# Health Reform: Key Medicare Changes Effective in 2011

## What SHIPs and Beneficiaries Need to Know

The Patient Protection and Affordable Care Act (H.R. 3590) and the Health Care and Education Reconciliation Act of 2010 (H.R. 4872), signed into law on March 23, 2010 and March 30, 2010, respectively, encompasses significant changes and opportunities for Medicare beneficiaries, particularly those who are low-income. The following changes are effective in 2011.

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## Medicare Part B

*Monthly Premiums*

- Freezes the income threshold for higher-income beneficiaries who pay a higher Part B premium. The income thresholds are frozen at the 2010 income levels—$85,000 for an individual and $170,000 for a married couple—through 2019 (Sec. 3402, H.R. 3590).

*Physician Compare Website*

- Requires the Secretary of HHS to develop by January 1, 2011 a "Physician Compare" website with information on physicians enrolled in the Medicare program and other eligible professionals who participate in the Physician Quality Reporting Initiative (PQRI) (Sec. 10331, H.R. 3590).

*Preventive Benefits*

- Eliminates all cost-sharing amounts for certain preventive and screening services provided in all settings, effective January 1, 2011 (Sec. 4104 and Sec. 10406, H.R. 3590).
- Provides coverage for an annual wellness visit during which beneficiaries are provided a personalized prevention plan including a health risk assessment, effective on or after January 1, 2011. Beneficiaries are not required to pay any cost-sharing amounts (Sec. 4103, H.R. 3590).

## Medicare Part C (Medicare Advantage)

*Cost-sharing*

- Prohibits Medicare Advantage (MA) plans from imposing higher cost-sharing requirements for some Medicare covered benefits, including chemotherapy, dialysis services, and skilled nursing care, than those charged under Original Medicare, effective in 2011 (Sec. 3202, H.R. 3590).
- Requires MA plans that provide extra benefits to give priority to cost-sharing reductions, wellness and preventive care, and lastly, benefits not covered under Medicare (Sec. 3202, H.R. 3590).

 

*Disenrollment*

- Provides a 45-day period (at the beginning of the year) to MA enrollees during which they can return to Original Medicare and enroll in qualified prescription drug coverage (Sec. 3204, H.R. 3590).

*MA-PD Plan Formularies*

- Effective for plan year 2011 and after, codifies the current six classes of clinical concern (anticonvulsants, antidepressants, antineoplastics, antipsychotics, antiretrovirals, and immunosuppressants for treatment of transplant rejection); gives the Secretary of HHS authority to identify classes of clinical concern and exceptions to such classes through rulemaking (Sec. 3307, H.R. 3590).

*Payment Rates to MA Plans*

- Freezes payment rates to MA plans for 2011 at the 2010 payment levels (Sec. 1102, H.R. 4872).

*Special Needs Plans*

- Extends the Special Needs program until 2014 (Sec. 3205, H.R. 3590).

## Medicare Part D

*Annual Coordinated Election Period*

- Moves and extends the Annual Coordinated Election Period (or Annual Enrollment Period) to October 15-December 7, effective in 2011 for the 2012 plan year (Sec. 3204, H.R. 3590).

*Coverage Gap*

- Continues to close the coverage gap, or "doughnut hole" by reducing the percentage of cost-sharing for beneficiaries in the gap. Effective January 1, 2011, drug manufacturers will provide a 50 percent discount on brand-name drugs and the government will provide a 7 percent discount on generic drugs for those who fall into the coverage gap (Sec. 1101, H.R. 4872).
    - This is in addition to a $250 rebate, effective in 2010, for beneficiaries who reach the coverage gap.

*Formularies*

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*Low-Income Subsidy (LIS)*

- Improves the determination of the low-income benchmark premium by removing Medicare Advantage (MA) rebates and quality bonus payments from the calculation of the LIS benchmark to promote greater stability among the number of LIS benchmark plans available to beneficiaries each year (Sec. 3302, H.R. 3590).
- Allows Part D plans that bid a nominal amount above the regional LIS benchmark to remain a $0 premium LIS plan by absorbing the cost of the difference between their bid and the LIS benchmark amount, effective January 1, 2011 (Sec. 3303, H.R. 3590).
- Allows widows and widowers to delay redetermination for the LIS for 1-year after the death of a spouse, effective January 1, 2011 (Sec. 3304, H.R. 3590).
- Requires CMS, beginning in 2011, to transmit within 30 days of a LIS-eligible beneficiary being automatically reassigned to a new Part D LIS-plan information on formulary differences between the former and the new plan and information on the coverage determination, exception, appeal and grievance processes (Sec. 3305, H.R. 3590).

*TrOOP*

- Allows drugs provided to beneficiaries by AIDS Drug Assistance Programs or the Indian Health Service to count toward the annual out-of-pocket threshold (TrOOP), effective January 1, 2011 (Sec. 3314, H.R. 3590).

## Miscellaneous

- Protects and improves guaranteed Medicare benefits. Provides that nothing in the Act shall result in a reduction of guaranteed benefits under Medicare. Requires that savings generated for Medicare under the Act are used to: extend the solvency of the Medicare trust funds; reduce Medicare premiums and other cost-sharing for beneficiaries; and improve or expand guaranteed Medicare benefits and protect access to Medicare providers (Sec. 1030, H.R. 3590).
- Requires CMS to create a Center for Medicare & Medicaid Innovation to research, develop, test, and expand innovative payment and delivery arrangements (models) as a means to reduce program expenditures while maintaining or improving quality of care (Sec. 3021, H.R. 3590).
- Expands access to primary care doctors and general surgeons providing services in areas where there are physician shortages by providing them with a 10 percent Medicare payment bonus for five years (Sec. 5501, H.R. 3590).