



## **Health Care Reform Provisions Affecting Older Adults**

On Sunday, March 21, the U.S. House of Representatives passed the Patient Protection and Affordable Care Act (H.R. 3590), which President Barack Obama signed into law on Tuesday, March 23. This comprehensive health care reform bill previously was passed by the Senate on December 24, 2009, and contains a number of provisions which affect older adults. These provisions include:

### **Medicare**

- **Payments to Medicare Advantage (MA) (Part C) plans** will be reduced to make them equal (on average, per beneficiary) to payments through traditional Medicare. Medicare Advantage plans provide Medicare benefits through private insurance plans rather than through traditional fee-for-service Medicare run by the federal government. On average, MA plans have received \$135 more per beneficiary per month than the traditional fee-for-service Medicare. Although the bill will cut MA payments, there are no provisions for cuts to mandated benefits; as a result of the payment reductions, MA plans may cut *extra, optional* benefits such as vision and dental. The provisions for equalizing payments between MA plans and traditional Medicare are based on a recommendation by the non-partisan Medicare Payment Advisory Commission (MedPAC), and supported by advocates for Medicare beneficiaries such as the Center for Medicare Advocacy. One purpose of these provisions is to **extend the life of the Medicare Trust Fund which, without some intervention, is projected to be depleted in 2017**. These provisions will result in approximately \$118 billion in savings. H.R. 3590 contains provisions for a 2 percent bonus for plans which offer specified care coordination benefits. In addition, plans will be allowed up to an additional 4 percent bonus if their quality is highly rated according to the Centers for Medicare and Medicaid Services (CMS) star-rating system.\*
- H.R. 3590 contains provisions for an **“Independent Medicare Advisory Board,”** which will have authority to make recommendations for Medicare cost-savings. The recommendations will take effect if Congress does not enact an alternative proposal that achieves the same cost savings. The board cannot not make any recommendations that will impact premiums or benefits. Also, the board will not be allowed to make any recommendations for cuts in a year when national health expenditures grow at a higher rate than Medicare costs. The board is required to make recommendations with beneficiary access in mind. A Government Accountability Office study on beneficiary access is required in 2014. Congress is required to reexamine the board in 2017 and will have the option to terminate it.
- The Board is required to produce a public report on system-wide (not just Medicare) health care costs, patient access to care, utilization, and quality of care. It also is required to submit to Congress and the President recommendations to slow the growth of national health expenditures, while preserving or enhancing quality of care.



- **H.R. 3590 contains several beneficial Medicare provisions. It will:**
  - Provide a 50 percent discount on brand-name drugs and biologics filled in the Medicare Part D coverage gap (doughnut hole) for enrollees with incomes below \$85,000 per individual and \$170,000 per couple;\*
  - Eliminate Part D cost-sharing for full-benefit dual eligible beneficiaries receiving home- and community-based services;
  - Reduce the Medicare Part D coverage gap (doughnut hole) by \$500 in 2010 (2010 only);\*
  - Cover, with no co-payment or deductible, an **annual wellness visit and creation of a personalized prevention assessment and plan**. Prevention services include referrals to education and preventive counseling or community-based interventions to address risk factors.
  - Tie Medicare Part D premiums to income, and will move more Part B and Part D beneficiaries into higher-income categories — meaning higher premiums — due to a freeze on thresholds.\*

\* *NOTE: Medicare Part D (e.g. closure of the Medicare Part D doughnut hole) and Medicare Advantage payment provisions will be modified by the Reconciliation Act of 2010 (H.R. 4872) if passed by the Senate.*

### **Insurance Reforms**

- Six months after enactment, insurance companies can no longer deny children coverage based on a preexisting condition.
- Starting in 2014, insurance companies cannot deny coverage to anyone with preexisting conditions.
- Effective six months after enactment, insurance companies must allow dependents up to age 26 to remain covered on their parents' insurance plans.

### **Medicaid**

- H.R. 3590 will increase the Medicaid drug rebate percentage for brand name drugs to 23.1 percent (except the rebate for clotting factors and drugs approved exclusively for pediatric use, which increases to 17.1 percent); increase the Medicaid rebate for non-innovator, multiple source drugs to 13 percent of average manufacturer price; and extend the drug rebate to Medicaid managed care plans.
- H.R. 3590 will **modify the spousal impoverishment statute** to mandate that states include the spousal impoverishment protections in their waiver programs, and that the spouses of all HCBS waiver participants, including those who qualify as medically needy, have the protections available. The provision will sunset after five years.
- H.R. 3590 will **extend the Medicaid Money Follows the Person (MFP) Rebalancing Demonstration program** through September 2016. The MFP program was authorized in the Deficit Reduction Act of 2005 to encourage states to transition Medicaid enrolled individuals from nursing homes to the communities. The Medicaid coverage follows the person to the community and pays for the home and community-based services required.



