

Return Service Requested



Aging Alert

Vol. 35, No. 4

June, 2010

SENIOR BUDGET CUTS – YES OR NO?

“Don’t cut seniors out!” was the chant heard on the Capitol lawn and the message delivered in legislators’ offices on June 10th, Older Michigianians Day. A record crowd of 600+ seniors and agency advocates gathered from across the state to oppose more cuts in programs for vulnerable elders.

They have cause for concern. While the state budget for fiscal year 2011 has not yet been finalized, the Governor and State Senate are recommending 8% cuts to meals-on-wheels, in-home services, volunteer programs and caregiver supports in the budget of the Office of Services to the Aging (OSA). The House of Representatives is recommending no further cuts in OSA for next year.

The OSA cuts are but a small part of addressing a \$1.7 billion deficit in next year’s budget. The Governor says modernizing the tax structure is necessary, but neither the Republican Senate nor the Democratic House has shown much interest in doing that. They have followed up on her suggestion to reduce retirement benefits for teachers and have also discussed cutting pay and benefits for state employees.

Once budget targets are set, a House-Senate Conference Committee will hammer out the

final numbers. The committee will be chaired by Senator Roger Kahn, M.D. (R-Saginaw) and include Senators John Pappageorge (R-Troy) and Deb Cherry (D-Burton), along with Representatives Gary McDowell (D-Rudyard), George Cushingberry (D-Detroit) and Kevin Green (R-Wyoming).

Meals and other programs have been hit hard already. Cuts in 2009 and 2010 slashed

**A \$3.3 million cut slashes
700,000 meals statewide
affecting 4,500
homebound seniors.**

18% from services, but federal stimulus funds restored nutrition monies for this year. When federal funds go away next year, there will be a gaping \$2.5 million hole, most of it in meals-on-wheels.

The 8% cut recommended by the Governor and Senate would be on top of the \$2.5 million already cut for a total cut of \$3.3 million in senior meals, or 25%. A \$3.3 million cut slashes 700,000 meals statewide affecting 4,500 homebound seniors.

NATIONAL HEALTH REFORM PART II – HELP FOR THE UNINSURED

A central goal of health reform is to help uninsured Americans get coverage. The majority of Americans without insurance would like to have it, but can't afford it or are rejected by insurance companies because of health conditions. The reforms passed by Congress are designed to assist the majority of uninsured Americans using several different strategies. (The reforms do not help illegal immigrants.) This article will explain these strategies and how they work. While seniors on Medicare are not directly affected by these reforms, they are designed to help people in the 50 – 64 age group not yet on Medicare.

PROBLEM	BEFORE REFORM	AFTER REFORM
<p>Adult children can't afford to purchase health insurance after they are dropped from their parents' policies.</p>	<p>Most insurance companies stop covering adult children at the age of 21 or younger if not in school.</p>	<p>Starting in 2010, insurance companies are required to offer coverage for adult children up to the age of 26 even if they are out of school and don't live with their parents. This benefit is not available to adult children who can get affordable coverage through their own employer.</p>
<p>Some healthy adults can afford insurance but don't buy it.</p>	<p>There is no requirement to buy health insurance. When uninsured people get seriously ill, many become impoverished and need government supports.</p>	<p>There is a requirement for most adults to purchase health insurance starting in 2014. The uninsured have to pay a penalty of \$95 or 1% of income (whichever is greater) in 2014, rising to \$695 or 2.5% of income in 2016. Beginning in 2016, the penalty will go up annually for inflation. The penalty is imposed on each individual but the maximum family penalty is three times the individual penalty.</p> <p>The uninsured will not be fined if their income is too low to pay income tax, if the cheapest plan costs more than 8% of their income, if they have a financial hardship, if they are without coverage for less than 3 months, if they are American Indian, qualify for a religious exemption or in prison.</p>
<p>Insurance policies are complicated and it's hard to comparison shop.</p>	<p>Consumers face a myriad of insurance companies and types of policies.</p>	<p>By 2014, states create "exchanges" with online comparison shopping so consumers can compare costs and benefits side-by-side. Every plan on the exchange must include basic coverage and drugs. There are annual limits on deductibles and copays for</p>

