



Fact Sheet

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August 5, 2010

Available Online: dpc.senate.gov

Senate Democrats Are On Your Side Implementing Health Reform that Works for Middle-Class Americans

Earlier this year, Congress passed and the President signed landmark health insurance reform legislation, the *Patient Protection and Affordable Care Act* (**P.L. 111-148**) and the *Health Care and Education Reconciliation Act* (**P.L. 111-152**), and Americans are already experiencing the benefits. These two laws, together referred to as the *Affordable Care Act*, put control over health care decisions in the hands of the American people, not insurance companies. Senate Democrats are committed to implementing health reform that holds insurance companies accountable, brings costs down for everyone, and provides Americans with the insurance security and choices they deserve. This fact sheet provides an overview of recent health reform implementation activity. Previous updates on health reform implementation and other information are available from the DPC. [[DPC](#)]

Strengthening, Improving, and Extending the Solvency of Medicare

A new report from the Centers for Medicare & Medicaid Services (CMS) confirms that the *Affordable Care Act* is saving Medicare money, strengthening the program, and protecting seniors' guaranteed benefits. [CMS, accessed [8/4/10](#)] The report focuses on cost-savings provisions that CMS has already implemented or will begin implementing soon, and confirms that the *Affordable Care Act* extends the life of the Medicare Trust Fund by 12 years, from 2017 to 2029, more than doubling the time before exhaustion of the trust fund and adding more than \$575 billion to the Trust Fund over the next ten years. [CMS Office of the Actuary, [4/22/10](#) and [4/22/10](#)] Seniors will directly benefit from these savings, which will lower their Medicare Part B premiums by nearly \$200 by 2018. Strategies in the *Affordable Care Act* to improve the quality of care, reform the health care delivery system, appropriately price services and modernize the financing system, and fight waste, fraud and abuse will strengthen Medicare and, because Medicare often leads the greater health care system in the adoption of quality and payment innovation, will drive improvements in the health care system as a whole.

The 2010 Annual Report from the Medicare trustees, released on August 5, 2010, confirms that the financial outlook for both Medicare trust funds have substantially improved as a result of the *Affordable Care Act*. [CMS, accessed [8/5/10](#)] The Trustees confirm earlier projections that Medicare's Hospital Insurance (HI) Trust Fund, for Medicare Part A benefits, will remain solvent until 2029, 12 years longer than projected in last year's report, and that the HI long-range actuarial deficit has been reduced to 0.66 percent of taxable payroll, one-sixth of the amount projected prior to the *Affordable Care Act*. [CMS, [8/5/10](#)] Projected costs for the Supplementary Medicare Insurance (SMI) Trust Fund, for Part B benefits, are also much lower due to the *Affordable Care Act*. This

year, Part B spending is about 1.5 percent of Gross Domestic Product (GDP). Last year, the Trustees projected Part B spending would increase to 4.5 percent of GDP by the end of the 75-year projection period, but due to the *Affordable Care Act*, this year's report indicates spending will reach just 2.5 percent of GDP in 75 years.

Lowering the Cost of Prescription Drugs for Seniors

One of the most valuable benefits of the *Affordable Care Act* for Medicare beneficiaries is closing the prescription drug “donut hole.” The new health reform law provides a \$250 rebate check to seniors who don't receive extra help with their prescription drug costs when they hit the “donut hole” in their prescription drug plan this year. Beginning next year, Medicare beneficiaries who do not receive Medicare Extra Help will receive a 50 percent discount on brand-name drugs and biologics they purchase when they are in the coverage gap. Coverage in the “donut hole” will increase until 2020, when 75 percent coverage on all drugs purchased in the gap will completely fill in the “donut hole.”

