



HEALTH CARE *and you*

What the New Health Care Law Means For You

Congress enacted a new health care law which brings a number of enhancements to all Americans, including people over 50. Some of these changes you will see this year. Others phase in over the next several years.

Whether you are on Medicare, buy insurance on your own or through your employer, or can't afford health insurance, the changes to the health care system will affect you. By knowing what's in the law and when the different provisions take effect, you can take advantage of the changes for yourself and your family.

The law:

- Strengthens Medicare.
- Makes health insurance more accessible and affordable.
- Makes discriminatory insurance practices a thing of the past.
- Creates new programs to help you get long-term care services in your own home.

If you are on Medicare: Your guaranteed Medicare benefits are protected and you will receive improved benefits. Changes to Medicare will lower the out-of-pocket cost for prescription drugs you need to stay healthy and expand the preventive care you can get for free, while making sure you can continue to see your doctor.

For the Uninsured: You will have access to insurance even if you have a pre-existing condition. More people will be able to get Medicaid. Many people will be eligible for tax credits to pay for insurance. Also, those without insurance will be able to buy a private policy through purchasing pools called "exchanges."

For all Americans: You will find it easier to get and keep your health insurance. An insurance company must insure you even if you are or have been sick or disabled, and they cannot drop you when you get sick. You can keep the insurance you have now. There will be protections in place to curb excessive premium rates because of your age, gender, or health condition.

For People with Long-Term Care Needs: You will be able to get more services to help you live independently in your own home and community. You can participate in a new voluntary insurance program that will give you the cash you need to help pay for long-term care in the future.

For People Who Are on Medicare or Retired:

- **Lowers out-of-pocket prescription drug costs:** If you reach the Medicare Part D coverage gap or “doughnut hole” this year, you will receive a \$250 rebate to help pay for prescription drugs. Next year, if you reach the doughnut hole, you will receive a 50 percent discount on your brand-name prescription drugs and a 7 percent discount on your generic prescription drugs while you are in the coverage gap. These discounts gradually increase until there is no longer a gap in coverage by 2020. As long as you are enrolled in a Part D plan, you don’t need to do anything to get these benefits. But, you should keep careful track of your medication bills to get all the benefits you deserve.

If you have Medicare Part D, you may want to use AARP’s doughnut hole calculator at www.aarp.org/doughnuthole to estimate how much you’ll spend on drugs for the year. The calculator can also show you how to delay or avoid falling into the doughnut hole by researching less expensive drugs in your plan.

- **Expands coverage for wellness and preventive care:** You’ll qualify for a new annual wellness visit, mammograms, and other screenings for cancer and diabetes—at no charge. These new benefits start in 2011. Make an appointment early next year with your primary care doctor to take advantage of these free services under Medicare.
- **Protects retirees:** Starting this year, if you have retiree health coverage through your work and are between 55 and 64, new federal funds will encourage your employer to continue offering health benefits. Ask your former employer or retiree health plan administrator what changes to expect.

For People Who Are Uninsured or Buy Their Own Coverage, and Small Business Owners:

- **Streamlines how health insurance is purchased:** It will be easier to buy affordable coverage. Those without insurance, small businesses, and self-employed people can purchase private health insurance through purchasing pools called exchanges. Exchanges must begin offering insurance by 2014. If you are eligible for insurance through an exchange and do not purchase it, you will be subject to a penalty.
- **Creates a set of standard benefits:** All health insurance plans in the exchanges must offer a standard set of comprehensive benefits including medical, mental health, prescription drug, and rehabilitative services. You will be able to pick among four levels of coverage – bronze, silver, gold, and platinum – to fit your needs when these plans become available in 2014. Standard benefit levels will make it easy to compare benefits and costs.
- **Makes health coverage more affordable:** Starting 2014, if you earn less than \$58,280 for a couple (or \$43,320 for an individual), you will get tax credits to help pay your premiums for health insurance purchased through an exchange.
- **Expands eligibility for Medicaid:** All children, parents, and childless adults who have a limited income (under \$19,378 for a couple), but do not have Medicare, will be able to get Medicaid coverage starting in 2014.
- **Covers people with pre-existing conditions:** You may have access to insurance coverage if you have a pre-existing condition and have been uninsured for six months. This coverage – also known as “high risk pools” – should be available in your state by mid-summer. Coverage under this program will continue until the exchanges start in 2014. Then, all insurance plans will be required to cover pre-existing conditions.
- **Extends coverage for older children:** Starting this year, your unmarried adult son or daughter may be able to remain on your insurance policy up to age 26.