PROBLEM	BEFORE REFORM	AFTER REFORM
<p>Private insurance policies are expensive and premiums go up dramatically over time.</p>	<p>Over 1 million people in Michigan are uninsured, mostly because they can't afford to buy insurance.</p> <p>The Medicaid program helps some low-income people but not all. In some cases, it will not help people with more than \$400/month in income.</p> <p>Insurance companies in Michigan are not required to get approval from the state for increases in health insurance premiums. The exception is Blue Cross Blue Shield of Michigan, which is not an insurance company, but a state-chartered and regulated nonprofit.</p> <p>Insurance companies are not required to limit administrative costs or profits. The exception is Blue Cross Blue Shield of Michigan.</p>	<p>those with incomes up to 400% of the poverty level (2010 figures are \$43,320 for an individual and \$58,280 for a couple – will be slightly higher by 2014).</p> <p>Starting 2014, U.S. citizens and legal immigrants can get tax credits to help buy insurance purchased through the exchange if their income is no greater than 400% of the poverty level (see previous item). Credits range from 2% - 9.5% of income.</p> <p>Beginning in 2014, Medicaid becomes available to all U.S. citizens under the age of 65 at or below 133% of the poverty level (2010 figures are \$14,403 for an individual and \$19,378 for a couple – will be slightly higher by 2014). Assets will not be considered for eligibility. The federal government will pay 100% of Medicaid expansion costs from 2014 through 2016, 95% of costs in 2017, 94% in 2018, 93% in 2019 and 90% in 2020 and subsequent years.</p> <p>Beginning in 2010, states must establish a process for reviewing and approving premium increases and requiring justification from insurers.</p> <p>Beginning in 2011, insurers cannot spend more than 20% of premium income on administration and profit in the individual and small group markets. The limit is 15% for the large group market.</p> <p>From 2014 through 2016, a reinsurance program will keep policies more affordable for high-risk individuals.</p>

PROBLEM	BEFORE REFORM	AFTER REFORM
People with pre-existing conditions have trouble finding affordable insurance.	Commercial insurers can reject applicants who have pre-existing conditions, limit benefits, or charge higher premiums. Blue Cross Blue Shield of Michigan offers some policies open to everyone, but they are expensive.	<p>Health reform provides federal funding to states from 2010 through 2013 to subsidize policies offered in a state high risk pool. Michigan is now creating a high-risk pool offering subsidized policies to individuals with certain pre-existing conditions. You must be uninsured for at least six months to qualify. Out-of-pocket costs are capped at \$5,950 in 2010. For more information, go online at www.michigan.gov/healthcarereform or call 1-877-999-6442.</p> <p>Exclusions for pre-existing conditions are prohibited for children beginning 2010. Applies to all policies. Exclusions will be prohibited for adults beginning 2014.</p>
Some people with health coverage lose it when they become seriously ill.	<p>Insurance companies can cancel a policy if a customer gets sick.</p> <p>Insurance companies can place annual dollar limits and lifetime limits on benefits.</p>	<p>Starting in 2010, insurers cannot cancel a policy if a customer gets sick. Applies to all policies.</p> <p>Starting in 2010, insurers cannot impose lifetime dollar limits on benefits. Applies to all policies.</p> <p>Starting in 2014, insurers cannot impose annual dollar limits on benefits. Applies to all policies.</p>
Older adults are charged much higher premiums for health insurance than young adults.	There are no limits on how high insurers can price policies for older adults. Some charge as much as 10 times (1000%) more for the same coverage.	Beginning in 2014, the maximum that insurers can charge older adults is 3 times (300%) the premium offered to the youngest adults.

SCAM ALERT!

Scam artists are calling seniors, pretending to be with the Medicare program, and asking for personal information like a Social Security number, bank account number, etc. Some are telling seniors they must give out this information to get their donut hole rebate (not true) or need to reapply to stay on the Medicare program (also not true). Seniors in the donut hole automatically get a rebate check without doing anything!

Aging Alert is published ten months each year by the Area Agencies on Aging Association of Michigan. Reproduction of articles not permitted without permission. Call (517) 886-1029. Annual subscription rate: \$12 individuals, \$24 organizations. Editor: Mary Ablan