

Health Reform and Medicare

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Big Picture

- Law includes both savings and new spending
- Doesn't reduce any guaranteed benefits
- Includes many changes designed to improve quality and efficiency



Beneficiaries

- Closes the Part D Coverage Gap
 - In 2010, one-time rebate of \$250 for anyone who falls into the coverage gap
 - Starting in 2011, 50% discounts on brand-name drugs while a person is in the coverage gap
 - Starting in 2011, beneficiary cost sharing while in the coverage gap slowly falls from current 100% to 25% by 2020. 5% cost sharing for catastrophic coverage remains.
- Removes Cost Sharing for Preventive Services
- Adds Annual Wellness Exam



Beneficiaries

- More people will pay higher premiums
 - Part D adds income-related premiums
 - Part B and D: freezes thresholds at current levels for 9 years
 - Thresholds are \$85,000 in income for an individual, \$170,000 for couples



Providers

- Reduces future updates for most providers based on productivity gains
- Further reductions for home health care
- Bonuses to primary care providers and other incentives to increase primary care workforce
- Does NOT fix physician payment problem



Medicare Advantage

- Private plans that provide Medicare services
- Payments will be tied more closely to per capita spending in regular Medicare program
- MA plans offering high-quality care will receive bonuses



Encouraging Innovations in Care

- Shared Savings Program (aka Accountable Care Organizations)
 - What happens if we give physicians, hospitals, and other providers incentives to save money across the continuum of care?
- Payment Bundling Pilot Program
 - Is it more efficient to pay for whole episodes of care?
- Independence at Home Demonstration
 - Do chronically-ill beneficiaries do better when teams of primary care providers offer in-home care? Can we do it efficiently?
- Transitional Care Demonstration
 - Can we keep improve care for vulnerable beneficiaries being discharged from a hospital?
- Center for Innovation
 - Gives Secretary authority to test, evaluate, and expand new payment and delivery models



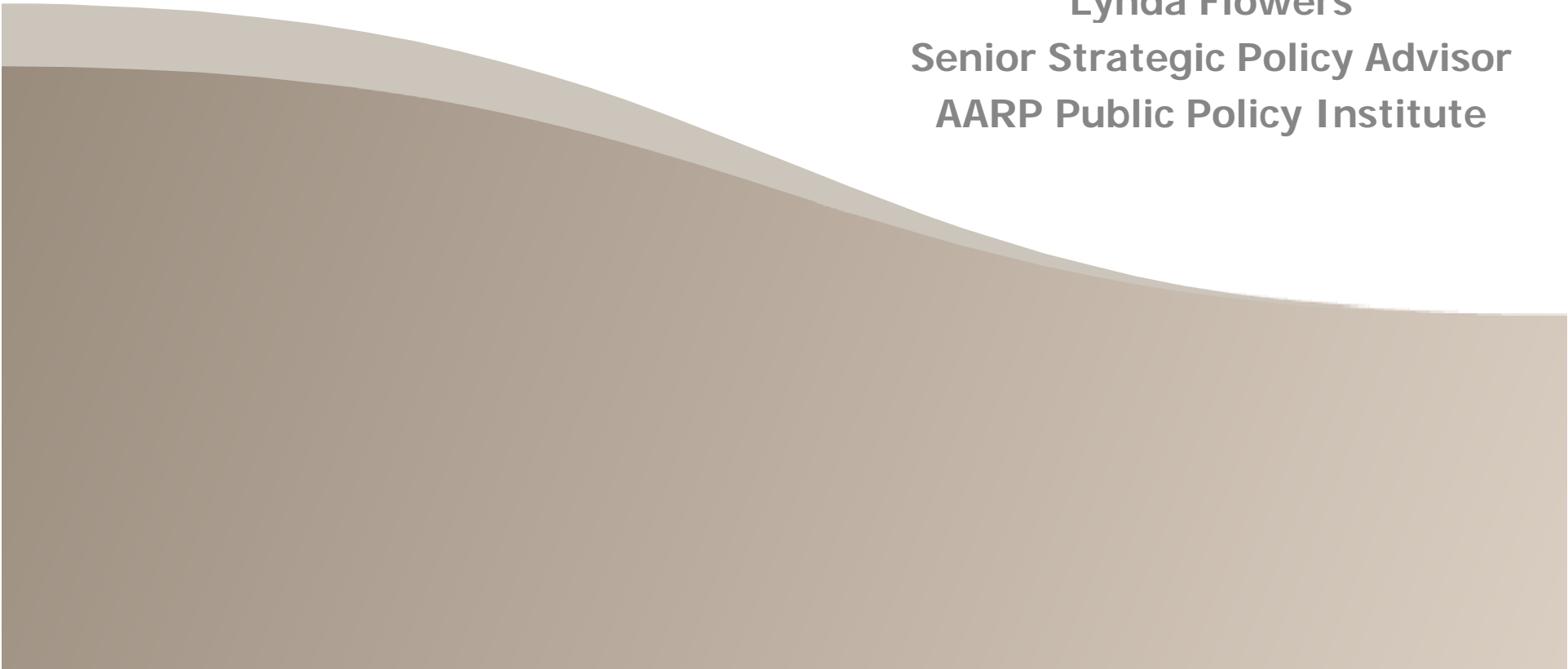
Incentives for Improving Quality

- Expands Quality Reporting for Many Providers
- Expands Penalties for Hospital-Acquired Conditions
- Penalties for Preventable Readmissions
- Funds Comparative Effectiveness Research





Health Reform and Preventive Services



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Health Reform: How is Cost Sharing for Prevention Affected?

