

## **Medicare**

### **Providing Healthcare Coverage for More Than One Million Wisconsinites**

**WAAN's Position: Strengthen and improve Medicare to bolster the program's ability to handle increased demand and keep pace with the needs of our rapidly aging society.**

#### **What Is Medicare?**

Medicare is a federal health insurance program for:

- People age 65 or older
- People under age 65 with certain disabilities
- People of all ages with end-stage renal disease (permanent kidney failure requiring dialysis or a kidney transplant)

Medicare provides healthcare for over 59 million beneficiaries (2018) age 65 and older (85%) and people with disabilities (15%)<sup>1</sup>, including more than 1.2 million Wisconsin residents.<sup>2</sup> Medicare includes several different programs with differing costs and benefits, called "Parts." In short, these are:

- **Part A (Hospital Insurance):** covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care
- **Part B (Medical Insurance):** covers outpatient doctors' services, clinic visits, durable medical equipment, and preventive services
- **Part C (Medicare Advantage Plans):** an optional way to combine Part A and Part B benefits into a Health Maintenance Organization or Preferred Provider Organization plan with a designated provider network. Most plans also include prescription drug coverage.
- **Part D:** prescription drug coverage

For more information, see: [www.medicare.gov](http://www.medicare.gov)

#### **Why Is Medicare Important for Seniors?**

Access to health insurance is vital to the financial security of older adults. Before Medicare, fewer than half of adults over 65 had health insurance.<sup>3</sup> Further, older adults use medical services at a higher rate

<sup>1</sup> CMS Fast Facts Overview. (2018, August 01). Retrieved January 23, 2019, from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMS-Fast-Facts/index.html>

<sup>2</sup> Monthly Enrollment by State 2019 01. (2019, January 14). Retrieved January 23, 2019, from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDENrolData/Monthly-Enrollment-by-State-Items/Monthly-Enrollment-by-State-2019-01.html>

<sup>3</sup> Kaiser Family Foundation; KFF.org.

than other populations,<sup>4</sup> and healthcare costs are consistently one of the primary reasons for personal bankruptcy filings in the U.S.<sup>5</sup> Additionally, many older adults live on a fixed income. Social Security accounts for more than 90% of total income for 21% of married and 44% of unmarried elderly Social Security beneficiaries.<sup>6</sup> Medicare ensures that vulnerable seniors maintain financial security and stability because the program provides the foundation of affordable, comprehensive healthcare coverage for seniors.

### **Why Strengthen and Improve Medicare?**

Medicare will enroll millions of new beneficiaries each year as baby boomers continue to retire over the next twenty years.<sup>7</sup> In addition, many people now live longer because of modern medicine and advances in technology. As life expectancy increases, however, older Americans face new challenges because increased life expectancy does not necessarily mean a healthy quality of life. As the population ages and requires more medical services, Medicare must be strengthened and improved to ensure the program meets changing needs.

### **Strengthen and Improve Medicare by Implementing the Following Options:**

1. ***Bolster preventive services to help defray Medicare costs and address chronic issues***
  - a. According to the Surgeon General, increasing the use of preventive services can save over \$3.5 billion dollars annually.<sup>8</sup>
  - b. Medicare beneficiaries with chronic conditions accounted for a higher share of Medicare spending.<sup>9</sup> Further, the CDC estimates that over 70% of total health care spending is attributed to care for Americans with more than one chronic condition.<sup>10</sup>
2. ***Oppose Medicare proposals that (1) cut benefits, (2) raise beneficiaries' share of premiums, (3) privatize Medicare, or (4) increase the age of Medicare eligibility***
  - a. A significant number of Medicare beneficiaries live on a fixed income and, according to the National Council on Aging, Medicare beneficiaries have a median income of only \$23,500. These beneficiaries already struggle to afford premiums and out-of-pocket costs. Fewer benefits and higher premiums mean that Medicare beneficiaries will be less likely to seek medical care when needed.<sup>11</sup>

