

The Medicare Affordability and Enrollment Act of 2016

It is time to update the Medicare benefit structure to improve affordability and enrollment. This legislation seeks to do that by addressing the needs of the America's seniors and those with disabilities with a variety of improvements that enhance the Medicare guarantee.

Nearly all (86.5%) Medicare beneficiaries have some form of supplemental insurance in addition to the traditional Medicare benefit, including Medigap, Medicare Advantage, Medicaid, or employer/retiree insurance. Additional coverage is often necessary to shield the beneficiary from cost-sharing (*e.g.*, copayments and deductibles) required under Medicare. If nearly nine out of ten beneficiaries have extra insurance, it is clear the base Medicare benefit needs to be improved. Beneficiaries who do not have supplemental coverage are often the most vulnerable - those likely to be poorer, people with disabilities, from a rural area, or in poor health. Beyond the inherent difficulties in obtaining and paying for supplemental insurance, there are two consequences of an insufficient benefit structure: 1) beneficiaries face unaffordable out of pocket costs and/or 2) beneficiaries forgo needed services because they cannot afford to pay.

Enrollment in the program is also a confusing and outdated process. Simple mistakes could potentially have lifelong consequences for beneficiaries. For example, beneficiaries who fail to enroll in Medicare Part B for one year face an increase in their premiums once they do enroll for the rest of their lives.

In addition to becoming eligible for Medicare once a person reaches age 65, individuals with disabilities are also entitled to Medicare. However, these individuals must wait for two years after first receiving Social Security Disability Insurance to enroll in the program and receive health care coverage. This arbitrary waiting period delays care at a time when it is needed most.

Therefore, the Medicare Affordability and Enrollment Act:

- Establishes an maximum out of pocket cap for medical services under traditional Medicare which exists today for Medicare Advantage and most commercial insurance plans
- Expands the number of low-income beneficiaries eligible for financial assistance for premiums and/or cost-sharing
- Reduces cost-sharing for “near-poor” beneficiaries who are not eligible for any assistance today
- Eliminates the arbitrary 2-year waiting period for people with disabilities to enroll in Medicare
- Modernizes the Medicare enrollment system to facilitate easier enrollment, begin coverage earlier and reduce arbitrary late-enrollment penalties that today are paid in perpetuity.
- Extends cost-sharing assistance for Part D enrollees in Puerto Rico offered to all other Medicare beneficiaries
- Increases and extends permanent funding for low-income Medicare beneficiary outreach and education activities.