



Like many smaller employers with a fully insured or a self-funded health plan design, you probably have questions about changes due to the Affordable Care Act (ACA). Use our GPS for help in finding the answers you need about healthcare reform.

Fees

Do you know how the various fees impact small to mid-size employers with fully insured and self-funded health plan designs?

1. What is it?

Fees	Fully Insured	Self-Funded
Health Insurance Industry Fee <i>(also known as the Health Insurance Tax)</i>	Annual fee, effective 2014 <i>Helps offset the cost-generating provisions of the PPACA</i>	<i>Not applicable</i>
Reinsurance Assessment Fee	Annual fee, assessed for the 2014-2016 benefit years <i>Funds a three-year reinsurance program designed to reimburse companies that insure high-cost patients through the individual health insurance market</i>	Annual fee, assessed for the 2014-2016 benefit years <i>Funds a three-year reinsurance program designed to reimburse companies that insure high-cost patients through the individual health insurance market</i>
Patient-Centered Outcomes Research Institute (PCORI) Fee	Annual fee, assessed 2013-2019 <i>Funds PCORI research that will compare different medical treatments and interventions to determine what treatments are most effective</i>	Annual fee, assessed 2013-2019 <i>Funds PCORI research that will compare different medical treatments and interventions to determine what treatments are most effective</i>
User Fee for Federally Facilitated and State Partnership Exchanges	Monthly fee, effective 2014 <i>Pays for insurance companies' access to exchanges facilitated by the federal government</i>	<i>Not applicable</i>
Risk Adjustment Fee	Annual fee, effective 2014 <i>Funds cost of federally facilitated and state partnership exchanges' administration of a risk adjustment program</i>	<i>Not applicable</i>

¹ The 3.5% user fee does not apply to coverage offered on state-operated exchanges. However, a state-operated exchange could choose to impose its own user fee. Currently, states planning to operate their own exchange include Calif., Colo., Conn., Hawaii, Idaho, Ky., Md., Mass., Minn., Nev., N.M., N.Y., Ore., R.I., Vt., Wash. and the District of Columbia.

² This fee is applicable in all states, except Massachusetts, which has its own risk adjustment program.



PLEASE NOTE: This presentation is designed to provide a high-level overview of aspects of the Affordable Care Act (ACA), as modified by the Health Care and Education Reconciliation Act. It is not comprehensive and does not constitute legal or tax advice for healthcare reform implementation. Please consult a professional benefit adviser or legal counsel regarding how the law may impact your specific benefit plan.

For more information on the ACA, visit the Trustmark Healthcare Reform blog at <http://trustmarkhcr.wordpress.com/>.

Last Updated: February 10, 2016

2. Who is responsible for paying?

Fees	Fully Insured	Self-Funded
Health Insurance Industry Fee <i>(also known as the Health Insurance Tax)</i>	Insurance company, but customer rates may be impacted	<i>Not applicable</i>
Reinsurance Assessment Fee	Insurance company, but customer rates may be impacted	Plan sponsor
Patient-Centered Outcomes Research Institute (PCORI) Fee	Insurance company, but customer rates may be impacted	Plan sponsor
User Fee for Federally Facilitated and State Partnership Exchanges	Insurance companies offering health insurance products through exchanges facilitated by the federal government, but customer rates may be impacted	<i>Not applicable</i>
Risk Adjustment Fee	Insurance companies issuing non-grandfathered fully insured individual and small group health coverage, but customer rates may be impacted	<i>Not applicable</i>

3. When is the payment due?


Fees	Fully Insured	Self-Funded
Health Insurance Industry Fee <i>(also known as the Health Insurance Tax)</i>	No later than Sept. 30 annually, starting in 2014. (There is a one-year moratorium on this fee in 2017.)	<i>Not applicable</i>
Reinsurance Assessment Fee	For the 2016 calendar year, of the annual \$27 per average covered life, \$21.60 per average covered life is due in January 2017. The remaining \$5.40 per average covered life is payable late in the fourth quarter of 2017. For the 2015 benefit year, of the annual \$44 per average covered life contribution rate, \$33 per average covered life will be payable in January 2016. Another reinsurance contribution payment of \$11 per average covered life will be payable late in the fourth quarter of 2016. For the 2014 benefit year, of the annual \$63 per average covered life contribution rate, \$52.50 per average covered life was payable in January 2015. Another reinsurance contribution payment of \$10.50 per average covered life was payable late in the fourth quarter of 2015.	
Patient-Centered Outcomes Research Institute (PCORI) Fee	Reported on IRS Form 720 by July 31 each year	Reported on IRS Form 720 by July 31 each year
User Fee for Federally Facilitated and State Partnership Exchanges	Monthly	<i>Not applicable</i>
Risk Adjustment Fee	Yearly	<i>Not applicable</i>

PLEASE NOTE: This presentation is designed to provide a high-level overview of aspects of the Affordable Care Act (ACA), as modified by the Health Care and Education Reconciliation Act. It is not comprehensive and does not constitute legal or tax advice for healthcare reform implementation. Please consult a professional benefit adviser or legal counsel regarding how the law may impact your specific benefit plan.

