

Healthcare reform: What's in it for our seniors?

Healthcare reform lays the foundation for a much-improved system of long-term care.

Opinion: Los Angeles Times March 30, 2010 | By **Bruce Chernof**, president and chief executive of the **SCAN Foundation**

Healthcare reform has made seniors, by and large, uneasy. Older Americans heard the words "cuts" and "Medicare" in the same sentence and were more likely to believe healthcare reform would hurt -- not help -- them. Lost in the maelstrom of misinformation, however, is the reality that the newly passed legislation lays the groundwork for greatly improving the full continuum of healthcare services for seniors, which includes renovating our nation's nonexistent long-term care system. With high numbers of adults over age 85 and the coming onslaught of aging boomers, creating a platform for meaningful long-term care reform could not have come at a better time.

A Lake Research Partners poll supported by the SCAN Foundation last June found that nearly 80% of adults (age 18 and over) were supportive of healthcare reform if it included improved options for community-based long-term care. This means creating alternatives to nursing home placement, such as day-service programs, home-care aides, meal programs, senior centers and transportation services. Several provisions in the bill address this aim.

First is the creation of a public, voluntary long-term care insurance program known as the Community Living Assistance Services and Supports program -- CLASS for short. Enrolled individuals who have substantial daily needs would be eligible to receive at least \$50 a day (after a five-year vesting period) to be used to defray the costs of services such as home care, family caregiver support, adult day-care or residential care. All actively working adults over 18 could enroll, with the purpose of getting the largest risk pool possible.

Second are programs that will help states expand home and community services so that seniors can avoid placement in a nursing home. A program called Community First Choice provides federal matching dollars for such care. Another increases funding for organizations that help seniors and their families navigate the complex web of our current long-term care services.

Third are impoverishment protections that prevent a healthy husband or wife from being forced to spend all of a couple's shared assets in order to get his or her partner access to community-based services care. Before this legislation, that protection was only available if the person who needed care was in a nursing home.

In addition to setting a framework for long-term care reform, the bill takes a number of steps to bolster the Medicare system and to ensure that the Medicare trust fund will not go bankrupt in seven years as predicted by the Centers for Medicare and Medicaid Services last December.

The legislation aims to reduce fraud, abuse and inefficiencies without cutting guaranteed Medicare benefits. It creates incentives to increase coordination of care for seniors with multiple chronic health conditions, which will decrease costly medical errors and unnecessary hospital readmissions. It helps seniors with high drug costs by closing the Medicare prescription drug coverage gap, the so-called doughnut hole.

New technologies will minimize duplicative paperwork and red tape. The legislation also increases payments to primary care physicians, which will keep them in the Medicare business, and in turn help seniors keep their doctors or be able to find new ones.

Workforce shortages exist at all levels of the continuum of care. The healthcare reform bill offers federal grants for enhanced geriatric training for primary care providers and other health professionals as well as direct-care workers, who provide most of the hands-on care to seniors in their homes or in day-care or nursing homes. The goal is a shift toward care that emphasizes the one-on-one relationship between care providers and seniors.

Let's be clear: The healthcare reform bill does not solve our country's long-term care crisis. Politicians do not get to simply check that box off the list of problems. They must do more. This new law does, however, lay a strong foundation for the long-term care system we will all need.

Neither the product nor the process has been perfect. But most good efforts in life are about progress and not perfection. If you're a senior, or caring for a senior, or if you plan to live beyond the age of, say, 65, this bill is a good beginning on transforming our health and long-term care system into one that works for everyone.

Also from SCAN: Health Care Reform and Long-Term Care: A Policy Forum June 18, 2010 - Videos/Audio (including Podcasts, Vodcasts) <http://www.thescanfoundation.org/foundation-publications/health-care-reform-and-long-term-care-policy-forum>

National Council on Aging ~ Straight Talk: Key Facts About Medicare

FACT # 1 The law will not cut your basic Medicare benefits — and some benefits will be better.