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<sup>4</sup> Institute of Medicine (US) Committee on the Future Health Care Workforce for Older Americans. *Retooling for an Aging America: Building the Health Care Workforce*. Washington (DC): National Academies Press (US); 2008. 2, Health Status and Health Care Service Utilization. Available from: <https://www.ncbi.nlm.nih.gov/books/NBK215400/>

<sup>5</sup> Fay, B. (2018, November 28). *Retirees and Bankruptcy*. Retrieved January 23, 2019, from <https://www.debt.org/2018/11/28/retirees-and-bankruptcy/>

<sup>6</sup> Social Security Fact Sheet. <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>.

<sup>7</sup> *The Next Generation of Medicare Beneficiaries* - <http://www.medpac.gov/docs/default-source/reports/chapter-2-the-next-generation-of-medicare-beneficiaries-june-2015-report.pdf?sfvrsn=0>. Accessed January 23, 2019.

<sup>8</sup> *National Prevention Strategy - Appendix 1, Economic Benefits of Preventing Disease*.

<https://www.surgeongeneral.gov/priorities/prevention/strategy/report.pdf>. Accessed January 23, 2019.

<sup>9</sup> *Chronic Conditions Among Medicare Beneficiaries, Chart Book 2012*. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Chronic-Conditions/Downloads/2012Chartbook.pdf>, Baltimore, MD: Centers for Medicare & Medicaid Services; 2012. Accessed January 23, 2019; <https://www.cdc.gov/chronicdisease/about/multiple-chronic.htm>.

<sup>10</sup> Id.

<sup>11</sup> Barry, P. (2012, June 06). *Medicare Proposal Pros and Cons - Medicare Eligibility Age, Premiums*. Retrieved January 23, 2019, from <https://www.aarp.org/health/medicare-insurance/info-06-2012/medicare-proposals-pros-and-cons.html>

- b. Privatizing Medicare could result in companies setting high prices (as evident by Medicare Part D). It could require beneficiaries to re-evaluate plans annually to find the most suitable plan because networks, plan options, providers, and costs could change annually in a private market.<sup>12</sup>
3. **Keep the Part B premium and deductible low** Accomplishing this goal requires balance. Older adults' financial security depends on affordable healthcare. People are more likely to go to the doctor sooner if they have better, affordable coverage.<sup>13</sup>
4. **Expand coverage to include important services and devices seniors need**
  - a. **Dental services.** If left untreated, dental problems can lead to other issues that ultimately do become Medicare covered problems such as, heart issues, infections, sepsis, pain management, and ER visits.<sup>14</sup> Providing coverage for dental services could reduce overall medical costs by preventing such issues.
  - b. **Hearing aids.** In the U.S., approximately one in three people between 65-74 has hearing loss, and nearly half of those older than 75 have difficulty hearing.<sup>15</sup> Hearing loss can affect a person's physical, social, and emotional well-being and have a significant impact on an individual's overall quality of life.<sup>16</sup>
  - c. **Nutrition therapy for all Medicare beneficiaries.** Because vitamin/mineral deficiencies are linked to diseases like Alzheimer's and Parkinson's, nutrition therapy coverage can help Medicare focus on prevention efforts. Nutrition therapy is currently restricted to recipients who have diabetes, kidney disease, or have had a kidney transplant within 36 months.<sup>17</sup>
5. **Utilize the buying power of all Medicare beneficiaries to negotiate drug prices**
  - a. Part D costs are projected to increase by 6.9% annually over the next decade.<sup>18</sup>

### Core Member Organizations

- Aging and Disability Professionals Association of Wisconsin (ADPAW)
  - Alzheimer's Association SE Wisconsin Chapter
  - Wisconsin Adult Day Services Association (WADSA)
  - Wisconsin Association of Area Agencies on Aging (W4A)
  - Wisconsin Association of Benefit Specialists (WABS)
  - Wisconsin Association of Nutrition Directors (WAND)
  - Wisconsin Association of Senior Centers (WASC)
  - Wisconsin Institute for Healthy Aging (WIHA)
  - Wisconsin Senior Corps Association (WISCA)
- The Wisconsin Aging Advocacy Network is a collaborative group of individuals and associations working with and for Wisconsin's older adults to shape public policy to improve their quality of life.