### **Community First Choice Option**

- H.R. 3590 will **establish the Community First Choice Option**, which will create a state plan option under section 1915 of the Social Security Act to provide community-based attendant supports and services to individuals with disabilities who are Medicaid eligible and who require an institutional level of care. These services and supports include assistance to individuals with disabilities in accomplishing activities of daily living and health related tasks. States that choose the Community First Choice Option will be eligible for an enhanced federal match rate of an additional six percentage points for reimbursable expenses in the program.
- The Community First Choice Option also will require data collection to help determine how states currently are providing home- and community-based services, the cost of those services, and whether states currently offer individuals with disabilities, who otherwise qualify for institutional care under Medicaid, the choice to receive home- and community-based services instead, as required by the U.S. Supreme Court in *Olmstead v. L.C.* (1999).
- The Community First Choice Option also will modify the Money Follows the Person Rebalancing Demonstration to reduce the amount of time required for individuals to qualify for that program to 90 days.

### **Long-Term Care**

- H.R. 3590 includes **Community Living Assistance Services and Supports (CLASS) program** provisions. The provisions will create a **new national long-term care insurance program** through voluntary payroll deductions that will provide a cash benefit to individuals who are unable to perform ADLs for the purchase of community living assistance services and supports.
- According to the Congressional Budget Office, the proposal will reduce the deficit by \$57.8 billion over 10 years due to the payment of premiums by enrollees (the voluntary payroll deductions), and will include federal and state Medicaid savings of \$4.4 billion.
- The provisions will allow inclusion of information on private long-term care insurance in the **“National Clearinghouse for Long-Term Care Information.”**
- H.R. 3590 will allocate \$10 million per year for five years to **continue the Aging and Disability Resource Center** initiatives.

### **Care Coordination**

- H.R. 3590 will **create the Independence at Home demonstration program** to provide high-need Medicare beneficiaries with primary care services in their homes and allow participating teams of health professionals to share in any savings if they reduce preventable hospitalizations, prevent hospital readmissions, improve health outcomes, improve the efficiency of care, reduce the cost of health care services, and achieve patient satisfaction.
- H.R. 3590 will **create an Innovation Center at the Centers for Medicare and Medicaid Services** to test, evaluate, and expand different Medicare and Medicaid payment structures to foster patient-centered care and care coordination across treatment settings and slow cost growth.



- H.R. 3590 will require the Secretary of Health and Human Services to **improve coordination of care for dual-eligibles through a new office or program** within the Centers for Medicare and Medicaid Services.
- H.R. 3590 **will establish a Medicare shared savings program** that promotes accountability for a patient population and coordinates services under Medicare parts A and B, and will encourage investment in infrastructure and redesigned care processes for high quality and efficient service delivery. It will allow groups of providers who voluntarily meet certain criteria to work together to manage and coordinate care for Medicare fee-for-service beneficiaries **through Accountable Care Organizations (ACOs) under Medicare**. ACOs that meet quality performance standards are eligible to receive payments for shared savings if costs are a certain percentage below a benchmark.
- H.R. 3590 will **establish a national Medicare pilot program to develop and evaluate paying a bundled payment** for an episode of care that begins three days prior to a hospitalization and lasts until 30 days following discharge.
- H.R. 3590 will **establish a Medicaid demonstration project to evaluate integrated care around a hospitalization** beginning January 1, 2012, and ending December 31, 2016.
- H.R. 3590 will **create a new Medicaid state plan option under which Medicaid enrollees with chronic conditions** (including a mental health condition, substance use disorder, asthma, diabetes, heart disease, or weight problem) **can designate a provider, team of health care professionals, or a health team as their health home**.
- H.R. 3590 will establish a **program to provide grants** to or enter into contracts with eligible entities **to establish community-based interdisciplinary, interprofessional teams to support primary care practices**.

### End-of-Life

- No end-of-life provisions are included in H.R. 3590.

