

Medicare Makes

For months we've been hearing about the pros and cons of Medicare reform and prescription drug coverage. The Republican Party has been kicking the can down the road in a zig-zag fashion for what seems forever. Well, George W. Bush, the Republican captain, finally scored the touchdown. He signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

The 2003 Medicare Modernization Act initiates more changes to Medicare over the next several years than it has in decades. Prescription drug coverage is only one aspect of this history-making legislation. The bill addresses several other areas including prescription drug coverage, competition among insurers, medical savings accounts, subsidies for low-income beneficiaries, improving the income test, and generic drugs.

Primary changes are:

- 1. Limited Prescription Drug Coverage*:** In 2006, the Prescription Drug Benefit takes effect. Those with Medicare will pay a premium of \$35 per month with a \$250 deductible. Once the deductible is met, Medicare will pay 75% of drug costs up to \$2,250. Medicare pays nothing between \$2,250 and \$5,100, but covers 95% of drug costs above \$5,100.

Beginning this spring, Medicare will contract with private companies to offer a new drug discount card for \$30 or less to Medicare beneficiaries. Until the full prescription drug benefit takes effect, this card will provide its users with a 10% to 15% savings on total prescription costs and as much as a 25% savings on some drugs. Low-income Seniors with an annual income of less than \$12,124 (\$16,363 for couples) will be eligible for a \$600 subsidy on the card. The cards are temporary, and enrollment is optional.
- 2. Replacing Medicare + Choice, the Medicare private health plan option, with Medicare Advantage*:** This takes effect in 2004 and will ensure some beneficiaries more health plan choices and improved benefits. *Medicare Advantage* plan choices will be expanded in 2006 to include regional PPOs. This expansion will provide rural and urban beneficiaries with improved choices in Medicare health coverage.
- 3. Changes to Fee-For-Service Payments*:** Medicare fee-for-service payments will increase for physicians by 1.5% and for rural providers by \$25 billion overall in 2004 to increase access to care for those in rural areas. Without the passage of this bill, physician payments would have been cut by 4.5%, resulting in a loss of medical accessibility for many Seniors.
- 4. Expanding Preventive Benefits Coverage*:** Starting in 2005, a new Medicare recipient can receive a one-time, initial preventive physical exam within six months of first enrolling in Medicare Part B. Screening blood tests for early detection of cardiovascular disease will be available as will a screening test for those at risk of diabetes.
- 5. Adding New Medigap Plans*:** Two new Medigap plans will be added in 2006 to help recipients with out-of-pocket expenses, but these plans will not include prescription drug coverage. As these are high deductible plans, it is unlikely UA will offer them.
- 6. Premium Increases*:** In 2007, Medicare's Part B premium will increase for upper income Seniors, individuals whose annual income exceeds \$80,000 or couples with an annual income of \$160,000. The amount of the increase will not be available until the end of 2006*.

History

Republicans and Democrats have been tossing the Medicare bill back and forth for months, with the ultimate touchdown on December 8, 2003, when he

has been seen since its inception in 1965. The addition of new areas of concern for Seniors such as interim prescription drug coverage, the introduction of foreign drugs, funding for healthcare providers,

What do all these changes mean to United American Agents and our Senior community? Because major changes will not be fully implemented for some time, the only immediate effect is the need Seniors have for your assistance in understanding what may lie ahead. They will continue to need our Med-Supp policies, our annuities, our Life, Long Term Care, Critical Illness, and Cancer policies, and the UA Partners® program, just the way they always have.

Learn as much as you can about the new Medicare reforms and encourage your Seniors to do the same. Refer them to websites for additional information. Encourage them to be informed and to keep up with changes that will occur as these programs develop.

Informed Seniors make informed choices, and the informed choice is always United American.

* Official Medicare website (www.medicare.gov)

** Breaking News 12/08/03: Associated Press article (www.msnbc.com)

Important Note!

Stay tuned to next month's issue of *Vision* to learn more about how the government's endorsed discount prescription drug card will impact the UA Partners® program!

The new bill contains many short-term adjustments and pilot programs as well:

A few worth noting include:

1. Beginning in 2010, a six-year plan goes into effect in selected parts of the United States in which new private plans will directly compete with traditional Medicare**.
2. A two-year program available in six states will cover a limited category of self-administered prescription drugs; no less than 40% will be for oral cancer medications**.
3. There is a two-year program that will cover chiropractic services without prior approval by a medical doctor**.
4. A pilot program will be implemented to reduce patient abuse by improving background checks for prospective employees of long term care facilities. Potential employees will be required to submit to fingerprinting, which will be checked against FBI records**.
5. A five-year program for rural hospice care will make it easier for those who live far from hospice facilities to receive more and better care**.