Medicare

- Cost sharing eliminated for certain recommended services in Medicare
- Cost sharing eliminated for Welcome to Medicare visit
- Cost sharing eliminated for new Prevention Plan Services benefit

Medicaid

- Option to eliminate cost sharing in Medicaid

Private Plans

- Required to provide certain screening tests and immunizations at no cost to enrollees





Medicare

Cost Sharing for Medicare Preventive Services Before Health Reform

- Medicare cost sharing takes two forms
- Annual Part B deductible (\$155 in 2010)
- Standard 20 percent coinsurance for Part B services after deductible satisfied



New Law Defines Preventive Services

- Services defined in the Social Security Act (e.g., flu and pneumonia shots, pap smear, screening mammography, prostate cancer screening, and more)
- Preventive physical exam
- Personalized preventive plan services

Cost Sharing for Medicare Preventive Services After Health Reform

- Cost sharing eliminated for many preventive services
- Any Medicare-covered preventive service with an A or B recommendation from the United States Preventive Services Task Force (USPSTF) is fully covered without beneficiary cost sharing.
- Beneficiaries will not have to meet the annual Part B deductible or pay any coinsurance to receive these A- or B-rated services.



What is the USPSTF?

- An independent panel of experts in primary care and prevention that systematically reviews the evidence of effectiveness and develops recommendations for clinical preventive services.
- The USPSTF conducts rigorous, impartial assessments of the scientific evidence for the effectiveness of a broad range of clinical preventive services.
- Its recommendations are considered the "gold standard" for clinical preventive services.
- The mission of the USPSTF is to evaluate the benefits of individual services based on age, gender, and risk factors for disease; make recommendations about which preventive services should be incorporated routinely into primary medical care and for which populations; and identify a research agenda for clinical preventive care.



What the USPSTF Ratings Mean

- A-Rating: The USPSTF suggests that practitioners offer or provide the service because there is a high certainty that the net benefit is substantial.
- B-Rating: The USPSTF suggests that practitioners offer or provide the service because there is a high certainty that the net benefit is moderate or there is moderate certainty that the net benefit is moderate to substantial.
- Other ratings include C (no recommendation for or against); D (recommends against); and I (insufficient evidence to recommend for or against).



How Will the USPSTF-Related Provisions Be Implemented?

- It is unclear at this time what approach HHS will take.
- HHS could determine that everyone's cost sharing will be waived for any A-or B-rated preventive service; or it could determine that it will only waive cost sharing for those who receive a preventive service in accordance with USPSTF guidelines.
- For example, the USPSTF gives a B-rating for abdominal aortic aneurysm screening only for men ages 65 to 75 who have ever smoked. So will HHS waive for all people age 65 and older for whom the test is ordered or will it only waive cost sharing for men ages 65 to 75 who are or were smokers?
- Also, keep in mind that there are some services that are not rated at all (example: foot exams and treatment).



Health Reform Law Eliminated Cost Sharing for Welcome to Medicare Visit

- Welcome to Medicare is one-time preventive physical exam within the first 12 months a person is enrolled in Medicare Part B.
- The exam includes a health assessment, education and counseling about the preventive services and referrals for other care.
- Medicare will continue to cover the Welcome to Medicare exam for those who receive it within their first year of enrollment in Part B.
- Although never subject to the Part B deductible, the Health Reform law eliminated the 20 percent coinsurance requirement associated with the visit.



Health Reform Law Created New Annual Visit that Includes a Prevention Plan with No Cost Sharing

- New law now covers an annual wellness visit with no co-payment or deductible for the personalized prevention plan services associated with the visit. No cost sharing even if visit performed in hospital outpatient department.
- Personalized prevention plan services means the creation of a individual plan that includes a health risk assessment, family history updates, BMI measurement, risk factor identification, the establishment of a screening schedule, and personalized health advice and referrals.





Medicaid

Eliminating Cost Sharing for Medicaid Preventive Services

- Medicaid option to provide other diagnostic, screening, preventive, and rehabilitation services is expanded to include option to cover any A-or B-rated clinical preventive service.
- The law also creates a state option to cover adult immunizations recommended by the Advisory Committee on Immunization Practices (ACIP). ACIP is a panel of independent experts that reviews scientific evidence and advises the nation on recommended vaccines.
- Medicaid option to provide any medical or remedial services (in any setting) designed to reduce physical or mental disabilities and/or restore function.
- States that cover these optional services and vaccines and eliminate cost sharing for them will receive a 1 percentage point increase in their federal medical assistance percentage (FMAP).



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Eliminating Cost Sharing for Medicaid Preventive Services: Smoking Cessation

- Beginning October 2010, Medicaid must pay for smoking cessation for pregnant women.
- Covered therapy can consist of counseling and drug therapy recommended for use by pregnant women.
- Medicaid programs may not exclude or restrict coverage of an agent approved by the FDA that is approved for use by pregnant women.
- Medicaid may not impose cost sharing on pregnant women for smoking cessation services or supplies.



Private Sector

Eliminating Cost Sharing for Prevention in the Private Sector

- Private employers and private insurance companies are required to provide A- or B-rated preventive services and ACIP-recommended immunizations without imposing cost sharing.
- These employers must also provide certain preventive services recommended under HRSA guidelines to infants, children and adolescents without imposing cost sharing.
- Finally, pregnant women and those of childbearing age must receive additional preventive services recommended by HRSA without cost sharing.



Eliminating Cost Sharing for Prevention in the Private Sector, cont'd.

- These requirements apply to employer plans (insured and self insured) and to insurance companies offering coverage in the group and/or individual markets.
- Open Question: Does this provision apply to grandfathered plans in effect before the law was enacted?



Summary

- Preventive services are generally underutilized
- Cost could be a factor, but is not the only one
- Eliminating cost sharing for prevention will help
- More research is needed to determine and address other reasons why people do not use preventive services appropriately.

