



CENTER *for* RURAL AFFAIRS

Lyons, NE 68038

Population 851

Seniors and the Affordable Care Act

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Since the “Patient Protection and Affordable Care Act” (ACA) was signed into law in March 2010, we have conducted dozens of educational presentations across the Great Plains region. At almost every event numerous senior citizens are in attendance with questions about the new law and how it affects them.

That’s not surprising given the demographics of the rural Great Plains. According to the 2010 Census, nearly one in five rural county residents in Great Plains states are 65 or older.¹ Most rural areas of the Great Plains and Midwest are increasingly aging. For example, Nebraska’s rural counties are home to about 41 percent of the state’s total population, but contain nearly two-thirds of the state’s 65 years and older population. Most of Nebraska’s rural counties are included in a group of Midwestern and Great Plains rural counties that witnessed the highest increase in median age from 2000 to 2010.²

With increased attention on the ACA and its operation and one of the largest population cohorts in rural areas, it is reasonable that many seniors are asking, “What does the ACA mean for me?” Most of the provisions of the ACA directly affecting seniors have been in effect since 2010. Other provisions now coming into effect have no bearing on seniors. This report will summarize how the Affordable Care Act affects seniors in rural communities.

¹ Bailey, Jon M. and Preston, Kim. 2011. *Age Distribution on the Great Plains*. Center for Rural Affairs.

² Beaulieu, B., M. Rosas, and R. Gallardo. “Getting Older, County by County.” *Daily Yonder*, April 9, 2012.

Health Insurance Requirement

The ACA contains a requirement that all U.S. citizens and legal residents have some form of health insurance beginning January 1, 2014, or pay a tax penalty – the so-called “individual mandate.” As long as seniors have Medicare Part A (known as the “Original Medicare Plan” and covering inpatient care in skilled nursing facilities, critical access hospitals, and hospitals, hospice care and home health care) they will meet the health insurance requirement and will not have to pay a penalty.

Health Insurance Marketplaces

The new health state or federally-facilitated health insurance marketplaces (depending on the state in which you reside) that began on October 1, 2013, are meant for individuals under 65 and their families and small businesses. Medicare, Medicare Supplemental plans and Medicare Advantage plans are not offered or sold in the health insurance marketplaces. So seniors have no reason to visit or be concerned with the health insurance marketplaces. Medicare beneficiaries already have insurance coverage and cannot lose their coverage through the ACA.

The most common reason seniors might have cause to visit the new health insurance marketplaces is if they own a small business and provide health insurance coverage for the business’ employees. If that is the case, information for states with federally-facilitated marketplaces may be found at healthcare.gov. That website also provides information about organizations and individuals who can provide information about and assistance in insurance enrollment. States operating their own marketplaces have their own websites through which insurance assistance and enrollment may be obtained.

There are, of course, unique circumstances that may require seniors to visit or use the health insurance marketplaces – Medicare beneficiaries with minor children or spouses younger than 65, for example. In those cases, information about enrollment and assistance may be found on healthcare.gov or at state websites.

“Donut Hole” Coverage – Medicare Part D

The Medicare Part D Prescription Drug Benefit created a gap between prescription drug costs and Medicare coverage, also known as the “donut hole.” Beginning in 2010, the ACA has provided relief for seniors and will close the “donut hole” by 2020.

Medicare beneficiaries in the “donut hole” also receive an automatic 50 percent discount on Part D-covered brand-name prescription drugs. In addition, the deductible for prescription drugs is also reduced for Medicare beneficiaries in 2014.

Wellness and Preventive Care

In 2011, the Affordable Care Act eliminated co-pays and other cost-sharing for preventive services for Medicare beneficiaries. Certain preventive services like mammograms or colonoscopies are covered under the ACA without charging a beneficiary for the Part B coinsurance or deductible.

Section 4103 of the Affordable Care Act also adds an annual wellness visit for Medicare beneficiaries with necessary advice and referrals without additional fees or co-pays.

Medicare Advantage

The ACA specifically guarantees Medicare benefits. Section 3601 of the Affordable Care Act states:

SEC. 3601. PROTECTING AND IMPROVING GUARANTEED MEDICARE BENEFITS.

