

Good News for Medicare: Real Advances for Beneficiaries

By [Patricia Barry](#) - August 29, 2008 - AARP Bulletin Today

Many new benefits and protections for Medicare beneficiaries became law last month. But the details were overlooked as news reports focused on the legislation's main goal of heading off a scheduled 10 percent cut in Medicare payments to doctors—and on Congress' overwhelming rejection of President Bush's veto of the bill.

Important as the "doc fix" legislation was in preserving beneficiaries' access to doctors, the Medicare Improvements for Patients and Providers Act (MIPPA) contains many other provisions that consumer advocacy groups welcome as significant advances in extending coverage and making Medicare more affordable.

"The legislation will help millions of folks," says Robert Hayes, president of the nonprofit [Medicare Rights Center](#). "It eases eligibility requirements for low-income beneficiaries to get help with the out-of-pocket expenses of Medicare ... and finally moves toward ending the injustice of [Medicare] paying so little for mental health compared to general health care."

Starting in 2010 Medicare beneficiaries will begin paying less for outpatient mental health treatment, and by 2014 they'll pay 20 percent of the cost—the same as most other outpatient services—instead of the 50 percent they pay now.

New and better benefits

The law brings changes to many parts of Medicare. The changes range from new coverage of rehabilitation programs for lung and heart disease to help with managing advanced kidney disease. The law also gives incentives to physicians to use electronic prescriptions in an effort to reduce medical errors.

As of Jan. 1, beneficiaries will be able to receive their "Welcome to Medicare" physical exam any time within 12 months of joining

Medicare Part B instead of the current six months. They'll still pay 20 percent of the cost, but their Part B deductible will no longer apply.

Part D plans will cover anticancer drugs for off-label use—the treatment of conditions other than those approved by the Food and Drug Administration—if the usage has been reported as effective in peer-reviewed medical journals. The change could affect hundreds of thousands of people whose doctors prescribe cancer drugs as the only means of alleviating severe pain and other conditions, even though they don't have cancer.

MIPPA also permits Medicare, for the first time, to start covering new preventive services as the U.S. Department of Health and Human Services sees fit—instead of having to wait for Congress to approve them individually.

More financial help

Some of the greatest benefits under MIPPA go to beneficiaries with limited incomes. Starting in 2010, many more will qualify for low-cost prescription drug coverage under Part D's Extra Help program because some resources will no longer count as income or assets for eligibility.

Also starting that year, a greater effort will be made to enroll people into state Medicare Savings Programs (MSPs), which pay Part B premiums and other Medicare out-of-pocket expenses for those who qualify. In many states the dollar limit of the MSP asset test—which determines eligibility based on one's savings—will rise.

MIPPA makes the first significant changes to Medicare since the Part D drug benefit was passed in 2003. "This is the only benefit expansion that we've seen in five years," says John Rother, AARP's director of policy. "AARP fought very hard to include these benefits in the new law without their cost causing a substantial rise in Part B premiums."

Paying for it all

Some changes won't occur for several years. For example, the Part D drug program will start covering barbiturates and benzodiazepines—medications for seizures, anxiety, sleeplessness and other conditions—but not until 2013. "Delaying the start of some benefits lowers the cost of the overall package and prevents it from adding to the deficit," Rother explains.

Congress' pay-as-you-go policy requires new spending to be offset by savings elsewhere. MIPPA saves about \$13.6 billion over five years by

cutting certain payments to Medicare's private health plans, according to the [Congressional Budget Office](#). Medicare pays 13 to 17 percent more per enrollee than it spends on a beneficiary in the traditional program, government reports show. Bush's veto was based on White House opposition to reducing payments to these plans.

"Overall, the majority of cuts in the legislation come from Medicare Advantage plans," says Robert Zirkelbach, spokesman for [America's Health Insurance Plans](#), the industry's lobbying group. "That is going to have the effect of either reduced benefits, higher out-of-pocket costs or [more] limited health care choices for seniors."

By 2010 Medicare Advantage private fee-for-service (PFFS) plans will be required to have written contracts with doctors and hospitals in their areas so that, unlike in the current system, beneficiaries will know which providers accept which plans before enrolling. Zirkelbach says this affects 80 percent of PFFS plans. "The vast majority will either need to create a network or leave the market," he adds.

Rother of AARP agrees that beneficiaries enrolled in PFFS plans may lose out. "If their plans cease to operate, they may lose some of the extra benefits they're getting now," he says. "But on balance more people will benefit, and Medicare will become a stronger program."

MIPPA also prohibits Medicare's private health and drug plans from certain hard-sell marketing tactics that created a scandal when they first appeared on the public radar screen last year. The law puts more teeth into regulations that make it illegal for sales agents to call beneficiaries uninvited, solicit door-to-door or offer free meals and other inducements to sign people up.