



MYTH BUSTERS:
New Health Law & Other Myths



INTRODUCTION

Even before the passage of the Affordable Care Act, rumors have been circulating that falsely claim seniors will be hurt by health reform. On the contrary, the new health law includes improvements to Medicare – a government-run program that is the largest, most successful health care program in history. As the 2012 campaign season heats up, detractors are running ads against supporters of the new health law and spreading mistruths. Below are the myths and lies that opponents are using to scare seniors and retirees, and the facts that are true.

MYTH: The New Health Law is Bad for Seniors!

FACT: The new health law provides seniors under Medicare a free yearly medical check up and free preventive screenings for diseases such as diabetes, heart disease and cancer. Items such as mammograms, bone-mass measurements tests and colonoscopies are covered with no copays. The law also gradually closes the doughnut hole – a gap in Part D prescription drug coverage where seniors are responsible for 100% of drug costs. While in the doughnut hole, seniors will receive a 50% discount on brand name prescription drugs and subsidies toward generic drugs.

MYTH: Cuts to Medicare Advantage Plans will Hurt Seniors!

FACT: The new health law eliminates the wasteful overpayments to private Medicare Advantage (MA) plans. The overpayments not only costs the government an additional \$1000 per person each year than under traditional Medicare, but also raises Part B premiums for seniors and the disabled, including those not on MA plans, by \$90 per couple a year. The new health law restructures government payments to Medicare Advantage plans to keep it more in line with that of traditional Medicare. The law also provides a bonus payment to MA plans that provide high quality care. Finally, the new law forbids MA plans from charging higher co-payments than traditional Medicare.

MYTH: The New Health Care Law will Bankrupt Medicare!

FACT: According to the Medicare actuaries the new health law extends the life of Medicare by 7 years. Rather than becoming insolvent in 2017, the life of the Hospital Insurance Trust Fund will be extended until 2024. At that point, Medicare will still be able to pay 90 percent of the expenses.

MYTH: The New Health Law has increased Medicare premiums!

FACT: The new health law has not increased Medicare premiums and, in fact, in some cases it has reduced premiums. In 2010, when the new law was enacted the Medicare Part B premium was \$96.40. It was \$96.40 again in 2011 for 73 percent of beneficiaries. Only new beneficiaries and those with higher income paid more. In 2012, the Part B premiums went up only slightly to \$99.90 for individuals with incomes of \$85,000 and below and couples with incomes of \$170,000 and below. Further, the Part B deductible actually decreased by \$22; it was reduced from \$162 in 2011 to \$140 in 2012.

Myth: Obama Administration's Medicare Rebate Proposal will Increase Medicare Premiums!

The American Action Network, a conservative advocacy group, sent out mailers in many congressional districts criticizing this proposal and claiming it would increase Medicare premiums by 40 percent. (August 2011)

FACT: Prior to passage of the Medicare Part D prescription drug plan, dual-eligibles – low-income seniors covered by Medicare and Medicaid—received their prescription drug benefits through the Medicaid program, which received rebates from pharmaceutical companies. When the Republican controlled Congress and White House enacted the Medicare Part D drug plan in 2003, the drug benefits of dual-eligibles were transferred under the Medicare program. This change provided the drug companies a huge windfall, because, under the new law, drug companies were not required to pay rebates to the Medicare program. President Obama and Democrats who support the Medicare Drug Savings Act simply want to revert back to the law prior to 2003 when pharmaceutical companies were required to pay rebates for all low-income beneficiaries. According to the Congressional Budget Office, these rebates would provide the government \$112 billion from 2012 to 2021.

RESOURCES:

Politifact: <http://www.politifact.com/>

SNOPEs: <http://www.snopes.com/>

Factcheck: <http://www.factcheck.org/>



815 16th Street, N.W., 4th Floor · Washington, D.C. 20006 · (202) 637-5399 · (202) 637-5398 (Fax)
www.retiredamericans.org

