



MEDICARE MODERNIZATION ACT OF 2003

Department of Health & Human Services

February 19, 2004



MEDICARE TODAY

- 41 million beneficiaries growing to over 62 million in 2020
- \$284 billion in expenditures growing to \$898 billion in 2020
- Slow to adapt to modern medicine
- Need for supplemental coverage

MEDICARE TODAY

Current Commercial Market:

- 70% in PPOs or POS plans
- 25% in HMOs
- 5% in fee-for-service

Medicare Market:

- 90% in Fee-for-Service
- 10% in M+C Plans



CLEAR NEED FOR REFORM

Seniors wanted:

- More choices, better benefits
- Health care delivered in a modern way
- Improved access to care



IMPROVEMENTS FOR SENIORS

- Medicare-Approved Drug Discount Card
- Prescription Drug Benefit
- New Preventive Benefits
- Medicare Advantage Program
- Increased Access to Care in Rural America

MEDICARE-APPROVED DRUG DISCOUNT CARD

- Estimated savings of 10-25% on many drugs
- Available by June 2004
- \$600 credit to provide immediate relief to certain beneficiaries with low incomes

PRESCRIPTION
DISCOUNT CARD

NAME OF ENROLLEE
JANE MARGARET DOE
ENROLLMENT NUMBER

EFFECTIVE DATE
00/00/00

MEDICARE
APPROVED

*This is **not** a Medicare insurance card.*



PRESCRIPTION DRUG BENEFIT

- Available January 2006
- \$35 monthly premium
- \$250 beneficiary deductible
- Medicare will pay 75% of drug costs up to \$2,250. The beneficiary will pay 25% of these costs
- Beneficiary will pay 100% of drug costs between \$2,250 and \$5,100
- After \$3,600 in out-of-pocket spending, Medicare will pay approximately 95%



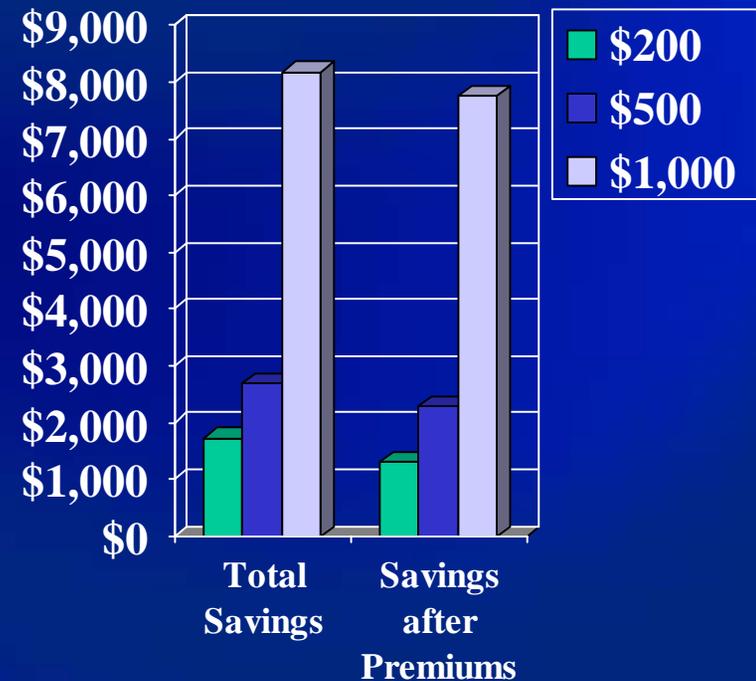
EXTRA HELP FOR PEOPLE WITH LOW INCOMES

- All people who are entitled to Medicare and full Medicaid coverage will have no premiums or deductibles, and only minimal co-pays. Those in nursing facilities will have no cost-sharing.
- People with incomes below 135% of the Federal poverty level (approximately \$1000 per month) and limited savings also will have no premiums and deductibles, and only minimal co-pays.
- Other people with slightly higher incomes and limited assets will get help paying premiums, deductibles and co-pays.

SAVINGS WITH DRUG BENEFIT IN 2006

Example: Monthly Income Above \$1100

- Monthly Drug Spending \$200
Annual Savings = \$1733
Savings After Premiums = \$1313
- Monthly Drug Spending \$500
Annual Savings = \$2700
Savings After Premiums = \$2280
- Monthly Drug Spending \$1000
Annual Savings = \$8175
Savings After Premiums = \$7755



MEDICARE ADVANTAGE PROGRAM

- New Medicare Advantage program with better benefits and more choices
- Investments in Medicare Advantage plans to improve seniors' access to the doctors and care they want
- Investments must be used to reduce premiums and co-pays or improve benefits and access for seniors





MEDICARE ADVANTAGE PROGRAM

- Important new plan choices begin in 2006
- Most important new option – Regional preferred provider organizations (PPO). PPOs are among the most common and popular plans right now for working Americans.

HELPING RURAL AMERICA

- Improve seniors' access to quality doctors, hospitals, ambulance service and home health care where they live
- Nearly \$25 billion in increased reimbursement





NEW PREVENTIVE BENEFITS

- “Welcome to Medicare” Physical Exam for New Enrollees
- Screening Blood Tests for heart disease and diabetes
- Available January 2005
- Adds to the preventive services already covered by Medicare like cancer screenings, bone mass measurements and vaccinations



OTHER IMPORTANT PROVISIONS

- Protections for retirees
- Contracting reform
- HHS to conduct appeals process
- Competition program
- Income-related Part B premium

COMMUNICATING WITH THE PUBLIC

- Seniors and the Disabled
- Health Care Providers
- Governors, State Legislators and Local Officials
- Congress
- Advocates
- Other Stakeholders





SOME MAJOR IMPLEMENTATION DATES

- **January 2004** – Increase payments to rural hospitals; Physician payments increased
- **March 2004** – Increased Medicare Advantage payment rates
- **June 2004** – Drug Discount Card
- **January 2005** – Preventive benefits; Physician scarcity payments
- **January 2006** – Prescription Drug Benefit; Regional Medicare Advantage Plans (PPOs)



FOR MORE INFORMATION

1-800-MEDICARE

www.medicare.gov