



TAXES AND ASSESSMENTS

WHAT IS IT?

In the context of health care reform, “taxes and assessments” generally refer to a variety of new charges designed to support operations and risk management related to expanded health care coverage provided under the Accountable Care Act (ACA), as well as certain research programs. There are five primary taxes and fees that will affect either or both fully and self-insured employers.

Comparative Effectiveness Fee (PCORI): Effective in 2012 with the first payment due July 31, 2013, PCORI funds research for the clinical effectiveness of medical treatments. The initial cost is \$1 per average number of covered lives for plan years ending on or after Oct. 1, 2012 and before Oct. 1, 2013. For plans ending on or after Oct. 1, 2013 to Oct. 1, 2014, the fee is \$2 per average covered life. For plans ending on or after Oct. 1, 2014 to Oct. 1, 2015, the fee is \$2.08 per average covered life. For plans ending after Sept. 30, 2015, and before Oct. 1, 2019, the dollar amount is determined by the Secretary of Health and Human Services, and reflects inflation in National Health Expenditures. PCORI fees will be included in fully insured groups’ premiums. Self-insured plan sponsors must pay PCORI directly to the IRS using Form 720.

Transitional Reinsurance Program fee: This fee funds a program that helps stabilize premiums in the individual health insurance market by offsetting high-cost individuals accessing health insurance. The fee is paid by health insurance issuers and self-insured group health plans and is effective for plan years January 2014-2016. The proposed fee for this program is currently estimated at \$5.25 per covered life per month for 2014. The estimated fee for this program is \$3.67 in 2015 and \$2.25 in 2016.

WHAT DOES IT MEAN FOR YOU?

In general, the required taxes and fees vary based on many considerations including employer group size and funding type.

EMPLOYER GROUP	PCORI	TRANSITIONAL REINSURANCE PROGRAM FEE	HEALTH INSURANCE PROVIDER FEE	RISK ADJUSTMENT PROGRAM FEE	CADILLAC TAX
Fully insured large employers	X	X	X		X
Fully insured small employers	X	X	X	X	X
Self-insured employers	X	X			X

Transitional Reinsurance Program fees will be included in fully insured groups’ premiums. Self-insured groups can calculate and pay the Department of Health and Human Services directly using “actual account,” “snapshot factor method,” or “Form 5500” methods to determine enrollment. Self-insured groups may also request assistance from HealthPartners in annual collection and fee payment.

Health Insurance Provider Fee: This is a fee to help fund individual health care via premium subsidies and tax credits on marketplace plans. Starting in 2014, health insurance issuers pay a fee based on premiums during the prior calendar year. The fee is based on the entity’s relative market share of the United States health insurance business. The fee is calculated as a separate line item within renewal calculations for fully insured groups.

Risk Adjustment Program fee: This is a permanent program that distributes the financial risk of health insurers by transferring funds from plans with lowest-risk individuals to plans with the highest-risk individuals. It is intended to reduce or eliminate premium differences among health plans based solely on favorable or unfavorable risk selection in the individual and small group market, both inside and outside an exchange marketplace. Program fees began in 2014 and are \$0.96 per enrollee per year. A proposed increase would raise the fee up to \$1.75 per enrollee per year. The annual fee is due in June following the benefit year and is paid by health plans.

Cadillac Tax: Also known as an “excise tax” of 40 percent of the aggregate value of employer sponsored plans whose value exceeds \$10,200 for individuals and \$27,500 for family. This tax is effective for fully and self-insured plans beginning Jan. 1, 2018. Thresholds will be increased in 2018 by a Health Cost Adjustment Percentage and indexed for Consumer Price Index (CPI) annually beginning in 2019. Additional guidance is expected.

Q&As

Q Who is responsible for paying the State and Federal exchange fees? (In 2014 this was up to 1.5 percent for MNsure and 3.5 percent for federal exchanges; in 2015 it is 3.5 percent for both MNsure and federal exchange.)

A It will be included in the premium for individual and small group plans.

Q Are Health Reimbursement Accounts (HRAs) subject to separate PCORI fees?

A When paired with a fully insured group health plan, HRAs are subject to separate fees to be filed by the employer. The HRA is a self-insured plan regardless of whether or not it is paired with a self-insured medical plan or fully insured medical plan. Because the rules require employers to pay the PCORI fee on their self-insured plans, carriers cannot pay the HRA portion of the PCORI fee.

When the HRA is integrated with another self-insured plan, employers are not subject to separate fees.

HealthPartners will pay PCORI fees for its entire book of fully insured business using membership from our NAIC supplemental form which is not specific to a group. Fully insured employers need to pay PCORI fees for HRA, contract holder participants (not all enrollees).

Q If a fully insured group changes carriers during the PCORI effective dates, who is responsible for paying the fee?

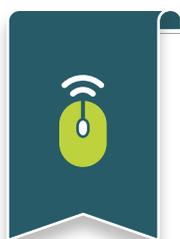
A PCORI is paid by the insurance carrier for fully insured business. If a fully insured group changes carriers during the effective dates, the previous carrier would pay for the plan year ending on or after October 1 of the previous year and the current carrier would pay the following year.

Q How can groups get quarterly enrollment information to determine PCORI fees for HRA plans?

A Some groups need quarterly enrollment information to determine PCORI fees for HRA plans. Quarterly enrollment information is available for groups in their online group roster, available on the employer portal at healthpartners.com.

Q Are dental plans subject to these taxes?

A ACA health insurance coverage requirements generally do not apply to stand-alone dental plans because they are excepted benefits. However, some ACA fees otherwise apply to excepted benefits and other types of coverage. Specifically, the Health Insurance Provider Fee applies to stand-alone dental and vision benefits, retiree-only and student health insurance. Qualified dental plans sold in the individual and small group markets will be subject to Risk Adjustment Program fees.



RESOURCES

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