

How the Health Reform Package Will Help Americans in Connecticut

Some Immediate Benefits of the Health Reform Package:

- **Prevents insurance companies from dropping the sick:** Insurance companies will no longer be able to deny you affordable coverage when you get sick.
- **Allows Americans to keep their coverage if they like it.**
- **Provides Preventive Care:** Your insurance company will be required to provide you with preventive services like immunizations and screenings for cancer or diabetes, free of charge
- **Helps Young Adults:** If your young adult son or daughter needs health insurance, you can cover them on your insurance policy until they are 26 years old, which may provide a new option for the 74,000 18-25 year olds in Connecticut without insurance.
- **Covers the Sick:** If you can't find affordable coverage because of your medical history, you may have access to temporary insurance coverage. Children with preexisting conditions will be able to get immediate coverage.
- **Helps Small Businesses:** If you work for a small business, your employer may be eligible for tax credits that would cover up to 35 percent of your premiums.

Connecticut has a significant older population who will benefit from key provisions in the Health Reform Package. 13.1% of the population is age 65 or older and 19.2% is age 50-64.

The Health Reform Package Will Strengthen and Improve the Medicare Program

Medicare is a sacred promise that was made to older Americans – because no one should be left to struggle with medical bills after a lifetime of hard work. 503,000 depend on Medicare for stable, affordable health care. And yet, because of skyrocketing health care costs and our current economic crisis, the program's gaps are becoming more apparent.

The Health Reform Package:

- **Improves access to primary care doctors.** Your primary care doctor will receive bonuses for treating people in Medicare, helping to ensure that the 503,000 Medicare beneficiaries in Connecticut have continued access to important primary care services.
- **Closes the Medicare Part D coverage gap or “doughnut hole”:** In 2010, if you reach the doughnut hole, you will receive a rebate for \$250 to help you pay for prescriptions. Beginning in 2011, if you reach the doughnut hole, you will receive a 50 percent discount on your brand-name drugs. The doughnut hole will be fully closed over the next 10 years.

- **Provides preventive care, such as screenings for cancer and diabetes, free of charge.** You will no longer have to pay out of pocket for preventive care services. You will also be able to work with your doctor to develop your own plan to keep you as healthy as possible.
- **Improves the coordination of care for people with chronic health conditions;** and begins a new program that provides benefits to help older Americans and people with disabilities stay in their own homes and communities.
- **Extending the solvency of Medicare.** Health insurance reform will extend the life of the Medicare Trust Fund by nearly a decade.

The Health Reform Package Will Help Older Americans Struggling with the High Cost of Prescription Drugs

Today, people in Medicare spend about 30 percent of their incomes, on average, on out-of-pocket health costs – including premiums for supplemental coverage. These costs are six times greater than for people with employer coverage. Skyrocketing drug costs are a particular problem for people in Medicare. In 2007, 25 % of the Medicare beneficiaries in Connecticut fell into the Part D “doughnut hole,” or coverage gap, which meant that they had to pay the entire cost of their medication and their premiums.

The Health Reform Package:

- offers a one-time \$250 rebate for Part D enrollees who fall into the doughnut hole in 2010;
- reduces brand name drug costs by 50 percent for enrollees in the doughnut hole starting in 2011; and
- gradually closes the doughnut hole by reducing enrollees’ brand name and generic drug costs in the doughnut hole so that by 2020, enrollees will be responsible for 25% of their brand name and generic drug costs from the time they meet their deductible until they enter catastrophic coverage.

This could add up to savings of nearly \$2,000 next year for Connecticut residents with high drug spending.

The Health Reform Package Will Make Coverage More Affordable for Connecticut residents, age 50-64

As the baby boomers age, the ranks of people without health insurance age 50 to 64 are soaring. Connecticut has 65,000 people age 50-64 who are uninsured and another 48,000 people in that age group who buy coverage in the individual market.

Although more than half of uninsured Americans ages 50 to 64 work, they may not be able to get insurance through their employer because they work for a small business that doesn’t offer insurance or they are self-employed and can’t buy or can’t afford coverage in the individual market. Those without employer-sponsored coverage are forced to try to find affordable coverage. Yet people in this age group are more likely to have a pre-

existing condition and, thus, are routinely denied individual insurance in the private market. And those that can get coverage end up paying three times more in premiums and twice as much in out-of-pocket costs than a person with job-based coverage.

