

FOR IMMEDIATE RELEASE

Thursday, November 4, 2010

Contact: HHS Press Office

(202) 690-6343

**New report shows Affordable Care Act savings
of \$3,500 for Medicare beneficiaries**

Lower prescription drug costs, reduced waste, fraud, and abuse, and improvements to care quality and increased system-wide efficiency will reduce costs in traditional Medicare

A new analysis issued today by the U.S. Department of Health and Human Services estimates that under the Affordable Care Act, average savings for those enrolled in traditional Medicare will amount to more than \$3,500 over the next 10 years. Savings will be even higher – as much as \$12,300 over the next 10 years – for seniors and people with disabilities who have high prescription drug costs.

“ The Affordable Care Act makes Medicare stronger and reduces the burden of health care costs on some of our most vulnerable citizens,” said Secretary Kathleen Sebelius. “ The law improves benefits for seniors and people with beneficiaries who rely on Medicare and ensures that Medicare will be there for current and future generations by extending the life of the Medicare Trust Fund. These benefits and savings are only possible with the continued implementation of the Affordable Care Act.”

The analysis, released by the Office of the Assistant Secretary for Planning and Evaluation (ASPE), shows that the Affordable Care Act helps lower costs for those on Medicare by slowing the growth of cost-sharing in Medicare. Closing the Part D coverage gap known as

the “ donut hole” will produce the greatest cost savings. Already, more than 1.8 million seniors and people with disabilities who have reached the donut hole in 2010 received a one-time \$250 rebate check, and checks will continue to be distributed to those who enter the donut hole this year. Next year, people in the donut hole will receive 50 percent discounts on covered brand name Part D prescription drugs. Also starting next year, seniors and people with disabilities on Medicare will have access to a number of recommended preventive services and annual wellness visits at no additional cost.

Although all seniors and people with disabilities in Medicare are likely to see savings, the savings will be greatest for those with costly medical conditions or high prescription drug costs. Total savings per beneficiary enrolled in traditional Medicare are estimated to be \$86 in 2011, rising to \$649 in 2020. For a beneficiary with spending in the donut hole, estimated savings increase from \$553 in 2011 to \$2,217 in 2020.

“ The savings that seniors and people with disabilities on Medicare are seeing are due to critical improvements the Affordable Care Act makes to Medicare,” said Assistant Secretary for Planning and Evaluation, Sherry Glied. “ Reducing waste, fraud and abuse, improving the quality of care beneficiaries receive, and making the program more efficient all contribute to lower cost increases across the system.”

The full analysis is available at

<http://www.healthcare.gov/center/reports/affordablecareact.html>.

Note: All HHS press releases, fact sheets and other press materials are available at

<http://www.hhs.gov/news>