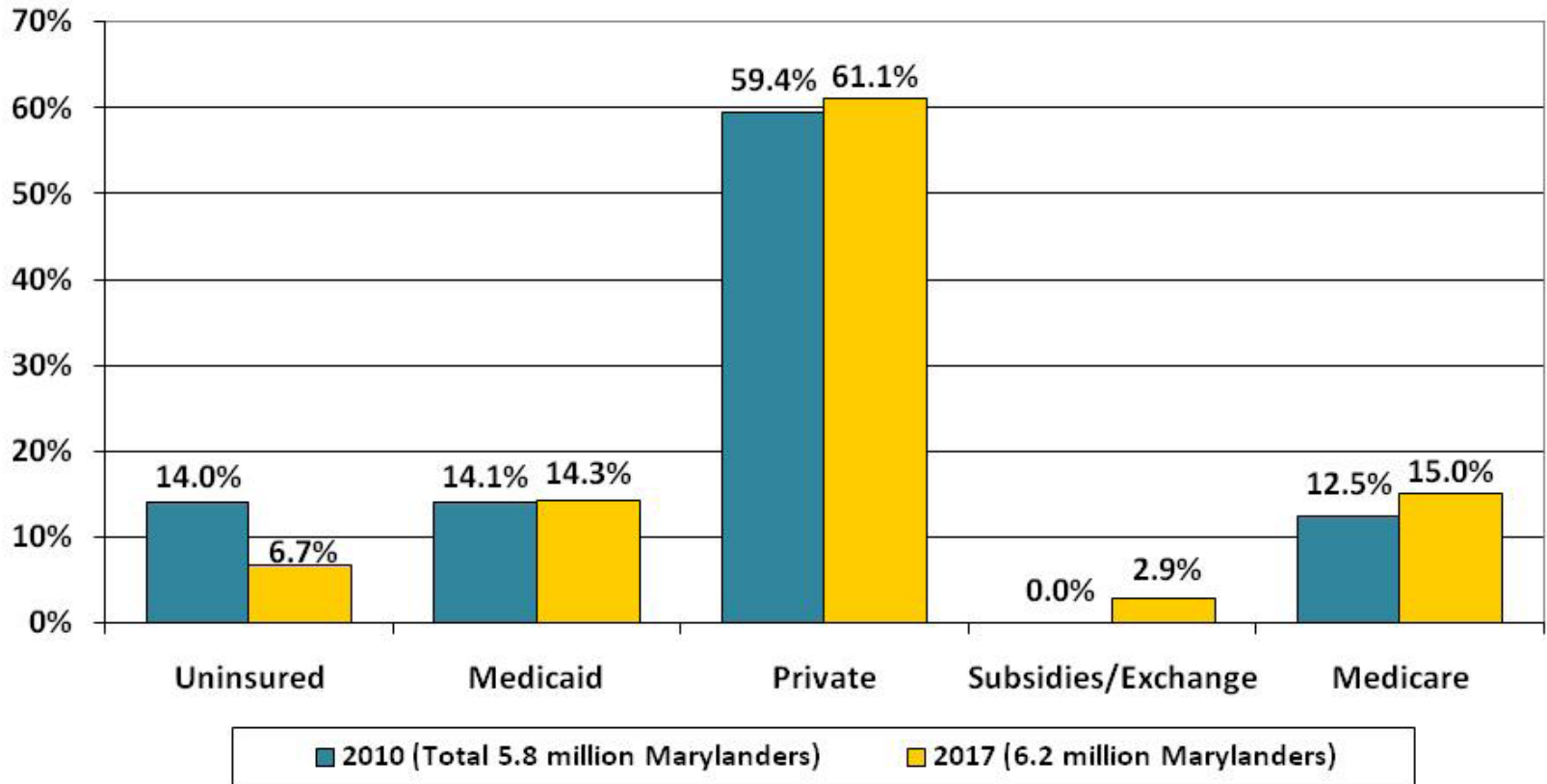
- Impact on *all* Marylanders
- Agency consistency with the Council
- Engagement with federal counterparts
- Act in best *long-term* interests of Maryland
- Health care is a public-private partnership,
- Focus on outcomes

