



Fiscal Cliff Deal: What It Means for Seniors

Based on a compromise crafted by Vice President Biden and Senate Minority Leader Mitch McConnell (R-KY), the Senate and House passed the American Taxpayer Relief Act on January 1, including a broad range of tax, unemployment insurance, and health related extensions intended to avert the fiscal cliff.

The bill includes both positives and negatives for older adults. The legislation delays for two months the automatic, across-the-board sequester cuts that were scheduled to take effect with the new year. It also reduces spending caps for discretionary programs by \$4 billion in FY 2013 and \$8 billion in FY 2014. Domestic programs like the Older Americans Act are already slated to receive \$3 billion less than the new FY 2013 cap, so no additional cuts are expected if the sequester is averted.

On the positive side, the AAA 1-B is pleased that the final deal includes an extension of funding for Medicare low-income outreach and enrollment activities. On the negative side, advocates are disappointed that the bill repeals the CLASS program, which was enacted as part of health reform and designed to help people afford long-term care services and supports. The Administration had determined that the program was not workable in its enacted form. In its place, the bill creates a new Long-Term Care Commission (Section 643), with 15 members appointed by the Administration and congressional leaders, charged with developing a comprehensive plan and legislative recommendations for consideration by Congress. While the bill does not include significant cuts to Medicare, Medicaid, or Social Security, it is expected that Congress will debate cutting these Medicare programs in exchange for agreeing to extend the debt ceiling.

Below are more details on the final legislation:

Program Extensions

Medicare physician payments

There will be a one-year delay in a scheduled 27% cut in Medicare physician payments ("doc fix").

Qualified Individual Program

Funding for the Medicare Qualified Individual (QI) program is extended for a year. QI pays Medicare Part B premiums for beneficiaries with incomes between 120 - 135% of poverty.

Benefits outreach and enrollment

The bill extends \$25 million in funding for continued community-based outreach and enrollment activities for low-income Medicare beneficiaries.

Farm Bill

Farm bill funding is extended through September 30, 2013, but State Supplemental Nutrition Assistance Program Education is cut by \$110 million in FY 2013 to pay for a commensurate increase in dairy producer payments.

Unemployment Insurance

There is a one-year extension of emergency benefits for the long-term unemployed.

Taxes

Tax Rates

The top income tax rate would return to 39.6% for singles with \$400,000 and married couples with incomes above \$450,000. Dividends and capital gains would be taxed at 20% for those with incomes above these levels, while it would remain at 15% for those below.

Estate Tax

The rate increase from 35% to 40% for estates above \$5 million in assets, adjusted for inflation in the future.

Governor Snyder Vetoes the Blues Legislation (SB 1293 and SB 1294)

Governor Rick Snyder issued a surprising decision on Friday, December 28 vetoing his high-priority legislation enabling the conversion of Blue Cross Blue Shield of Michigan to a non-profit mutual company because it contained language he said went too far on restricting insurance coverage for abortions. Snyder's veto of SB 1293 was a big surprise because its primary purpose was the overhaul of Blue Cross Blue Shield, the subject of many months of work by the administration and the Legislature. Late in the process, House Republicans said they added language barring insurers from providing abortion coverage unless consumers purchased it as an optional rider to secure more GOP votes.

Now the legislature will have to start from scratch on the Blues legislation in 2013 when 28 new House members will have just taken office. Four current members of the House Insurance Committee are not returning to Lansing.

Michigan's 2013 State of the State Address
Governor Rick Snyder will deliver the State of the State
at 7:00 pm on January 16



The Area Agency on Aging 1-B (AAA 1-B) is a nonprofit agency serving the needs of older adults in Livingston, Macomb, Monroe, Oakland, St. Clair, and Washtenaw counties. Contact Melody Bryant, (248) 262-1282 or by e-mail at mbryant@aaa1b.com to join the Senior Advocacy Network or receive copies of AAA 1-B reports referenced in The Advocate.