- **Starting Now:** More help with prescription drug costs [Section 3301]

In 2011: If you enter the donut hole, you'll pay only half of what your plan charges for brand-name drugs.

By 2020: The donut hole will be slowly phased out and completely eliminated.

- **Starting in 2011: A free annual wellness visit and prevention plan** [Sections 4103 and 4104]
- **Starting in 2011: Better care when you get sick**

The law will invest in testing new models of care to provide better care, better coordination, and more patient-centered services. [Sections 3021, 3024, 3502]

If you must be hospitalized, the law also will help you return home successfully—and avoid going back into the hospital—by providing incentives for hospitals to make sure that you get the services you need in your community and by teaching you ways to take good care of yourself. [Section 3026]

FACT # 2 The law will reduce Medicare spending growth, extend Medicare solvency, and is projected to reduce the budget deficit.

Medicare spending is growing and will continue to do so. But over the next 10 years, the new law will slow the overall rate of growth slightly—from 6.8% per year to 5.5%. Average spending per person will grow at about 2% per year (after inflation) instead of at 4%. These figures come from the independent, non-political Congressional Budget Office (CBO), which is the group responsible for health reform cost estimates.

The CBO projects that the new law will save Medicare about \$400 billion over 10 years and extend the solvency of the Medicare Trust Fund for an additional nine years—until 2026.

As spending increases slow down, the CBO also estimates that new revenues will be raised, primarily from taxes paid by people with incomes over \$200,000. Together, the savings and dollars coming in are expected to be greater than the money going out to pay for new benefits. Therefore, CBO has estimated that the new law will **reduce** the budget deficit by \$124 billion over 10 years.

How will increases in Medicare spending slow down? **Starting in 2011**

- The law will slow payment increases to Medicare providers, including hospitals, nursing homes, and home health agencies. Many providers—whose profits will increase with newly insured patients—have agreed to these new payments.

Note: The law does **not** reduce payments to doctors and actually increases payments to primary care doctors, or general practitioners. The "doc fix" is not part of this law and is expected to be addressed separately by Congress.

- The law will **reduce payments to Medicare Advantage (MA) plans**. About 75% of seniors have original Medicare. The rest are enrolled in MA managed care plans, such as HMOs and PPOs, offered by private insurance companies. **You will never lose your basic Medicare benefits because of the new law.**
- The law will **require people with higher incomes to pay higher Medicare premiums for prescription drug coverage**. This change will affect about 5% of people with Medicare—singles with incomes above \$85,000 and couples with adjusted gross incomes above \$170,000. [Section 3308]
- **Starting in 2014:** The law will create a new Payment Advisory Board. This board of experts will recommend specific ways to reduce Medicare costs without cutting benefits or increasing out-of-pocket costs. [Sec. 4304]

FACT # 3 The law will make it easier to receive and pay for long-term care at home. Medicare currently does not cover long-term care. This means millions of older adults who need help at home must spend their life savings to get the care they need.

- **Starting in 2011:** The law will make it easier for lower income people who are on Medicaid to get long-term care at home instead of in a nursing home by providing extra federal funds to states that provide in-home services. [Sections 2401-2403]
- **Starting in 2013:** A new national long-term care insurance program, **CLASS (Community Living Assistance Services and Supports)** will be available for full and part-time workers with salaries of at least \$1,200 a year, who can choose to have the premiums deducted from their paychecks.. [Section 8002]

People who pay in for at least five years and can no longer perform basic activities (such as eating, dressing, or bathing, or who have Alzheimer's disease or other forms of dementia), can receive a daily cash benefit, expected to average \$75 per day. It can be used to pay for anything that will help you stay at home.

- **Starting in 2014 through the end of 2019:** Spouses of people who receive Medicaid home care services will no longer be forced into poverty so that an ill spouse can qualify for Medicaid home care. [Section 2404]

<http://www.ncoa.org/public-policy/health-care-reform/straight-talk/>