(a) PROTECTING GUARANTEED MEDICARE BENEFITS.—Nothing in the provisions of, or amendments made by, this Act shall result in a reduction of guaranteed benefits under title XVIII of the Social Security Act (Medicare).

Because of a \$200 billion cut in Medicare Advantage payments by the ACA over 10 years, it was anticipated that Medicare payment changes in the ACA would lead to significant reductions in Medicare Advantage enrollment. Currently, some are claiming that the ACA has caused seniors to “lose their health insurance” as a result of Medicare Advantage plans being cancelled. This does not appear to be true. The number of seniors enrolled in Medicare Advantage plans have increased by 30 percent since the ACA took effect in 2010.³

Initially, the Congressional Budget Office estimated that Medicare Advantage enrollment would decline to 10.5 million in 2014.⁴ However, in May 2013 the Congressional Budget Office reversed course and estimated that Medicare Advantage enrollment would grow up to 2023, with an enrollment of 15 million in 2014. This finding is opposite of a CBO estimate just three months earlier.⁵

³ Gold, Marsha, Jacobson, Gretchen, Damico, Anthony and Neuman, Tricia. 2013. *Medicare Advantage 2013 Spotlight: Enrollment Market Update*. The Henry J. Kaiser Family Foundation, June 2013; Centers for Medicare & Medicaid Services. “More, higher quality options for seniors in Medicare Advantage.” September 19, 2013.

⁴ Congressional Budget Office. *Preliminary Analysis of the President’s Budget for 2012*. March 18, 2011; FactCheck.org

⁵ Congressional Budget Office. 2013. *CBO’s May 2013 Medicare Baseline*. May 14, 2013; McLaughlin, Jim. “CBO: Medicare Advantage Enrollment to Grow, Not Fall.” Becker’s Hospital Review, May 16, 2013.

There is evidence that the number of Medicare Advantage plans is decreasing. Recent analysis claims that “participation by Medicare Advantage plans will dip modestly in 2014 amid continued payment reductions enacted under the Affordable Care Act (ACA).”⁶ The total number of Medicare Advantage plans will decline from 2,664 in 2013 to 2,522 in 2014, a 5.3 percent decrease.⁷

But a reduction in plans does not correspond to a reduction in enrollment. The Centers for Medicare and Medicaid Services states Medicare Advantage enrollment will increase by nearly 5 percent from 2013 to 2014.⁸ Medicare Advantage plans have also become less expensive, with an average premium decline of 9.8 percent since the ACA became law.⁹ Regardless of federal payments under the ACA almost all seniors (more than 99 percent) have access to a Medicare advantage plan.¹⁰

Conclusion

It is clear that the Affordable Care Act provides a variety of benefits to seniors without imposing additional health insurance coverage obligations. The ACA provides seniors enhanced benefits in terms of wellness and preventive care and referrals to needed specialists. This will be important for rural residents who are, on average, older, have higher rates of senior citizens as residents and in general receive fewer medical screenings and preventive care procedures.¹¹ The ACA is also providing seniors continuing benefits paying the costs of their prescription drugs.

It also appears that despite early warnings Medicare Advantage plans have not been negatively affected by the ACA in terms of access and enrollment. Despite a modest reduction in the number of Medicare Advantage plans, almost all seniors – including rural seniors – continue to have access to Medicare Advantage plans. And rather than declining, the number of seniors enrolling in Medicare Advantage plans is increasing.

Rural seniors should not be apprehensive about the Affordable Care Act. They do not have to concern themselves with the health insurance marketplaces, the largest and, so far, most complicated piece of the law. And the ACA provisions from which seniors can benefit are becoming systemized in their day-to-day Medicare health care.

⁶ Avalere Health. *Avalere Analysis Reveals First Drop in Medicare Advantage Offerings Since 2011*. September 23, 2013. Washington, DC: Avalere Health LLC.

⁷ *Id.*

⁸ FactCheck.org. “Cruz Distorts ACA Impact on Seniors, Children.” October 21, 2013.

⁹ CMS, September 19, 2013.

¹⁰ *Id.*

¹¹ Kaiser Commission on Medicaid and the Uninsured. 2003. *The Uninsured in Rural America*.

ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

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