



RESPONSIBLE REFORM FOR THE MIDDLE CLASS

Senate Health Insurance Reform Invests in America's Seniors

Senate health insurance reform legislation invests in America's seniors by providing lower-cost prescription drugs, investing in preventive care – including giving Medicare beneficiaries one free, yearly check-up – improving the quality of Medicare services and access to health providers, and increasing transparency of nursing homes and other health care providers. Reform also fights waste, fraud and abuse in the Medicare system and refocuses Medicare on improving seniors' health, not insurance companies' wealth.

Lowering Costs for America's Seniors

Health Insurance Reform Saves Seniors Money with Deep Discounts on Drugs in the Medicare “Donut Hole.” More than eight million seniors in 2007 hit the “donut hole,” the gap in prescription drug coverage in Medicare Part D. Senate health insurance reform helps seniors when they hit the donut hole. Beginning in 2010, in order to have their drugs covered under Medicare Part D, manufacturers must provide a 50 percent discount off the negotiated price for brand-name drugs when middle-income beneficiaries enter this coverage gap. At the same time, the full cost of those drugs will count toward Medicare beneficiaries' out-of-pocket costs to ensure they move through the donut hole to resume prescription drug coverage. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Provides Seniors With More Affordable Generic Drugs. Some cutting edge drugs, known as biologics, are simply too expensive for many seniors. Biologics are things like drugs or vaccines made from living organisms, as opposed to other drugs and vaccines created through a chemical process. [CRS, [8/5/2009](#)] In 2007, the United States spent more than \$40 billion on biologics. [CBO, [12/2008](#)] Senate health insurance reform creates a regulatory pathway for approval of generic biologic drugs to make these drugs more affordable for seniors and all Americans. [Affordable Health Choices Act, Senate HELP Committee, accessed [9/22/2009](#)]

Health Insurance Reform Provides Seniors Free Yearly Physical. Currently, Medicare only covers one physical exam or check-up, when beneficiaries enroll in the program. Senate health insurance reform changes this practice and provides every Medicare beneficiaries at least one free, yearly physical with a primary care provider. During that visit, Medicare beneficiaries would receive a personalized health improvement plan and information about Medicare covered and recommended preventive screenings. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Ensures Free Preventive Services for Medicare Beneficiaries. Senate health insurance reform provides Medicare beneficiaries with free preventive services recommended by the U.S. Preventive Services Task Force (USPSTF). Things like mammograms, vaccinations, and other preventive services and screenings recommended for seniors by the Task Force will be free of charge to Medicare beneficiaries. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Strengthening Medicare's Financial Health

Overpayments to Private Plans Weaken the Financial Health of Medicare. The Medicare Payment Advisory Commission (MedPAC) found that, in 2009, payments to private Medicare Advantage plans are 14 percent higher than the cost of insuring a beneficiary in traditional Medicare, an even greater payment disparity than 2008, when private insurers received a 13 percent overpayment. [MedPAC, [3/09](#)] The Chief Actuary at the Centers for Medicare and Medicaid Services (CMS) found that these overpayments increase premiums for beneficiaries in traditional Medicare by more than \$86 per year. [Center on Budget and Policy Priorities, [9/14/09](#)] In addition to overpayments, CMS reports that Medicare Advantage plans had an improper payment rate of 10.6 percent, or \$6.8 billion in 2006. [CMS, [11/17/08](#)]

- ✓ **Health Insurance Reform Reduces Waste and Creates a Competitive Market for Seniors' Business.** By reducing waste and curbing overpayments to insurance companies, the Senate health reform legislation will save hundreds of billions over the next 10 years, which will strengthen the long-term financial health of Medicare. Senate health insurance reform creates a competitive bidding structure for Medicare Advantage plans, ensuring that payments to private insurance companies reflect the actual cost of caring for seniors and saving billions of dollars. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Assuring Access to Health Care Providers for Seniors

