

Making sense of health care reform — A guide to ACA fees

As you prepare budgets for 2014 and beyond, here are some of the fees specific to health care reform that you should consider.

WHAT IS THE FEE?	HOW WILL THE FEE BE COLLECTED AND PAID?	HOW OFTEN IS THE FEE PAID?	WHEN DOES THE FEE START?	HOW MUCH WILL THE FEE COST?
<p>Patient-Centered Outcome Research Institute (PCORI) Fee <i>Final regulation</i></p> <p>SF FI SG IN MP GF NGF</p> <p>Developed by Congress in 2010, PCORI is an independent, non-profit organization. The goal of this organization is to fund research to study evidence-based methods to help patients, health care providers and clinicians make better health care decisions. A new fee on health insurance issuers and sponsors of self-funded employer plans will go toward the Comparative Effectiveness Research Trust Fund, which was established under the Affordable Care Act (ACA) to help fund PCORI's efforts.</p> <p>Source: PPACA Section 6301.</p>	<p>Beginning in 2013, this fee will be paid annually, but will be reported on IRS Form 720 (Quarterly Federal Excise Tax Return) by July 2013 and each July thereafter.</p> <p>IRS Self-funded employer plans will need to complete Form 720 and submit fees directly to the IRS.</p> <p>FAI Insurance companies are required to pay the fee for insured products.</p>	<p>Paid annually from 2012 through 2019; filed with IRS in 2013 through 2020.</p>	<p>Begins with policy or plan years ending after Sept. 30, 2012.</p>	<p>2012-2013 \$1 per member per year for policy/plan year.*</p> <p>2013-2014 \$2 per member per year for policy/plan year.*</p> <p>2014-2019 Prior year's amount will be adjusted by the Secretary of Treasury to account for medical inflation for policy/plan year.*</p> <p>2019 and beyond Fee does not apply for policy/plan years after 9/30/2019.</p> <p>*Oct.1 – Sept. 30</p>
<p>Transitional Reinsurance Fee <i>Proposed regulation</i></p> <p>SF FI SG IN MP GF NGF</p> <p>Help stabilize premiums in the individual market during the first three years that the public Exchanges are in effect (2014, 2015 and 2016). The program will be funded by contributions from health insurers in the individual, small group and large group markets, as well as self-insured group health plans.¹</p> <p>Overall estimated amount to be collected: 2014 - \$10 billion 2015 - \$6 billion 2016 - \$4 billion</p> <p>¹Excludes certain types of coverage such as Medicare Supplement. Source: PPACA Section 1341-1343.</p>	<p>FAI This fee will appear as a line item on billing statements beginning Jan. 1, 2014, using calendar year, not plan year.</p>	<p>Throughout the year in 2014, 2015 and 2016.</p>	<p>Jan. 1, 2014 (calendar year)</p>	<p>2014 \$5.25 per member per month (HHS estimation). This fee will be assessed annually.</p>

Segment/plan type

SF = Large group, self-funded SG = small group MP = minimum premium
 FI = Large group, fully insured IN = individual

Grandfathered status

GF = grandfathered
 NGF = non-grandfathered

Making sense of health care reform — A guide to ACA fees

WHAT IS THE FEE?	HOW WILL THE FEE BE COLLECTED AND PAID?	HOW OFTEN IS THE FEE PAID?	WHEN DOES THE FEE START?	HOW MUCH WILL THE FEE COST?
<p>Annual Health Insurer Fee² <i>Proposed regulation</i></p> <p>FI SG IN MP GF NGF</p> <p>To help fund reforms made pursuant to the ACA, an annual fee is being imposed on the insurance industry.³</p> <p>Total Insurance Fee: 2014 - \$8 billion 2015 - \$11.3 billion 2016 - \$11.3 billion 2017 - \$13.9 billion 2018 - \$14.3 billion The fee will continue past 2018 indexed for inflation.</p> <p>² Excludes self-funded administrative fees, Medicare and Medicare Supplement. ³ Certain non-profit plans are partially exempted from application of this fee. Source: PPACA Section 9010.</p>	<p>FAI</p> <p>Fully insured groups impacted will see this added as a line item on the billing statement beginning on Jan. 1, 2014, using calendar year, not plan year.</p>	<p>Annually</p>	<p>Jan. 1, 2014 (calendar year)</p>	<p>2014 Estimated at \$7-\$9 per member, per month.</p>
<p>Groups should plan for any additional fees that could impact them, including the following two fees. Additional guidance is pending.</p>				
<p>Risk Adjustment⁶ <i>Proposed regulation</i></p> <p>SG⁴ IN⁵ NGF</p> <p>Provides payments to health insurance issuers that disproportionately attract high-risk populations (such as those with chronic conditions) and reduces the incentives for issuers to avoid higher-risk enrollees. Under this program, funds are transferred from issuers with lower than average risk enrollees to issuers with higher than average risk enrollees.</p> <p>⁴ Small - On-and off-Exchange, non-grandfathered ⁵ Individual - Most, non-grandfathered ⁶ Excludes grandfathered plans, large group health coverage, and any other plan determined not to be a risk adjustment covered plan by the annual Federal notice of benefit and payment parameters. Source: PPACA Section 9008-9010, 1341-1343.</p>	<p>Annually – before June 30 of the calendar year following the plan year.</p>	<p>This is a permanent fee that is likely to be collected in 2014.</p>	<p>Guidance is pending. For 2014, HHS estimates the risk adjustment fee collected from issuers of risk adjustment covered plans will be \$1 per member per year.</p>	