<sup>12</sup> Medicare. (n.d.). Retrieved January 23, 2019, from <https://www.medicareadvocacy.org/medicare-info/medicare-and-health-care-reform/>

<sup>13</sup> Taber, J. M., Leyva, B., & Persoskie, A. (2014). Why do People Avoid Medical Care? A Qualitative Study Using National Data. *Journal of General Internal Medicine*, 30(3), 290-297.

<sup>14</sup> Griffin, S. O., Jones, J. A., Brunson, D., Griffin, P. M., & Bailey, W. D. (2012). Burden of Oral Disease Among Older Adults and Implications for Public Health Priorities. *American Journal of Public Health*, 102(3), 411-418. doi:10.2105/ajph.2011.300362

<sup>15</sup> Age-Related Hearing Loss. (2018, September 07). Retrieved January 23, 2019, from <https://www.nidcd.nih.gov/health/age-related-hearing-loss>.

<sup>16</sup> Ciorba, A., Bianchini, C., Pelucchi, S., & Pastore, A. (2012). The impact of hearing loss on the quality of life of elderly adults. *Clinical Interventions in Aging*, 159. doi:10.2147/cia.s26059.

<sup>17</sup> Nutrition therapy services. (n.d.). Retrieved January 23, 2019, from <https://www.medicare.gov/coverage/nutrition-therapy-services>

- b. Other federal programs that are *required by law* to negotiate drug prices have significantly lower costs to beneficiaries and programs.<sup>19</sup>
- c. Strike the provision in the Medicare Modernization Act of 2003 prohibiting the government from negotiating drug prices on behalf of Medicare beneficiaries.<sup>20</sup>
- d. According to the Kaiser Family Foundation, 92% of Americans favored negotiation of drug prices by the government.<sup>21</sup> Action on these steps will strengthen and improve Medicare's ability to handle the increasing demand and keep pace with a rapidly aging society.

**6. *Oppose efforts to undermine or repeal the Affordable Care Act (ACA)***

- a. The ACA included many changes and improvements to Medicare, including free coverage for some preventive benefits and closing the coverage gap (or “doughnut hole”) in the Part D drug benefit. The ACA also added an additional 10+ years of solvency to Medicare.<sup>22</sup>
- b. A full repeal of the ACA would increase Medicare spending by restoring higher payments to health care providers and Medicare Advantage plans and accelerate the projected insolvency of the Medicare trust fund.<sup>23</sup>

The Wisconsin Aging Advocacy Network is a collaborative group of individuals and associations working with and for Wisconsin's older adults to shape public policy to improve their quality of life.

**Contact WAAN**

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<sup>18</sup> 2017 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, July 2017. Retrieved January 23, 2019, from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2017.pdf>

<sup>19</sup> Cubanski, J., & Neuman, T. (2018, April 26). Searching for Savings in Medicare Drug Price Negotiations. Retrieved January 23, 2019, from <https://www.kff.org/medicare/issue-brief/searching-for-savings-in-medicare-drug-price-negotiations/>

<sup>20</sup> Id.

<sup>21</sup> Id.

<sup>22</sup> Cubanski, J., Neuman, T., Jacobson, G., & Boccuti, C. (2017, January 09). What Are the Implications of Repealing the Affordable Care Act for Medicare Spending and Beneficiaries? Retrieved January 23, 2019, from <https://www.kff.org/health-reform/issue-brief/what-are-the-implications-of-repealing-the-affordable-care-act-for-medicare-spending-and-beneficiaries/>

<sup>23</sup> Id.