

Overview of ACA Taxes and Fees

This document will continue to be updated to reflect any changes as well as new guidance.

Tax/Fee	Effective Date	Responsible Party	Annual Tax/Fee Amount
<u>Pharmaceutical industry fee</u> – an annual fee on branded prescription drug manufacturers and importers	Applies to any branded prescription drug sales after December 31, 2010	Manufacturers or importers with gross receipts from branded prescription drug sales	Amount is determined by the branded prescription drug sales during the calendar year and percentage of gross receipts taken into account.
<u>Medical device manufacturer tax</u> – an annual excise tax on medical device manufacturers and importers	Applies to any medical device sales after December 31, 2012	Manufacturers or importers with gross receipts from medical device sales	Amount paid is 2.3% of the selling price.
<u>Indoor tanning services tax</u> – a tax on any service that uses an electronic product with 1 or more ultraviolet lamps for skin tanning	Applies to services performed on or after July 1, 2010	Individuals that use the services	Tax equal to 10% of the amount paid for a service.
<u>Comparative effectiveness research fee</u> – this fee funds research on the effectiveness, risks and benefits of medical treatments through the Patient-Centered Outcomes Research Institute	Plan/policy years that end after 9/30/2012 and begin before 10/1/2019	Issuers of fully insured plans Self-insured plan customers	For plan years that end October 1, 2012 through September 30, 2013, this fee is \$1 per participant per year. For plan years that end October 1, 2013 through September 30, 2014, the fee increases to \$2 per participant per year. After that, the rate increases each year by the medical inflation rate.

This content is provided solely for informational purposes. It is not intended as and does not constitute legal advice. The information contained herein should not be relied upon or used as a substitute for consultation with legal, accounting, tax and/or other professional advisers.

Anthem Blue Cross and Blue Shield is the trade name of: In Colorado: Rocky Mountain Hospital and Medical Service, Inc. HMO products underwritten by HMO Colorado, Inc. In Connecticut: Anthem Health Plans, Inc. In Georgia: Blue Cross and Blue Shield of Georgia, Inc. In Indiana: Anthem Insurance Companies, Inc. In Kentucky: Anthem Health Plans of Kentucky, Inc. In Maine: Anthem Health Plans of Maine, Inc. In Missouri (excluding 30 counties in the Kansas City area): RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC), and HMO Missouri, Inc. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. In Nevada: Rocky Mountain Hospital and Medical Service, Inc. HMO products underwritten by HMO Colorado, Inc., dba HMO Nevada. In New Hampshire: Anthem Health Plans of New Hampshire, Inc. In Ohio: Community Insurance Company. In Virginia: Anthem Health Plans of Virginia, Inc. trades as Anthem Blue Cross and Blue Shield in Virginia, and its service area is all of Virginia except for the City of Fairfax, the Town of Vienna, and the area east of State Route 123. In Wisconsin: Blue Cross Blue Shield of Wisconsin (BCBSWI), which underwrites or administers the PPO and indemnity policies; CompCare Health Services Insurance Corporation (CompCare), which underwrites or administers the HMO policies; and CompCare and BCBSWI collectively, which underwrite or administer the POS policies. Independent licensees of the Blue Cross and Blue Shield Association. * ANTHEM is a registered trademark of Anthem Insurance Companies, Inc. The Blue Cross and Blue Shield names and symbols are registered marks of the Blue Cross and Blue Shield Association.

Overview of ACA Taxes and Fees (Continued)

Tax/Fee	Effective Date	Responsible Party	Annual Tax/Fee Amount
<u>ACA Insurer fee</u> – an annual fee to fund premium subsidies and Medicaid expansion	Beginning 1/1/2014 and later. Anthem will implement on a prorated basis as early as February 2013.	Issuers of fully insured plans (including dental and vision plans)	Based on the insurer's market share of net premiums written for the previous year. For example, the 2014 fee will be based on 2013 premiums. Total fee amount to be collected across all insurers starts at \$8 billion in 2014 and increases to \$14.3 billion in 2018. After 2018 the fee increases annually based on premium growth. Starting in 2014, the fee is estimated to be 2.46% of premium (before state tax gross-up).*
<u>ACA Reinsurance fee</u> – this will support the transitional reinsurance program that aims to stabilize premiums for coverage in the individual market and lower the effects of adverse selection	Beginning in the 3-year period starting 1/1/2014. For fully insured business, Anthem will implement on a prorated basis as early as February 2013.	Contributions are required for both fully insured and self-insured plans Exception: Employers are not subject to this fee for employees covered by both the employer coverage and Medicare, in situations when Medicare has primary claims liability.	Funds will be used to make reinsurance payments to health insurance issuers that cover high-cost individuals in non-grandfathered individual market plans. In 2014, the fee is estimated to be \$5.25 per participant per month.
<u>High-cost insurance tax</u> – an annual excise tax on high-cost health plans	Tax years beginning 1/1/2018 and later	Issuers of fully insured plans Sponsors/administrators of self-insured plans	Tax of 40% on health plan costs that exceed “Cadillac” plan thresholds of \$10,200 for single coverage or \$27,500 for family coverage.

*2.46% is a blended average; the actual amount is the impact based on the specific state's tax rate on insurance companies on an after tax basis.

This content is provided solely for informational purposes. It is not intended as and does not constitute legal advice. The information contained herein should not be relied upon or used as a substitute for consultation with legal, accounting, tax and/or other professional advisers.