Segment/plan type

SF = Large group, self-funded **SG** = small group **MP** = minimum premium
FI = Large group, fully insured **IN** = individual






Grandfathered status

GF = grandfathered
NGF = non-grandfathered



Making sense of health care reform — A guide to ACA fees

WHAT IS THE FEE?	HOW WILL THE FEE BE COLLECTED AND PAID?	HOW OFTEN IS THE FEE PAID?	WHEN DOES THE FEE START?	HOW MUCH WILL THE FEE COST?
<p>Exchange User Fee <i>Proposed Regulation</i></p> <p> ⁷ </p> <p>An exchange must be self-sustaining beginning on Jan. 1, 2015. Up until Jan. 1, 2015, federal grants may be used to establish the Exchange. To achieve sustainability, an exchange may charge assessments or user fees to participating health insurance issuers, or to otherwise generate funding, to support its operations.</p> <p>A recently released proposed rule outlines the process for a federally facilitated Exchange. To support Federal operations of federally facilitated Exchanges, it is proposed that participating issuers offering a plan through a federally facilitated Exchange pay a user fee to HHS each month. The fee is the product of the billable members enrolled in the qualified health plan offered by the issuer in the Exchange and the monthly user fee rate specified in the annual HHS notice of benefit and payment parameters for the applicable benefit year. Iowa announced its plans to enter into a partnership model for the exchange, and South Dakota will be a federally facilitated exchange. We anticipate the fees will be consistent with the federally facilitated exchange.</p> <p>⁷ As of now, this will only affect individual and small group plans, as exchange participation is limited to these market segments.</p> <p>Source: PPACA Section 1311.</p>	Monthly		No decision yet, but likely at the start of the calendar year in 2014.	For the 2014 benefit year, HHS proposed a fee of 3.5 percent of monthly premium charged by participating issuers.

Segment/plan type

-  = Large group, self-funded
-  = small group
-  = minimum premium
-  = Large group, fully insured
-  = individual

Grandfathered status

-  = grandfathered
-  = non-grandfathered

First Administrators is not providing any legal advice with regard to compliance with the requirements of the Affordable Care Act (ACA) or the Mental Health Parity Addiction Equity Act (MHPAEA). Regulations and guidance on specific provisions of the ACA and MHPAEA have been and will continue to be provided by the U.S. Department of Health and Human Services (HHS) and/or other agencies. The information provided reflects First Administrators' understanding of the most current information and is subject to change without further notice. Please note that plan benefits, rates, renewal rate adjustments, and rating impact calculations are subject to change and may be revised during a plan's rating period based on guidance and regulations issued by HHS or other agencies. First Administrators makes no representation as to the impact of plan changes on a plan's grandfathered status or interpretation or implementation of any other provisions of ACA. Any questions about First Administrators approach to the ACA of MHPAEA may be referred to your First Administrators account representative. First Administrators will not determine whether coverage is discriminatory or otherwise in violation of Internal Revenue Code Section 105(h). First Administrators also will not provide any testing for compliance with Internal Revenue Code Section 105(h). First Administrators will not be held liable for any penalties or other losses resulting from any employer offering coverage in violation of section 105(h). First Administrators will not determine whether any change in an Employer Administered Funding Arrangement affects a health plan's grandfathered health plan status under ACA or otherwise complies with ACA. First Administrators will not be held liable for any penalties or other losses resulting from any Employer Administered Funding Arrangement. For purposes of this paragraph, an "Employer Administered Funding Arrangement" is an arrangement administered by an employer in which the employer contributes toward the member's share of benefit costs (such as the member's deductible, coinsurance, or copayments) in the absence of which the member would be financially responsible. An Employer Administered Funding Arrangement does not include the employer's contribution to health insurance premiums or rates.