



## Seniors and the Affordable Care Act

Though the bulk of the Affordable Care Act's (ACA) provisions are directed at the underinsured or uninsured, many are aimed at extending benefits and providing cost-savings to Medicare enrollees and helping those near retirement age.

### **Medicare**

Medicare is the federally funded health insurance program for adults aged 65 and up and individuals with qualifying disabilities. Under present law, there is a gap in prescription drug coverage known as the "doughnut hole." When an enrollee's prescription drug costs exceed \$2,840, drug costs go uncovered until expenses reach a level that qualifies for catastrophic coverage.<sup>1</sup>

The doughnut hole will gradually be phased out by the new health law. In 2010, Medicare enrollees in the doughnut hole received a \$250 rebate check. Starting this year, Medicare enrollees in the doughnut hole will receive a 50 percent discount on brand-name drugs and a 7 percent discount on generic drugs.<sup>2</sup>

Health reform also extends Medicare coverage. In 2011, Medicare will provide a free annual comprehensive wellness visit and a prevention plan; qualified preventive services will be exempt from any cost-sharing.<sup>3</sup> Medicare increases payments to primary care doctors and nurses, and further increases caregiver payments in areas with shortages.<sup>4</sup>

The ACA also extends the life of the Medicare Trust Fund, meaning reduced copayments and premiums for today's Medicare enrollees.<sup>5</sup> The law funds research to find cost savings in the Medicare system, launches pilot programs designed to save money, reins in excess spending on private Medicare Advantage plans, and gives Medicare new tools to fight fraud.<sup>6</sup>

### **Non-Medicare Eligible Seniors**

Non-Medicare eligible seniors will also benefit under health reform. The ACA invests \$5 billion into the Early Retirees Reinsurance Program, to help employers continue to pay the cost of health insurance for retirees between the ages of 55 and 64 until 2014.<sup>7</sup>

For many early retirees or self-employed seniors who do not enjoy retiree health benefits, health insurance can be extremely costly, particularly if they have a pre-existing condition. The health reform law created subsidized health insurance programs for those who have been denied coverage because of pre-existing conditions. In Iowa, this plan is known as HI Iowa-Fed.<sup>8</sup>

<sup>1</sup> Fact Sheet: The Health Care Law and Medicare, AARP. November 2010. <[http://www.aarp.org/health/health-care-reform/info-06-2010/fact\\_sheet\\_health\\_law\\_and\\_medicare.html](http://www.aarp.org/health/health-care-reform/info-06-2010/fact_sheet_health_law_and_medicare.html)>.

<sup>2</sup> Focus on Health Reform: Summary of Key Changes to Medicare in 2010 Health Reform Law, Kaiser Family Foundation (KFF). May 5, 2010. <<http://www.kff.org/healthreform/upload/7948-02.pdf>>.

### **The Iowa Policy Project**

20 E. Market Street  
Iowa City, IA 52245  
(319) 338-0773 • [www.iowapolicyproject.org](http://www.iowapolicyproject.org)

### **CHILD & FAMILY POLICY CENTER**

505 5<sup>th</sup> Avenue • Suite 404  
Des Moines, IA 50309  
(515) 280-9027 • [www.cfpciowa.org](http://www.cfpciowa.org)

**ACA  
at  
One**

---

<sup>3</sup> KFF.

<sup>4</sup> KFF.

<sup>5</sup> Understanding the Affordable Care Act: Strengthening Medicare, healthcare.gov. July 1, 2010.  
<<http://www.healthcare.gov/law/provisions/rebate/index.html>>.

<sup>6</sup> KFF.

<sup>7</sup> Susan Jaffe, “The New Health Care Law and Early Retirees,” AARP Bulletin, August 16, 2010.  
<[http://www.aarp.org/health/health-care-reform/info-08-2010/hcr\\_explained\\_early\\_retirees.html](http://www.aarp.org/health/health-care-reform/info-08-2010/hcr_explained_early_retirees.html)>.

<sup>8</sup> See “Health Reform: Reaching More with High-Risk Pool,” Iowa Policy Project, April 29, 2010.  
<<http://iowapolicyproject.org/2010docs/100429-HC-highriskpools.pdf>>.