

Savvy Senior

What Healthcare Reform Means for Seniors

How will the new healthcare reform law signed by President Obama in March affect seniors on Medicare and those planning for their retirement years? There are several ways.

Drug Benefit Boost

If you're one of the 27 million U.S. seniors who has a Medicare (Part D) prescription drug plan, healthcare reform has just upgraded your coverage. Seniors that fall into the coverage gap known as the doughnut hole will get a \$250 rebate to help pay for their medications this year, and a 50 percent discount on brand-name drugs next year. By 2020 the coverage gap will be eliminated. That means that seniors who now pay 100 percent of their drug costs once they're in the doughnut hole will pay 25 percent.

Currently, seniors fall into the doughnut hole once they hit their \$2,830 annual limit. Then they have to pay \$3,610 out-of-pocket for drugs before prescription coverage picks up again at \$6,440.

Free Screenings

In addition to the prescription drug plan improvements, Medicare's preventive services will also be beefed-up under the new law. Currently, traditional Medicare covers a one-time "Welcome to Medicare" physical, but only to new beneficiaries within the first 12 months of enrollment. And, they pay 80 percent of most health screening costs with you footing the bill for the remaining 20 percent. But starting next year, Medicare beneficiaries can get annual wellness exams and preventive tests, like screenings for high blood pressure, diabetes and certain cancers, for free.

Dis-Advantaged

The news isn't so good for seniors who have a Medicare Advantage plan. These are plans run by private insurers and are an alternative to Original Medicare (Part A and Part B). Many of these plans offer extra benefits that Original Medicare does not provide like free eyeglasses, hearing aids and even gym memberships. These extra benefits, however, come at an extra cost. Studies have shown that Medicare Advantage plans cost the government 14 percent more on average than Original Medicare. That's why the new healthcare law will cut around \$135 billion in subsidies over the next three-to-six years to the private insurers who offer these plans.

What all this means is that the 10 million seniors that have Medicare Advantage can expect their premiums or co-payments to increase, or their extra benefits to be reduced, or both, over the next few years.

Keep in mind that if you are enrolled in Medicare Advantage, you can switch to Original Medicare and join a prescription drug plan any time during the open enrollment period, which is now between **Jan. 1 and Feb. 15**. To help you compare your Medicare Advantage plan with other plans in your area or with Original Medicare, visit

medicare.gov/mppf or call 800-633-4227. And to evaluate Part D prescription drug plans, see *medicare.gov/mpdpf*.

Long-Term Care

Another provision in the healthcare reform law that older workers approaching retirement should know about is the Community Living Assistance Services and Supports (CLASS) Act, which is a voluntary long-term care insurance program available through employers. Starting next year, workers can set aside money from their paychecks to pay for services and supports that many will need in their old age or if they become disabled. This program is meant to help offset the high costs of home-based care, assisted-living facilities and nursing homes.

Those that pay into the program for at least five years will receive an average cash benefit of no less than \$50 a day when they need it. The details of the program, including the eligibility requirements, premiums and a mechanism that allows people to purchase insurance if they're self-employed or if their employers decline to participate, are being ironed out.

Savvy Tip: For more information visit *healthreform.gov* along with the Medicare Rights Center Web site at *medicarerights.org*.

Send your senior questions to: Savvy Senior, P.O. Box 5443, Norman, OK 73070, or visit *SavvySenior.org*. Jim Miller is a contributor to the NBC *Today* show and author of “*The Savvy Senior*” book.