

On the Senior Agenda: Senior Digest May 2010 by Bill Flynn

Contrary to the negative messages aimed at seniors about the national health reform bill, it turns out that the final legislation contained a number of significant improvements in potential benefits in Medicare for seniors and in Medicaid funded long-term services and supports (LTSS) for seniors and disabled adults.

The law improved the coverage gap in the Medicare Part D prescription drug option known as the “donut hole”. This year it provides a one-time \$250 payment to every participant who reaches the “donut hole”. In 2011, once participants reach the coverage gap, they will receive 50% discounts on brand name prescription drugs and 7% discounts on generics. This provision is similar to our state’s RIPAE prescription drug assistance program, except that this federal provision covers *all* seniors, whereas RIPAE provides comparable discounts only to seniors with incomes below \$25,000 and covers only certain drugs. Finally, the coverage gap will be reduced annually until it disappears in 2020.

Basic Medicare benefits will not be cut, and next year preventive services such as cancer screenings and annual checkups will become free. A second, and controversial, change to Medicare will be a reduction in government subsidies for Medicare Advantage plans. This provision was the basis of opponents’ claims that health care reform would “harm Medicare.” These plans typically offer extra benefits, such as free eyeglasses, that are likely to be pared down. How this cut will affect the Medicare Advantage rates and benefits will depend on insurance companies’ business decisions.

The legislation contains a number of changes that could improve long term services and supports for seniors and disabled adults. These include:

- Financial incentives for states to “balance” Medicaid to increase diversion from institutions and expand the number of people receiving home and community-based services.
- Financial incentives for states that adopt a group of reforms to promote balancing. These must include single point of entry system, case management services, standardized assessments, and improved monitoring and data collection.
- Spouses of persons receiving Medicaid home and community-based services must receive the same protections against impoverishment as spouses of nursing home residents covered under Medicaid.

It is not clear whether Rhode Island will benefit from these financial incentives, however, because it has already undertaken “balancing” efforts mandated by state law and its participation in the Global Medicaid Waiver contract with the federal government.

Finally, a potential future benefit for seniors requiring long-term services and support was the provision for the CLASS (Community Living Assistance Services and Supports)

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program. This would provide a national voluntary public long-term care insurance program, supported only by enrollment premiums. Participant would have to contribute for at least 5 years and meet work requirements. Benefits would increase with level of disability, and could be no less than \$50 per day. Beneficiaries would require assistance with more than 2 activities of daily living (ADL's). Because enrollment in CLASS will be voluntary, a big question is whether it achieve an adequate "take-up rate" of enrollment by younger people to make its financial model work without government subsidy.

The debate about national health care legislation did not end with its enactment, and will undoubtedly continue into the November Congressional elections. The Senior Agenda Coalition is encouraged that by enacting this law Congress has expressed strong support for allowing seniors to receive Medicaid-funded long term services and supports in the community instead of in institutions.

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