4. Tax deductible?

Fees	Fully Insured	Self-Funded
Health Insurance Industry Fee <i>(also known as the Health Insurance Tax)</i>	No	<i>Not applicable</i>
Reinsurance Assessment Fee	Yes	Yes
Patient-Centered Outcomes Research Institute (PCORI) Fee	Yes	Yes
User Fee for Federally Facilitated and State Partnership Exchanges	Not determined	<i>Not applicable</i>
Risk Adjustment Fee	Yes	<i>Not applicable</i>

5. Cost?

Fees	Fully Insured	Self-Funded
Health Insurance Industry Fee <i>(also known as the Health Insurance Tax)</i>	Estimated to increase premiums in the fully insured market an average of 1.9% to 2.3% in 2014, and by 2023, to increase premiums 2% to 2.9%. 	<i>Not applicable</i>
Reinsurance Assessment Fee	In 2016, \$27 per average covered life per year In 2015, \$44 per average covered life per year In 2014, \$63 per average covered life per year	In 2016, \$27 per average covered life per year In 2015, \$44 per average covered life per year In 2014, \$63 per average covered life per year
Patient-Centered Outcomes Research Institute (PCORI) Fee	<ul style="list-style-type: none"> \$2.17 per covered person for plan years ending between Oct. 1, 2015, and Sept. 30, 2016 \$2.08 for per covered person for plan years ending between Oct. 1, 2014, and Sept. 30, 2015 <i>Rates in subsequent years tied to increases in the per capita amount of the National Health Expenditures. Fee will not apply to plans with coverage periods that begin after Sept. 30, 2019.</i>	<ul style="list-style-type: none"> \$2.17 per covered person for plan years ending between Oct. 1, 2015, and Sept. 30, 2016 \$2.08 for per covered person for plan years ending between Oct. 1, 2014, and Sept. 30, 2015 <i>Rates in subsequent years tied to increases in the per capita amount of the National Health Expenditures. Fee will not apply to plans with coverage periods that begin after Sept. 30, 2019.</i>
User Fee for Federally Facilitated and State Partnership Exchanges	Monthly user fee based on a percent of premium attributed to an insurer's exchange-based sales Percent of premium for 2014, 2015 and 2016: 3.5%	<i>Not applicable</i>
Risk Adjustment Fee	For 2016, annual user fee of \$1.75 per enrollee (15 cents per enrollee per month) For 2014 and 2015, annual user fee of 96 cents per enrollee (8 cents per enrollee per month)	<i>Not applicable</i>

⁴ These percentages are provided in "Estimated Premium Impact of Annual Fees Assessed on Health Insurance Plans," a study by Oliver Wyman dated Oct. 31, 2011.

PLEASE NOTE: This presentation is designed to provide a high-level overview of aspects of the Affordable Care Act (ACA), as modified by the Health Care and Education Reconciliation Act. It is not comprehensive and does not constitute legal or tax advice for healthcare reform implementation. Please consult a professional benefit adviser or legal counsel regarding how the law may impact your specific benefit plan.

Calculate the fees: Enter annual premium and number of health plan enrollees to find out the specific fees associated with a selected health plan.

Fees	Fully Insured	Self-Funded
Health Insurance Industry Fee <i>(also known as the Health Insurance Tax)</i>	To determine the costs of the fee: <i>(annual premium)</i> \$ <input type="text"/> <div style="text-align: right;">x 0.02*</div> <hr/> \$ <input type="text"/>	Not applicable
Reinsurance Assessment Fee	To determine the costs of the fee for the 2016 benefit year: <i>(number of plan participants)</i> <input type="text"/> <div style="text-align: right;">x \$ 27</div> <hr/> \$ <input type="text"/>	<i>(number of plan participants)</i> <input type="text"/> <div style="text-align: right;">x \$ 27</div> <hr/> \$ <input type="text"/>
Patient-Centered Outcomes Research Institute (PCORI) Fee	To determine the costs of the fee for plan years ending between Oct. 1, 2015, and Sept. 30, 2016: <i>(number of plan participants)</i> <input type="text"/> <div style="text-align: right;">x \$ 2.17</div> <hr/> \$ <input type="text"/>	<i>(number of plan participants)</i> <input type="text"/> <div style="text-align: right;">x \$ 2.17</div> <hr/> \$ <input type="text"/>
User Fee for Federally Facilitated and State Partnership Exchanges	To determine the monthly fee:** <i>(annual premium)</i> \$ <input type="text"/> <div style="text-align: right;">x 0.035</div> <hr/> \$ <input type="text"/>	Not applicable
Risk Adjustment Fee	To determine the costs of the fee***: <i>(number of plan participants)</i> <input type="text"/> <div style="text-align: right;">x \$ 1.75</div> <hr/> \$ <input type="text"/>	Not applicable
	Potential total costs for these ACA fees for a fully insured plan: \$ <input type="text"/> <i>(add all fees in this column)</i>	Potential total costs for these ACA fees for a self-funded plan: \$ <input type="text"/> <i>(add all fees in this column)</i>

* "Estimated Premium Impact of Annual Fees Assessed on Health Insurance Plans," a study by Oliver Wyman dated Oct. 31, 2011

** This calculation assumes that coverage is purchased on a federally facilitated exchange and that all fully insured product sales by the carrier are through the exchange. The 3.5% user fee does not apply to coverage offered on state-operated exchanges. However, a state-operated exchange could choose to impose its own user fee. Currently, states planning to operate their own exchange include Calif., Colo., Conn., Hawaii, Idaho, Ky., Md., Mass., Minn., Nev., N.M., N.Y., Ore., R.I., Vt., Wash. and the District of Columbia.

*** Insurance companies issuing non-grandfathered fully insured individual and small group health coverage are responsible for paying this fee. Customer rates may be impacted. This fee is applicable in all states, except Massachusetts.

Fees for fully insured products are paid by the insurer, but client rates may be impacted.

This worksheet was developed for illustrative purposes only. The final answers on this page may not represent what an actual health plan's increase would be with fees introduced by the ACA.

