Updated 1/03/2011

In the Spotlight: Implementation of Health Care Reform in 2011

Health care reform became law on March 23, 2010 when the Affordable Care Act (ACA) was signed by President Obama. Implementation of the ACA will be phased. Some reforms were retroactive to January of 2010 (such as small business tax credits), several were enacted on September 23 and others won't take effect until 2018 – yet a number of provisions are effective beginning January 1, 2011.

- Tax-free health accounts (Flexible Spending Accounts, Health Savings Accounts and Health Reimbursement Accounts) will no longer be reimbursed for over-the-counter drugs without a prescription.
- New medical loss ratio (MLR) regulations will require that health insurers report the proportion of premiums spent on clinical care and healthcare quality improvement. Individual market and small group business must have a minimum MLR of 80% and large groups must have a minimum MLR of 85%; BCBSNC has consistently met these thresholds.
- For employers, optional disclosure of health benefits on employees' W-2 forms will begin in 2011; in 2012 this is mandatory.
- Beginning in 2011, the Medicare Drug Coverage (Part D) coverage gap will gradually narrow and will disappear completely in 2020. Medicare beneficiaries will be responsible for an across-the-board cost share of 25% for both generic and brand name prescription medications. The coverage gap will be closed through a combination approach:
    - In 2011, pharmaceutical companies will subsidize brand name drugs 50% and Medicare beneficiaries will be responsible for the remaining 50%.
    - The coverage gap for generic drugs will be addressed solely through benefit design, starting in 2011, when Part D plans will reduce the beneficiary cost share of generic prescriptions by 7% each year until the share is 25% by 2020.
- Many preventive care services will be covered with no cost-share for most Medicare beneficiaries.
- Standard menu items at chain restaurants and in vending machines will be required to have nutritional labeling of their content (beginning March 23, 2011
- Health plans are required to revise their internal appeals processes. New requirements include additional rights for members such as the right to review information relied on to make a benefit determination and receive certain denial notices in a culturally and linguistically appropriate manner with more detailed information such as diagnosis and treatment codes. Non-grandfathered, self-funded health plans must also have an external review process.

Most other changes in 2011 will be planning-related or focused on testing new payment and health care delivery models like restructuring certain aspects of the Medicare system. (Click these links for a more in-depth look at the Medicare Advantage and Part D program changes, as well as changes to provider reimbursement structures.)

What happens now?

Many more provisions will become effective during 2011-2013; yet 2014 is when some of the more transformational provisions of health care reform will be effective, such as an individual mandate requiring people to have insurance coverage. As reform takes shape, BCBSNC will keep North Carolinians updated at www.nchealthreform.com.

For More Information

Federal Health Reform Site: www.healthcare.gov