On August 2, 2010, CMS issued the agreements that drug manufacturers will use to provide the 50 percent discount for these Medicare beneficiaries who hit the gap in their prescription drug coverage next year. [CMS, [8/2/10](#)] Drug manufacturers are required to sign this agreement, and to offer seniors the discount, in order to continue to offer their drugs under the Medicare Part D program. More information for pharmaceutical manufacturers is available from CMS. [CMS, accessed [8/4/10](#)]

Lowering the Cost of Prescription Drugs for Children and Underserved Communities

The 340B Drug Pricing Program, named for its section number in the Public Health Service Act, limits the cost of outpatient prescription drugs for certain health care entities, which helps reduce drug costs for the patients they serve. The *Affordable Care Act* expanded participation in the 340B Drug Pricing Program to children's hospitals, free standing cancer centers, critical access hospitals, rural referral centers, and sole community hospitals.

On August 2, 2010, the Health Resources and Services Administration (HRSA) announced that enrollment in the 340B program began for these newly-eligible health care providers. [HRSA, [8/2/10](#)] The Administration estimates that as many as 1,500 additional hospitals may be eligible for discounted medications under the *Affordable Care Act*, and that the total number of entities participating in the 340B program will rise from over 14,000 to nearly 20,000 when clinics and other non-hospital providers are taken into account. Newly-eligible entities have until September 30, 2010 to complete the registration process, and more information is available from HRSA. [HRSA, accessed [8/4/10](#)]

Strengthening and Growing the Health Care Workforce

The *Affordable Care Act* reauthorized several programs that invest in our health care workforce to ensure we have the health care providers we need to transform our health care system. On August 5, 2010, the Department of Health and Human Services announced \$159.1 million in grants to health care workforce training programs. [HHS, [8/5/10](#)] Specifically, these grants will support Nursing Workforce Development, Interdisciplinary Geriatric Education and Training, and Centers for Excellence grants for programs that improve the recruitment and performance of underrepresented minority students preparing for careers in the health professions. More

information, including a state-by-state listing of these grants, is available from the Health Resources and Services Administration. [HRSA, accessed [8/5/10](#); HRSA accessed [8/5/10](#)]

Activity in the States

Since the *Affordable Care Act* became law, several state Attorneys General have filed lawsuits to challenge its constitutionality. Opponents of health reform, having failed to prevent it from becoming law, are now taking their opposition to the courts. But constitutional law scholars are confident these suits have no merit, and that, as President Reagan’s Solicitor General Charles Fried wrote, “the health care law’s enemies have no ally in the Constitution.” [DPC, [3/26/10](#); *Boston Globe*, [3/21/10](#)]

On August 2, 2010, a federal district court in Virginia ruled in a purely procedural matter that a lawsuit filed by the state’s Attorney General may proceed and that the court has jurisdiction to hear further arguments. While the federal government believes this procedural ruling is in error, the ruling itself has no reflection on the merits of the claim that the *Affordable Care Act* is unconstitutional. [The White House, [8/2/10](#)] With this procedural motion made, the government expects to prevail on the merits of its case in favor of the constitutionality of the *Affordable Care Act*.

Also on August 2, 2010, voters in Missouri approved a referendum known as Proposition C, aimed at nullifying a crucial provision in the *Affordable Care Act*, the individual responsibility policy that those who can afford to purchase health insurance or obtain coverage through a government-sponsored program take responsibility and enroll in that coverage. Voter turnout was very low, at approximately 23 percent, and was dominated by Republican primary voters who decided the most competitive races; far more voters cast a ballot in the Republican primary for an open U.S. Senate seat as cast ballots in the Democratic primary (544,612 vs. 315,787). [*New York Times*, [8/3/10](#)] In addition, voters have been exposed to much misinformation about the *Affordable Care Act*, and the more Americans learn about the new health reform law, the more they like it. A new tracking poll released last week by the non-partisan Kaiser Family Foundation found that Americans have a favorable view of the new health reform law, by a 15-point margin. [Kaiser Family Foundation, [7/29/10](#)] Fifty percent of the public now expresses a favorable view of the law, up from 48 percent in June, while just 35 percent hold an unfavorable view, down from 41 percent in June.

Additional Information

The Democratic Policy Committee has released eight previous updates on health reform implementation, available on the DPC website [here](#). In addition, DPC maintains a centralized listing of health reform implementation resources which is frequently updated and is available [here](#).