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**STATEMENT FOR THE RECORD
SUBMITTED TO THE HOUSE WAYS & MEANS COMMITTEE**

ON

**THE AFFORDABLE CARE ACT AND ITS IMPACT ON THE MEDICARE
PROGRAM AND MEDICARE BENEFICIARIES**

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The Alliance for Retired Americans would like to thank the Committee on Ways and Means for holding this hearing on the impact of the Patient Protection and Affordable Care Act on the Medicare program and Medicare beneficiaries. The Alliance appreciates the opportunity to reiterate its support for the health care law and provide examples from our members who are benefiting from its provisions.

Founded in 2001, the Alliance is a grassroots organization representing more than 4 million retirees and seniors nationwide. Headquartered in Washington, D.C., the Alliance and its 30 state chapters works to advance public policy that strengthens the health and economic security of older Americans by teaching seniors how to make a difference through activism.

The health law is particularly important for seniors, who spend a larger share of their retirement income on medical care. The law makes improvements to the Medicare program by providing added benefits, enhancing health care quality and extending the solvency of the program by 12 years. Seniors have already begun to reap the benefits of the law. In 2010, 3.4 million seniors who fell in the Part D doughnut hole coverage gap received a \$250 payment to help with the costs of their medications. Beginning this year, seniors are eligible to receive free annual check ups. In addition, they will no longer have to pay any cost-sharing for life-saving preventive screenings for diseases such as diabetes and cancer. Seniors who fall in the doughnut hole will get a 50% discount for brand name drugs and a government subsidy toward the costs of their generic medications. These are the first steps towards closing the entire doughnut hole, which will occur in 2020.

The Affordable Care Act restructures government payments to Medicare Advantage (MA) plans to keep them more in line with that of traditional Medicare. The law reduces the overpayments to MA plans and prohibits the MA plans from charging higher co-payments than traditional Medicare. By 2014, MA plans must spend 85% of enrollee premiums on health care, rather than on administrative costs, executive pay or insurance company profits. MA plans that provide good quality care will receive bonuses. These changes emphasize quality and efficiency and will reduce costs for the government as well as Medicare beneficiaries.

In the future, seniors can expect improved medical care, because the Medicare program begins to reform the health care delivery system by implementing pilot programs such as bundling, patient-centered medical home, value-based purchasing and Accountable Care Organizations. These programs encourage providers to promote efficiency and coordinate care, which will ultimately lead to better quality care for seniors.

Already, we have heard from Alliance members how the added benefits have improved their lives. One such individual is Bob Meeks from Tampa, Florida who has astronomical medical costs due to several medical conditions. He pays \$265 a month

for Advair and \$175 for Nexium. His out-of-pocket costs are \$4,000 a year, and that does not include his wife's out-of-pocket costs. While he has tried to substitute with generic or comparable drugs, oftentimes the medications are not available in a generic or the comparable drugs are not as effective. In 2010, he received the \$250 check providing him needed assistance toward his medications. Another individual is Mary Ellen Wlaysewski from Glendale, New York who fell in the doughnut hole in September of last year. Ms. Wlaysewski was diagnosed with breast cancer and has to take Arimidex, which costs \$1,066.84 for a 3 month supply through a mail order pharmacy. She is expecting her check soon.

Then there is James Cassidy of Easton, Pennsylvania who has such high medical bills that he fell in the doughnut hole in March of last year and stayed in the doughnut hole for the rest of the year. James has diabetes and his insulin alone costs \$300 a month. He also suffers from heart disease and his heart medications costs about \$250 a month. He said that the \$250 check helped him because it allowed him to buy a month's supply of his heart medication. James says that sometimes he has cut his pills in half and other times he has gone without, because the drugs were unaffordable. This year, James will receive a 50% discount on brand name medications and a 7% discount on generic drugs when he falls in the doughnut hole. The provisions of the Affordable Care Act will help him better afford his medications.

Then there is Demmi Murphy of Jacksonville, Florida who is in her forties and is disabled. She receives Social Security Disability and is covered under Medicare. She hit the doughnut hole in June 2010. One of her medications costs \$1,283 a month and the others are anywhere between \$300 and \$400 a month. The doughnut hole check did help her, and she looks forward to the drug discounts this year.

Finally, there is Olivia Babis, a 35 year old woman from Polk County, Florida, who suffers from an autoimmune disease. While her husband does have health insurance through his job, there is a one-year exclusion for pre-existing conditions. There is also an annual cap, which she would exceed within 6 months. Olivia is currently on Medicaid. Although both she and her husband have college degrees, he had to get a job that pays \$9 an hour, so that she could qualify for Medicaid. She is grateful that the new health law has a provision prohibiting insurers from excluding individuals with pre-existing conditions and establishing annual limits. While these provisions do not go into full effect until 2014, she is hopeful it will cover her in the near future. If the law is repealed, she will have to continue to rely on Medicaid.

Millions of seniors are counting on the drug discounts in the Affordable Care Act to help them afford their medications this year and in the future. They are glad the days of having to choose between food or medicine or having to cut their pills in half are mostly behind them. An additional 32 million Americans have either begun getting coverage through the dependant care provision, the early retiree coverage, or the high risk pools or are anxiously awaiting 2014 to purchase insurance through the exchanges. If the health care law is repealed, these individuals will be thrown back to the mercy of insurance or pharmaceutical companies.

In addition to improvements under Medicare, the new law enacts several new initiatives to address the long-term care needs of older and disabled Americans, including the Community First Choice Option, which creates a new state plan option under Medicaid to provide community based attendant supports and services to individuals with disabilities who are Medicaid eligible and who require institutional level of care. The law also creates the Community Living Assistance Services Support Act (CLASS), which creates a national long-term care insurance program financed through voluntary payroll deductions that will provide benefits to enrollees unable to perform two or three activities of daily living. These are extremely important provisions for current and future retirees.

The Alliance for Retired Americans strongly supports the Affordable Care Act, because of the numerous provisions that are helping retirees afford health care both now and in the future. Repealing it would negatively affect millions of older and retired Americans. The law strengthens the Medicare program, provides protections to millions of Americans against insurance company abuses, makes prescription drugs more affordable, and provides prevention and wellness screenings, all of which enhance the quality of life for our nation's seniors. We thank the Committee for the opportunity to submit this testimony.