Health Insurance Reform Protects Your Access to Your Doctor. Senate health insurance reform legislation replaces a scheduled 21 percent reduction in Medicare physician payment rates in 2010 with a 0.5 percent increase, ensuring that doctors will continue to serve seniors. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Promotes Primary Care. Medicare reforms will increase beneficiaries' access to primary care doctors and medical homes. Health reform encourages increased participation in Medicare by primary care practitioners, as well as general surgeons practicing in a health professional shortage area, by providing a 10 percent Medicare payment bonus for five years. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Increases Access to Health Care Providers. Health reform allows seniors with diabetes to work with Certified Diabetes Educators in addition to other health care providers to learn how to manage their diabetes and maintain their health. Seniors leaving the hospital or using hospice benefits would be able to work with physician assistants as well as other health care providers. Finally, health insurance reform allows seniors to receive outpatient therapy services in excess of the caps placed on these services in current law, and increases payments for ambulance services, ensuring that Medicare beneficiaries have access to this critical health care service. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Will Cut The Bureaucracy for You and Your Doctor. Health reform will simplify paperwork; computerize medical records with strong privacy protections; and make sure forms are easy to read so seniors can work with their doctors to take charge of their health choices. [Affordable Health Choices Act, Senate HELP Committee, accessed [9/22/2009](#); Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Improving Health Care Quality for Seniors

Health Insurance Reform Promotes Better Care After a Hospital Discharge. Seniors shouldn't have to go back to the hospital because they weren't treated properly the first time. By linking payments between hospitals and other health care facilities, reform will promote coordinated care after discharge from the hospital and also encourage investments in hospital discharge planning and transitional care to ensure that avoidable readmissions are prevented. Senate health reform will also fund eligible hospitals and community-based partnership organizations that provide patient-centered transitional care services to Medicare beneficiaries at the highest risk of preventable re-hospitalization. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Works to Reduce Hospital-Acquired Infections. Seniors shouldn't get sick from going to the hospital to get well. Senate health insurance reform works to improve patient care by reducing payments to hospitals with high rates of hospital-acquired infections. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Improves Health Care Quality. Health reform supports health care providers in their efforts to provide quality health care to Medicare beneficiaries by working to develop a national quality strategy; establish an interagency working group on health care quality; provide additional resources for quality measure development and endorsement; and establish a process for HHS to work with external stakeholders, such as the National Quality Forum, to select quality measures for a Medicare value-based purchasing and pay-for-reporting programs. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Encourages Improved Quality in Provider Networks. Health reform encourages groups of providers to work together to improve the quality of care they deliver to Medicare beneficiaries. Not only is this the right thing to do, it saves Medicare money, and providers would be able to keep a portion of the savings they achieve for the Medicare program. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Increasing Transparency and Stopping Medicare Waste and Fraud

Health Insurance Reform Empowers Seniors, Provides Better Information About Provider Quality. Certain health care providers, such as long-term care hospitals, inpatient rehabilitation facilities, and hospice providers, will report the quality of their care, giving seniors better information about and more confidence in their health care. To ensure participation, providers who fail to report this information would receive reduced payments from Medicare. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Health Insurance Reform Improves the Transparency of Nursing Home Information so Seniors and Their Families Can Make Informed Decisions About Care. Senate health insurance reform requires nursing homes participating in Medicare to report certain information pertaining to operations, staffing, and ownership of the facility, providing seniors and their families with important information as they make critical health care decisions. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]

Waste and Fraud Cost Seniors and Taxpayers Billions of Dollars Each Year. Medicare's improper payment rate for Fiscal Year 2008 was 3.6 percent, or about \$10.4 billion. [CMS, [11/17/2008](#)] The National Health Care Anti-Fraud Association (NHCAA) estimates

that three percent of all health care spending is lost to fraud – that would be about \$75 billion of the \$2.5 trillion CMS projects the nation will spend on health care this year. [NHCAA, accessed [9/23/2009](#); CMS accessed [9/21/2009](#)] The Federal Bureau of Investigation (FBI) reports fraudulent activity in both public and private health care programs ranges from three to ten percent. [FBI, accessed [9/21/2009](#)]

- ✓ **Health Insurance Reform Targets Waste, Fraud, Abuse.** Senate health insurance reform will combat wasteful and fraudulent activity in health care by giving federal health programs and law enforcement the tools they need to stay ahead of those who seek to defraud seniors and taxpayers. Health insurance reform will require the Medicare program to screen all health providers who seek to bill Medicare to ensure that only those providers who actually treat seniors receive Medicare payment. Reform will expand data sharing across more federal agencies to ensure that those suspected of fraudulent activity in other areas can't continue to bilk Medicare. Senate health insurance reform will also increase penalties for those who commit fraud. [Chairman's Mark, Senate Finance Committee, [9/16/09](#)]