

Attorney Timothy P. Crawford, CPA, CELA*, CAP**
wanted to share this information with you.

HEALTH REFORM: WHAT CHANGES ARE IN STORE FOR THE ELDERLY?

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After a year of legislative wrangling and premature forecasts of death, historic legislation overhauling the nation's health insurance system has passed the Congress and been signed into law by President Obama. The measure that finally prevailed, the Patient Protection and Affordable Care Act, is the same legislation the Senate had approved on Christmas Eve of 2009, although it was amended somewhat by a separate "budget reconciliation" measure that President Obama also signed into law.

Because the core health reform measure enacted is the Senate version, much of what we wrote in our earlier article, "The Effects of Health Care Reform on Long-Term Care," still applies. Just substitute "the newly enacted law" wherever "the Senate bill" appears in the earlier article. The legislation that President Obama signed still contains:

- The nation's first publicly funded national long-term care insurance program, the Community Living Assistance Services and Supports (CLASS) Act. Its original sponsor, the late Sen. Edward M. Kennedy, did not live to see one of his legislative dreams enacted into law;
- A number of provisions aimed at ending Medicaid's "institutional bias," which forces elderly and disabled individuals in many states to move to nursing homes;
- Provisions that will help protect nursing home residents and other long-term care recipients from abuses, and give families of nursing home residents more information about the facilities their loved ones are living in or considering moving to; and
- The Elder Justice Act, which will establish an "Elder Justice Coordinating Council" and provide federal resources to support state and community efforts to fight elder abuse.

Help for Medicare Recipients and Early Retirees

Of perhaps greatest interest to seniors, the law will eventually close the Medicare Part D coverage gap known as the "doughnut hole." As most seniors know, the Medicare Part D prescription drug program covers medications up to \$2,830 a year (in 2010), and then stops until the beneficiary's out-of-pocket spending reaches \$4,550 in the year, when coverage begins again. Many seniors fall into this "doughnut hole" around Labor Day, at which point they have to pay for the medications out of pocket through the end of the year.

The law starts the process of closing the gap by providing a \$250 rebate to Medicare beneficiaries who fall into the doughnut hole in 2010. Then, beginning in 2011 there will be a 50 percent discount on prescription drugs in the gap, and the gap will be closed completely by 2020, with beneficiaries covering only 25 percent of the cost of drugs up until they have spend so much on prescriptions that Medicare's catastrophic coverage kicks in, at which point copayments drop to 5 percent.

In addition, starting January 1, 2011, Medicare will provide free preventive care: no co-payments and no deductibles for preventive services such as glaucoma screening and diabetes self-management. Also, the legislation increases reimbursements to doctors who provide primary care, increasing access to these services for people with Medicare.

The law provides help for early retirees by creating a temporary re-insurance program that will help offset the costs of expensive health claims for employers that provide health benefits for retirees age 55-64. Scheduled to run from June 21, 2010 through January 1, 2014, the reinsurance program will pay 80 percent of eligible claim expenses incurred between \$15,000 and \$90,000.

The law calls for an increased Medicare premium for those individuals earning more than \$200,000 a year and married couples whose income exceeds \$250,000. The law also applies the Medicare payroll tax to net investment income for couples earning more than \$250,000 a year or individuals earning more than \$200,000 a year.

Most of the cost savings in the law are in the Medicare program, which has made many seniors fearful that their benefits will be cut. The cost-saving measures do not affect the basic Medicare benefits to which all enrollees are entitled, but they may affect those enrolled in private Medicare Advantage plans. Medicare has been paying insurers who offer these plans more than it spends on average for Medicare beneficiaries. The original idea of Medicare Advantage was to save money by paying them less, the idea being that private insurers could be more efficient than the federal government. The opposite turned out to be the case.

Health care reform will pay the private insurers less, meaning that some will choose not to continue their plans and others will curtail extra benefits they offer enrollees, such as reimbursement for gym membership or free eyeglasses. But the cuts will be gradual, with the largest not beginning until 2015. The law also offers bonuses to efficiently run Advantage plans.

Another provision in the law will cut Medicare reimbursements to nursing homes by about \$15 billion over the next decade. While nursing homes get only about 13 percent of their revenue from Medicare, the industry relies on the money to make up for low Medicaid reimbursement.

A combination of the additional revenue and savings are estimated to extend the life of the Medicare Part A trust for an additional 7 to 10 years from its current insolvency date of 2017.

Scammers Vote 'Yes' on Health Reform

The new law has also created opportunities for scam artists, some of whom are peddling bogus policies through 1-800 numbers and by going door to door, claiming there's a limited open-enrollment period to buy health insurance, warns secretary of Health and Human Services Kathleen Sebelius.

**“Those Who Plan Ahead Win.
Those Who Don’t Plan Ahead Lose.”**

This article is for informational purpose only and is not intended as legal advice. It is recommended that you call Timothy P. Crawford for a free conference to discuss your situation in more detail. Attorney Crawford can be reached at 1-262-634-6659. Please refer to this article when you call.

*Attorney Timothy P. Crawford is a Nationally Board Certified Elder Law Attorney (CELA). He has been Board Certified by the National Elder Law Foundation which has been approved as the Sole Certifying Organization for Elder Law Attorneys by the American Bar Association.

**Timothy P. Crawford was invited to join the Council of Advanced Practitioners (CAP) of the National Academy of Elder Law Attorneys (NAELA) in August of 2005. CAP is a small group of premier elder law attorneys, all of whom have been members of NAELA for at least 10 years, are certified as elder law attorneys by the National Elder Law Foundation, and are AV rated by Martindale Hubbell, a service that provides an independent rating of the quality of attorneys, as one of the top attorneys in the nation.

Attorney Timothy P. Crawford has been selected as a **Fellow** of NAELA. **Fellow** is the highest honor bestowed by the Academy. Selection as a **Fellow** signifies that his peers recognize the lawyer as a model for others and as an exceptional lawyer and leader.

Attorney Timothy P. Crawford has a superb rating of 10 out of 10 with A V V O.

A V V O has awarded to Attorney Timothy P. Crawford the A V V O Client’s Choice Award.

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