



Excerpt from *PrimeTIME*, the newsletter for AFSCME Retirees.

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For Retirees, Much to Like in Health Care Law

On March 23, President Obama signed the historic health insurance reform law now known as the Patient Protection and Affordable Care Act. It provides near-universal health care coverage in the United States by making it affordable for 31 million Americans who are currently uninsured. The Act also introduces an array of cost-containment measures and insurance reforms that will help to preserve coverage for Americans who have it now.

AFSCME President Gerald W. McEntee commended Obama for his vision and refusal to give up when faced with innumerable road blocks. He also applauded the leadership of House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid. "Health care reform is a remarkable achievement," McEntee said.

He went on to cite its far-reaching impact on the American people. "This victory will protect and improve good union health care benefits. It stops the worst abuses of the insurance companies. It also gives workers and their families who lack on-the-job coverage access to **affordable** health care. And it ends skyrocketing premiums and caps on benefits," McEntee said.

He also noted that the law "is good for seniors because it **strengthens Medicare** and it will help **preserve employer coverage for retirees**, particularly those who retire early." In fact, **older Americans are among the chief beneficiaries** of the Affordable Care Act. Read on for some specific examples.

[Affordable Care Act – Help for Seniors](#)

Measures Effective Immediately:

- **Begins closing Medicare Part D “doughnut hole”:** Provides a \$250 rebate in 2010 to anyone who falls into the big hole in *prescription drug coverage* (see more on the doughnut hole under “Phased-in Measures”).
- **Makes preventive care free:** In 2011, eliminates co-payments and deductibles for Medicare preventive services, such as annual check-ups and cancer screenings.

- **Helps early retirees:** Creates a \$5 billion federal re-insurance program for employer plans that cover retirees age 55 to 64 (pre-Medicare), to help offset the costs of expensive premiums for employers and retirees. Will help preserve benefits.
- **Invests in new primary care practitioners:** Provides funds to increase the number of primary care doctors, nurses and physician assistants.
- **Bans lifetime limits on private insurance coverage.**
- **Bans insurers from dropping coverage when people get sick.**
- **Creates high risk insurance pool:** Provides affordable insurance access for those who've been denied coverage due to pre-existing conditions by establishing a subsidized pool. Later, when health care reform is fully implemented in 2014, the law will ban all insurance exclusions due to pre-existing conditions.
- **Extends coverage under parents' insurance for offspring up to age 26.**

Phased-in Measures:

- **Permanently closes Part D “doughnut hole”:** Beginning in 2011, the Act institutes a 50 percent discount on brand name drugs for those in the doughnut hole and will completely close the doughnut hole by 2020.
- **Strengthens Medicare's Finances:** Invests in fighting waste, fraud and abuse to save money over long term and reforms payments to hospitals to reduce unnecessary and costly hospital re-admissions. Savings will add *nearly a decade of financial solvency* to Medicare.
- **Creates a new long-term care program:** Voluntary, employment-based program will provide cash benefits for participants who need long term care services in their homes.
- **Invests in chronic disease management:** Innovations to improve care coordination will enhance quality and eliminate wasteful duplication of Medicare-covered services.

Retirees should keep in mind that not a penny of Medicare taxes or trust funds will be used for health care reform and there will be **NO CUTS** in guaranteed Medicare benefits. There will be *savings* from Medicare, however, that will strengthen the program by **adding nearly a decade of solvency to the trust funds**. The savings will come from new efforts to crack down on fraud as well as reductions in the big subsidies paid to Medicare Advantage (MA) private insurance plans.

The overpayments to MA plans began in the Bush Administration as a way to move Medicare toward privatization and they've led to record profits for insurance companies. Phasing out the subsidies will save Medicare \$120 billion over ten years. Also, since \$3 out of every senior's Part B premium helps pay for the MA subsidies, the reduced subsidies will mean lower premiums for *all* beneficiaries.

Federal outlays for private MA plans now will be more in line with costs under regular Medicare, which is only fair. The Act protects MA-plan participants by barring plans from charging them higher co-pays than Medicare's co-pays for the same services. It also requires plans to spend at least 85 percent of their government payments on actual health care benefits; they can no longer use that money for their advertising and profits.

McEntee said that misleading news reports, originating with opponents of health reform, have created a lot of misunderstandings, “but the truth is, most of us will keep on getting the same benefits we’re used to, whether they come from Medicare, employers or Medicaid. The good news is that cost-saving features of the new law will help ensure that we can *always* count on our coverage, and that more Americans will have a right to the same kind of affordable insurance that we enjoy.”

He added that “AFSCME members should be proud of the leadership our union provided in helping to get this law enacted.” He noted that AFSCME’s membership mobilization campaign resulted in over 300,000 calls and letter to Congress. “We put ads on TV, online and in the papers,” he said. “We marched, we lobbied and we prevailed.”

New World of Health Care: How will Americans be covered?

Workers: Most will continue with their employer coverage; small businesses will get subsidies to cover more workers.

Self-Pay: People who buy their own coverage can choose from many private plans offered by their new state “Exchange.” Most purchasers will get federal subsidies to make insurance affordable.

Seniors: Those over 65 will continue in Medicare. Early retirees will continue with employer coverage or, if it’s not offered, will be able to buy a subsidized insurance plan from the Exchange.

Low-Income: Medicaid will continue to cover those with low-incomes, but it will be expanded to cover more people.