### Nursing Home Transparency

- H.R. 3590 contains several nursing home transparency provisions. It will:
  - Require nursing homes to disclose their owners, operators, suppliers, financiers, and others with whom they do business so they can be held accountable for the care their residents receive;
  - Require nursing homes to take steps internally to reduce criminal and civil violations;
  - Establish a Quality Assurance and Performance Improvement Program to improve quality assurance standards;
  - Require the government to implement a system to collect and report information about how well nursing homes are staffed, including accurate information about the hours of nursing care residents receive; staff turnover rates; and how much facilities spend on wages and benefits;
  - Require cost reports that nursing homes will file with the government to show expenditures by category — nursing, therapy, capital assets, and administrative services;
  - Require civil monetary penalties (fines) to be held in escrow pending appeals rather than allowing nursing homes to delay payment indefinitely while they file appeals.



- Implement a pilot program to improve federal government oversight of nursing home chains that have quality of care problems;
- Provide training to workers who care for residents with dementia and to prevent abuse.

### **Elder Justice**

- H.R. 3590 contains the **Elder Justice Act (EJA)**, which will:
  - Establish an Elder Justice Coordinating Council to make recommendations to the Secretary of HHS on the coordination of activities of federal, state, local and private agencies and entities relating to elder abuse, neglect, and exploitation  
Recommendations are due in 2 years;
  - Provide \$400 million in first time dedicated funding for Adult Protective Services (APS);
  - Provide \$100 million for state demonstration grants to test a variety of methods to detect and prevent elder abuse;
  - Provide \$26 million for the establishment and support of Elder Abuse, Neglect and Exploitation Forensic Centers to develop forensic expertise and provide services relating to elder abuse, neglect, and exploitation;
  - Provide \$ 32.5 million in grants to support the Long-Term Care Ombudsman Program and an additional \$40 million in training programs for national organizations and state long-term care ombudsman programs;
  - Authorize \$67.5 million in grants to enhance long-term care staffing through training and recruitment and incentives for individuals seeking or maintaining employment in long-term care, either in a facility or a community based long-term care entity.

### **Criminal Background Checks**

- H.R. 3590 will extend to all states an existing pilot program that enables states to conduct **national criminal background checks, including fingerprint checks, on individuals who apply for direct patient access jobs in long-term care facilities and with home care agencies that receive funding from Medicare or Medicaid**, thus eliminating the ability of persons with criminal histories to move from state to state to work with vulnerable seniors and persons with disabilities.
- The federal government will provide federal matching funds to states to conduct these activities. The provision specifies that the checks should be implemented in such a way that does not result in application fees for long-term care workers.
- States will be required to guarantee (directly or through donations from public or private entities) a designated amount of non-federal contributions to the program. The federal government will provide a match equal to three times the amount a state guarantees; except that federal funds will not exceed \$3 million for newly participating states and \$1.5 million for previously participating states.

### **Workforce**

- To strengthen the geriatric care workforce, H.R. 3590 will:
  - Authorize \$10.8 million to Geriatric Education Centers (GECs) to support training in geriatrics, chronic care management, and long-term care for faculty in a broad array of health professions schools, and direct care workers and family caregivers; GECs also will develop curricula and best practices in geriatrics;



- Expand the Geriatric Academic Career Awards to advanced practice nurses, clinical social workers, pharmacists, and psychologists, and create a parallel Geriatrics Career Incentive Award program for Master's level candidates (\$10 million over 3 years);
- Establish federal traineeships for individuals who are preparing for advanced education degrees in geriatric nursing, long-term care, and gero-psychiatric nursing;
- Provide grants to foster greater interest among health professionals (advanced practice nurses, clinical social workers, pharmacists, and students of psychology) to enter the field of geriatrics, long-term care, and chronic care management;
- Require federally funded GECs to offer one of two required activities (in addition to health professions training), one being to provide at least two courses each year, at no charge or nominal cost and in collaboration with appropriate community partners, to family caregivers who support frail older adults and individuals with disabilities;
- Authorize \$10 million over three years to establish advanced training opportunities — such as tuition support for obtaining a nursing degree or specialized training — for direct care workers (certified nurse aides, home health aides and personal/home care aides) who already are employed in long-term care facilities;
- Provide \$5 million per year, for three years, to conduct a Medicaid demonstration in up to six states for development of training programs for personal and home care aides;
- Establish a national panel of long-term care workforce experts to develop the core competencies for these training programs and to make recommendations on how such training could be provided. This requires the Secretary to conduct an evaluation of the demonstration and report recommendations to Congress.

This document was summarized from various sources by Brian Lindberg and Gail MacInnes. For more information, call (202) 789-3606 or e-mail [brian@consumers.org](mailto:brian@consumers.org) or [gmacinnes@consumers.org](mailto:gmacinnes@consumers.org).