The longer people in this age group go without insurance, the more likely they'll enter Medicare with health problems. This will place a greater financial burden on Medicare and undermine the program's ability to provide coverage for our children and grandchildren when they're ready to retire.

The Health Reform Package:

- creates new rules for insurance companies so that they can no longer discriminate against people who are sick, can no longer charge unaffordable rates based on age;
- provides people with help purchasing coverage;
- provides tax credits to small businesses to help make employee coverage more affordable; and
- creates a temporary high-risk program for the uninsured with pre-existing conditions.

In the Health Reform Package, insurance companies will be held accountable and the bill will remove barriers to high quality, affordable care. Insurance plans will have to cover care – even when people get sick. In Connecticut, insurance companies have no limits on how much they can charge older people for coverage in the individual market. The package will make important strides to limiting this practice by preventing insurers from charging no more than three times what younger people pay for the same health insurance.

As many as 187,046 people age 50-64 in Connecticut may be eligible for a tax credit that helps make premiums affordable. 37,741 lower income Connecticut residents in the same age group would qualify for even more protection from unaffordable health care costs through their state Medicaid program, with the federal government paying the entire cost for three years.

The Health Reform Package Increases Access to Long-Term Services and Supports at Home

As many as 65,282 Connecticut residents currently have a disability and need greater access to long-term services and supports (LTSS). The Community Living Assistance Services and Supports (CLASS) provision in the new law creates a new national voluntary insurance program that could help Connecticut residents with disabilities pay for the LTSS they need to remain independent in their home and community. CLASS provides a cash benefit (with a minimum benefit averaging not less than \$50/day) for eligible participants with qualifying disabilities. Benefits may be used to pay family caregivers. Individuals can participate in CLASS through automatic payroll deductions through their employer or they will also be able to enroll if their employer does not participate in CLASS. There

is a 5-year vesting period and individuals must be working a certain amount at least three of those five years. As long as individuals remain eligible, there is no lifetime limit on the benefits that participants may receive.

In addition to benefiting individuals, the CLASS program could be an economic win for states in the longer-term as an individual's participation could delay or prevent their need to access Medicaid long-term services and supports.

Even though 89 percent of individuals age 50+ wish to remain in their homes as long as possible, only 9% of Connecticut's Medicaid LTC spending for older people and adults with physical disabilities pays for HCBS. The new law offers new options and financial incentives to states to expand access to home and community-based services. The Community First Choice Option would provide states with a 6 percent enhanced federal Medicaid match rate if they opt to provide certain HCBS to individuals with disabilities eligible for an institutional level of care. The State Balancing Incentives Payments Program would provide grants to states in the form of a temporary enhanced federal Medicaid match rate of 5 percent or 2 percent (depending on a state's level of Medicaid long-term services and supports spending on home and community-based services) for states that make structural changes in their long-term services and supports systems to increase access to HCBS. In addition, the new law makes improvements to the existing Medicaid HCBS state plan option to help encourage states to make use of this tool to expand access to HCBS.

Sources

U.S. Census Bureau. Current Population Survey, Annual Social and Economic Supplement, 2007 through 2009

Connecticut Population Division, State Single Year of Age and Sex Population Estimates: April 1, 2000 to July 1, 2008 – Connecticuters

Connecticut 2008 American Community Survey 1-Year Estimates, Table C18106. SEX BY AGE BY SELF-CARE DIFFICULTY

Georgetown University/NORC/Kaiser Family Foundation analysis of IMS Health LRx database, 2007

The Kaiser Family Foundation, State Health Facts: Managed Care and Health Insurance. Individual Market Rate Restrictions, 2008 and various states.

Notes:

Rating Restrictions: In many states, premiums for individual (or small group) health insurance vary based on health status and other demographic factors, such as age, gender, geography, and family size. Rating restrictions limit the extent to which insurers can vary based on health status. **Community rating** (pure or adjusted) - prohibits rating based on health status in the individual (or small group) market. (1) **Pure** - premiums cannot vary by age or gender, (2) **Adjusted** - premiums can be adjusted for certain demographic factors.

Health Status Rate Bands - Limits the amount by which premiums can vary due to health status. There may also be additional rate bans for other allowed rating factors.