For People Planning Their Long-Term Care Needs:

- **Helps you pay for long-term care:** You can participate in a voluntary national insurance program to help you pay for some of your future long-term care services and supports. This new program will pay you a lifetime cash benefit if you paid into the system for five years while you were working. Starting in 2011, all working adults will be automatically enrolled in this insurance through a payroll deduction, unless they or their employer choose not to participate.
- **Provides better information and accountability for nursing home care:** It will be easier to file complaints about the quality of care in a nursing home. You also will have access to more information on nursing home quality and resident rights. Starts in 2011.
- **Extends financial protections to more spouses of people on Medicaid:** If you are married to someone on Medicaid who is receiving care services at home, you will have the same protections for your income and other resources as do spouses of those on Medicaid who live in a nursing home. Starts in 2014.
- **Promotes independent living:** Your state may receive financial incentives to provide greater access to the services and supports you need to live independently in your own home and community.

For Everyone:

- **Eliminates discriminatory insurance practices:** Effective in 2010, health insurance companies can't drop your health coverage if you become sick. Your health insurance is also guaranteed, as long as you continue to pay your premiums. Starting in 2014, people can't be denied health insurance because of a pre-existing condition.
- **Eliminates lifetime and annual coverage limits:** Insurance companies can no longer place lifetime or restrictive annual limits on your health coverage—giving you peace of mind that your benefits won't run out when you need them the most. The ban on lifetime limits begins in 2010, while the ban on annual limits begins in 2014.
- **Requires coverage for preventive care:** Starting 2010 for new plans, you will no longer have to pay some of the out-of-pocket costs for preventive care such as mammograms, immunizations and screenings for cancer or diabetes.

When Changes Come About:

2010

- Those who reach the Medicare Part D coverage gap or “doughnut hole” receive a \$250 rebate to help pay for prescription drugs.
- Employers providing retiree health insurance get funding to encourage continued coverage to early retirees.
- Temporary insurance, also known as “high risk pools,” begins covering people who have a pre-existing condition and have been without insurance for the last 6 months.
- Young adults up to age 26 may be able to remain on their family’s health insurance plan.
- Individuals with employer-based or individual insurance coverage do not have to pay a deductible and other out-of-pocket costs for certain preventive care services.
- Insurance companies can’t drop your coverage if you become sick.
- Insurance companies can’t place lifetime limits on health coverage. There will be some restrictions on insurance companies’ use of arbitrary annual limits on your health coverage.

2011

- Those who reach the Medicare doughnut hole receive a 50 percent discount on brand-name prescription drugs and a 7 percent discount on generic drugs.
- Medicare benefits expand to include free coverage for wellness and preventive care.
- It becomes easier to file complaints about the quality of care in a nursing home. Better access to information on nursing home quality and resident rights is available.
- Workers start participating in a voluntary national insurance program to help pay for future long-term care services and supports.

2014

- Exchanges begin offering health insurance coverage with comprehensive benefits.
- Premium subsidies are available for those with limited incomes who purchase health insurance through an exchange.
- Children, parents, and childless adults who do not have Medicare and who have a limited income are able to apply for Medicaid.
- Insurance companies are banned from putting annual limits on health coverage.
- Insurance companies can't deny anyone health coverage because of a pre-existing condition.
- Spouses of people on Medicaid who receive care services at home get the same protections for income and other resources as spouses of those on Medicaid who live in nursing homes.

2020

- Medicare Part D coverage gap or “doughnut hole” is completely closed.

AARP is closely monitoring how health insurance reform is implemented to protect our members. Check www.aarp.org/getthefacts frequently for the latest information.