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## HEALTHCARE REFORM ASSESSMENTS

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To help our agents and brokers understand the fees, taxes, penalties, and other assessments required by the Affordable Care Act, we've outlined them below. Here you'll find brief descriptions, effective dates, and who is responsible for paying. This document contains an overview of the following ACA fees:

- The Patient-Centered Outcome Research Institute fee
- The Health Insurance Industry fee
- The Reinsurance Assessment fee

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### Patient-Centered Outcomes Research Institute Fee

**Description:** The Patient Protection and Affordable Care Act (PPACA) established the Patient-Centered Outcome Research Institute Fee to evaluate and compare health outcomes and the clinical effectiveness, risks and benefits of a variety of services that treat, manage, diagnose or prevent illness or injury. The work of this Institute is partially funded by a fee on health insurers and self-insured group health plans.

#### Overview

What	Annual fee on insured and self insured health plans.
Who Pays	Fully insured – health plan pays for insured plans, fee is built into rates. Self funded – employer pays for self insured plans.
When	Applies for plan years beginning on or after October 1, 2012. Fee continues through 2019.
Fee	Initial annual fee begins at \$1 per member from October 1, 2012 through September 30, 2013. Increases to \$2 per member for plan years beginning on or after October 1, 2013. Amount for future years is indexed to national health expenditures.
Estimated Cost	Estimated cost impact approximately \$0.17 PMPM.

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### Health Insurance Industry Fee

**Description:** This fee on health insurers starts at \$8 billion in 2014 and increases each year before reaching \$14.3 billion in 2018. The fee, which applies only to fully insured business, imposes a new annual fee on health insurance carriers based on their market share of net premium written or the sum of premium earned from all policies during the previous year.

#### Overview

What	Annual fee on health insurers beginning in 2014 to help fund federal and state exchanges and help fund subsidies for low-income purchasers.
Who Pays	Fully insured – health plan pays for insured plans, fee is built into rates.

When	These fees become effective January 2014 regardless of renewal date, the calculated amounts applicable starting January 2014 through the end of the specific coverage period and will be prorated across the full coverage period. For example, April 2013 renewing groups will be charged for three months of these fees, but allocated over the full 12 month contract.
Fee	\$8 billion in 2014, increases each year to \$14.3 billion in 2018. Allocated to insured based on prior year's share of total earned premium.
Estimated Cost	Estimated cost impact approximately 2.25% of premium.

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## Reinsurance Assessment Fee

**Description:** This assessment on health plans totals \$25 billion which will be collected over the three-year period from 2014 through 2016. The majority of the money will be used to fund a reinsurance program, which is intended to lessen the impact of high-risk individuals entering the individual market.

### Overview

What	Annual fee on health insurers and self-insured health plans from 2014 – 2016 to fund reinsurance program to help lessen impact of high-risk individual entering individual market.
Who Pays	Fully insured – health plan pays for insured plans, fee is built into rates. Self funded – third party administrators are required to make the payment on behalf of self insured plans.
When	These fees become effective January 2014 regardless of renewal date, the calculated amounts applicable starting January 2014 through the end of the specific coverage period and will be prorated across the full coverage period. For example, April 2013 renewing groups will be charged for three months of these fees, but allocated over the full 12 month contract.
Fee	\$12 billion in 2014, \$8 billion in 2015, and \$5 billion in 2016.
Estimated Cost	Estimated cost impact approximately \$5.25 PMPM.