Coverage of the Non-Elderly

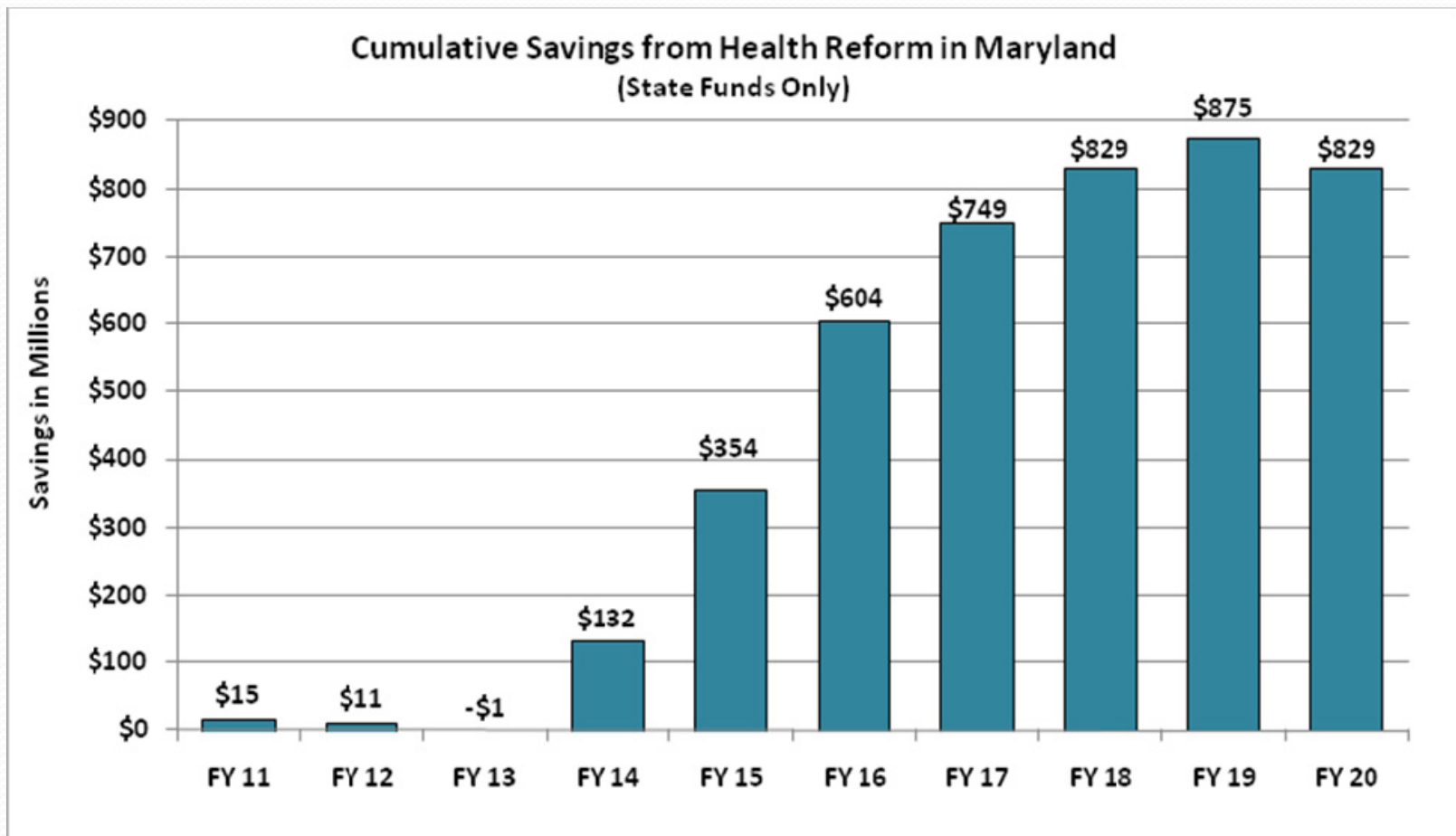


Anticipated Changes in Coverage

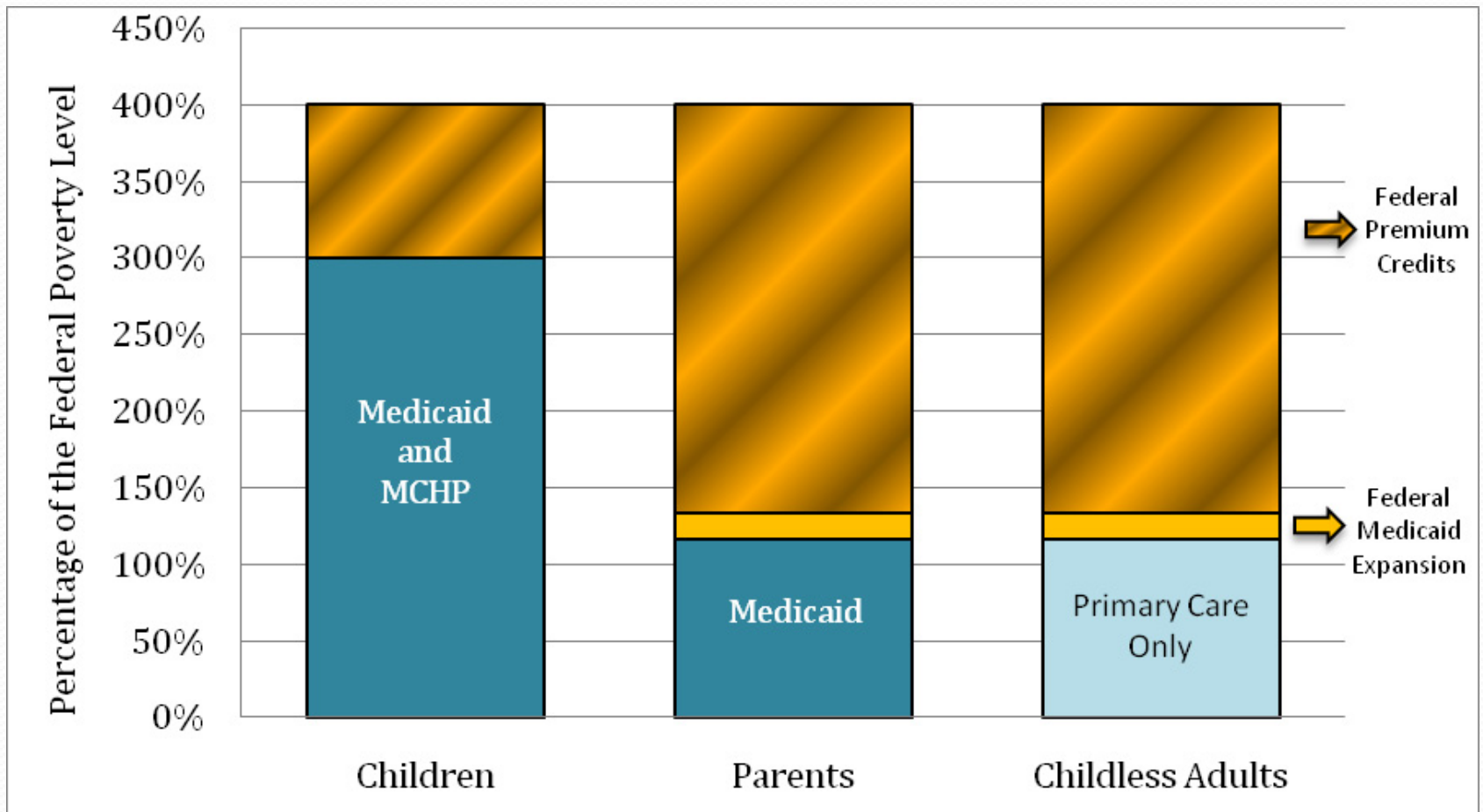
Insurance Status by Source of Coverage, Today and 2017



Fiscal Impact of Reform



Public Coverage, Today and 2014



Critical Decisions/Work Groups

- **Health Insurance Exchange and Insurance Markets**
- **Entry to Coverage**
- **Outreach and Education**
- **Public Health, Safety Net, and Special Populations**
- **Health Care Workforce**
- **Health Care Delivery System**

Next Steps – USM Role

- **September 20, 2010**
9:00 a.m. – 1:00 p.m.
Department of Legislative Services: Joint Committee Room
90 State Circle, Annapolis, MD 21401
- **October 15, 2010**
9:00 a.m. – 1:00 p.m.
Department of Legislative Services: Joint Committee Room
90 State Circle, Annapolis, MD 21401
- **November 8, 2010**
9:00 a.m. – 1:00 p.m.
Department of Legislative Services: Joint Committee Room
90 State Circle, Annapolis, MD 21401
- **December 17, 2010**
9:00 a.m. – 1:00 p.m.
Department of Legislative Services: Joint Committee Room
90 State Circle, Annapolis, MD 21401