

# AFSCME

## Retirees Bulletin

### The Affordable Care Act: What It Means for Seniors

Most Americans can see a doctor, go to the hospital and get needed medications because they are insured through an employer or through government health insurance like Medicare or Medicaid. But for some 3.4 million people ages 55 to 64, the Affordable Care Act (ACA) marketplace plans provide them with the peace of mind that comes with health coverage. The ACA protects all Americans from the worst insurance company practices and abuses. The law improves Medicare's benefits. The congressional effort to repeal and replace the ACA has been derailed *for now* but President Trump's administration is sabotaging the law. This fact sheet highlights some of the ways the ACA helps older Americans and how actions by the Trump administration attack on the ACA harms older Americans.

**Millions of adults ages 55-64 rely on the ACA for insurance before they enroll in Medicare.** In 2018, 29 percent of the 11.2 million Americans who purchased coverage through the ACA marketplaces were ages 55 to 64. The law guarantees their coverage will be comprehensive, provide essential health care benefits, and that they cannot be charged more or denied coverage because of a pre-existing condition. However, the Trump administration and Congress have added barriers and obstacles to enrollment. This makes it less likely that younger, healthier Americans will enroll, which makes premiums go up for older enrollees.

**The ACA helps 2.8 million older Americans who do not have employer-sponsored coverage to get affordable health insurance.** Nationally, 83 percent of ACA enrollees receive tax credits to help purchase coverage. Given this percentage, we estimate some 2.8 million Americans, ages 55 to 64, will receive help this year to pay their premiums for high-quality health insurance. The amount of help they receive is based on their income. The ACA provides low-income households with cost-sharing reductions (CSRs) to lower their out-of-pocket costs for deductibles and co-payments. Some 54 percent of all those enrolled in an ACA plan get CSRs. We estimate that about 1.8 million enrollees ages 55 to 64 get cost-sharing reductions. Without this help, out-of-pocket costs would eat up a very large share of their income. The ACA requires insurance companies to reduce out-of-pocket costs for people in households with incomes below 250 percent of the federal poverty level (about \$30,000 for an individual) and the government is supposed to repay them. But in late 2017, the Trump administration stopped repaying these cost-sharing reductions as part of his sabotage of the ACA.

**Sabotage of ACA Hurts Seniors.** Some insurers decided to stop providing coverage in some locations because the Trump administration stopped cost-sharing reduction repayments. ACA insurance premiums are likely to jump by 35 to 94 percent around the country within the



next three years because of the Trump administration's failure to make these repayments, the end of the individual mandate penalty, and the administrative actions, which make it harder for consumers to sign up for ACA health plans. The burden of these premium increases will fall most harshly on enrollees ages 55 to 64. There is bipartisan support in Congress to address the problems created by these administrative actions. Unfortunately, the Republican leadership controls what bills can be considered in the House and Senate and has consistently refused to allow debate on these bipartisan proposals.

### **The ACA improves Medicare.**

- **Prescription drug donut hole eliminated.** More than 12 million Medicare beneficiaries have saved \$26.8 billion on their prescriptions because of the ACA. Under current law, by 2019 the coverage gap for Medicare prescription drugs will close completely.
- **Adding prevention.** The ACA allows seniors to better prevent illness, detect problems early when treatment works best, and monitor health conditions. Before the ACA, seniors had co-payments for recommended preventive screenings. For many seniors, the co-payment was a burden and barrier to mammograms, colonoscopies, immunizations and other recommended services. Now, these and other preventive services have no deductible or co-payment.
- **Protecting Medicare from private insurer abuses.** Part of Medicare's increasing costs (and Part B premiums) is due to excess payments to private insurance companies under the Medicare Advantage program. Bit by bit, the health care law decreases these excess payments to private insurers. The law also forbids Medicare Advantage plans from charging higher co-payments than traditional Medicare. The ACA stops private plans from directing too much of premium dollars to marketing, profits, administrative costs, and agent commissions. Insurers must use 85 cents of every premium dollar to pay medical claims and provide activities that improve the quality of care.

**The ACA stops plans from taking benefits away from early retirees.** In the past, some people with cancer or other chronic illnesses ran out of insurance coverage because their health care costs hit a dollar cap imposed by their insurance plan. About 70 million people in large employer health plans had these dollar restrictions before the ACA. For early retirees, doing away with dollar restrictions on coverage is important. Because of their age, early retirees are more likely to have health care expenses that can reach the dollar limit. The ACA stops insurers from imposing annual or lifetime dollar limits on essential health benefits.

**The ACA protects seniors who rely on long-term care services.** Many Americans over age 80 need long-term care, but Medicare does not cover most nursing home and home care services. Medicaid, *not Medicare*, is our nation's largest payer for long-term care. The ACA increased protections for spouses of people who receive Medicaid long-term services. No longer will a husband or wife be forced into poverty so that a spouse can qualify for Medicaid long-term care in the home or community.

**AFSCME continues to fight against the repeal of the ACA by Congress or sabotage of the law by the Trump administration. We urge bipartisan improvements to the health care law.**

(June 2018)

