

Medicare Changes in National Health Reform

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Legal Affairs

In addition to reforming the State's private insurance market, the newly enacted health reform law (the Patient Protection and Affordable Care Act) will provide enhanced benefits now and in the future for Illinois seniors who are covered by Medicare.

Contrary to the speculation and mythology surrounding the national debate on health reform, the new law will actually improve Medicare coverage for current and future enrollees and reduce out-of-pocket costs for Medicare enrollees this year. Here are some highlights seniors on Medicare should know about:

Closing the Medicare Part D "Doughnut Hole"

Currently under Medicare Part D, Medicare pays 75% of the costs for covered prescription drugs up to an initial coverage limit (\$2,830 for the 2010 plan year), and 95% of the costs for prescription drugs above a catastrophic coverage level (\$6,440 for the 2010 plan year). The gap between the initial coverage limit and the catastrophic coverage level is known as the "doughnut hole." Medicare enrollees must pay 100% of the costs for prescription drugs in the "doughnut hole."

In 2010, Medicare Part D enrollees who hit the "doughnut hole" will be eligible for a \$250 rebate.

* Beginning January 1, 2011, Medicare Part D enrollees will be eligible for a 50% discount on brand-name prescription drugs in the "doughnut hole."

* By 2020, the Act will eliminate the "doughnut hole" coverage gap, for both brandname and generic prescription drugs.

Free Preventive Services for Medicare Enrollees

* Beginning January 1, 2011, the Act provides coverage under Medicare, with no copayment or deductible, for an annual wellness visit and personalized prevention planning, in which Medicare enrollees and their doctors can establish a schedule of recommended screenings and identify appropriate treatment options, preventive services, and other wellness resources.

* Beginning January 1, 2011, the Act requires Medicare to cover 100% of the costs for screening and preventive services recommended by the United States Preventive Services Task Force.

Medicare Advantage Plans

* The vast majority of Illinois seniors receive coverage through a traditional Medicare plan (Part A or Part B). For those that receive coverage through a Medicare, Advantage plan offered by an insurance company, the Act promises to ensure better value for every premium dollar, according to the Illinois Department of Insurance.

* According to estimates from the independent Medicare Payment Advisory Council, in 2009, Medicare paid insurance companies offering Medicare Advantage plans an average of 14% more per enrollee than Medicare would have paid under traditional programs.

* The Act begins to reduce overpayments to insurance companies, and provides incentives for Medicare Advantage plans to meet certain quality benchmarks.

* Beginning in 2014, the Act requires Medicare Advantage plans - the plans offered by insurance companies - to spend at least 85% of premium dollars paid by seniors on health care.

Seniors with additional questions can call the Senior Health Insurance Program (SHIP) at (800) 548-9034 for details.

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