The Affordable Care Act: FEES

BlueCross BlueShield of Illinois

Understanding…. Affordable Care Act Fees

Blue Cross and Blue Shield of Illinois is committed to helping our members understand the Affordable Care Act (ACA) provisions and how they'll impact health care coverage, starting in 2014.

This quick reference guide provides a high-level overview on the Annual Fee on Health Insurers ("Health Insurers Fee"), Transitional Reinsurance Program Contribution Fee ("Reinsurance Fee") and Patient-Centered Outcomes Research Institute (PCORI) Trust Fund Fee, as established under ACA. Should further regulations and guidance regarding these fees become available, Blue Cross and Blue Shield will share additional information with you.

Annual Fee on Health Insurers ("Health Insurer Fee")

What?	An annual fee on the value of health insurance premiums that will be paid by health insurers on a pro-rata basis
Who is it assessed on?	Health insurers
When?	Annually, beginning in 2014
How Much?	• In 2014, the total fee (submitted by health insurers) will equal $8 billion • The total fee will increase after that until it reaches $14.3 billion in 2018 • After 2018, the total fee will increase based on the rate of premium growth • Each health insurer's portion of the total Health Insurer Fee will be determined by the federal government on a pro-rata basis and calculated based on prior year information
Market Segments Affected?*	• Fully insured group market • Individual, under 65 market • Medicare Advantage • Medicare Part D • Medicaid Managed Care • Federal Employees Health Benefits Program Plans • Dental • Vision **Markets not Affected:** • Long term care insurance • Accident or disability • Specific disease or illness • Hospital & fixed indemnity • Medicare Supplement • Self-Insured Plans • VEBAs (non-employer related) • Certain governmental entities

**May not represent all market segments and/or exceptions*

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Transitional Reinsurance Program Contribution Fee ("Reinsurance Fee")

What?	A temporary fee assessed on insured and self-funded health plans, on a national per capita or per covered life basis. Helps fund temporary reinsurance programs (established under ACA) that would operate in each state from 2014 through 2016
Who is it assessed on?	• Health insurers for fully insured coverage • Plan sponsors of self-funded plans
When?	Three (3) years: 2014, 2015, 2016
How Much?	• The federal government has issued rules to set out the amount of the reinsurance fee • States will have the ability to require additional reinsurance contributions • Final rules and guidance set the amount of the Reinsurance Fee for 2014 at $5.25 per member, per month and will also include any additional applicable federal and state taxes
Market Segments Affected?*	• Fully insured group market • Individual, under 65 market • Self-insured plans • Federal Employees Health Benefits Program Plans • State and local governmental plans • Tribal Employee Plans • COBRA • Retiree-Only Plans (employer provided)
	Markets not Affected: • Employee Assistance Programs (if not major medical coverage) • HIPAA-excepted benefits • Medicaid • Medicare Advantage • Medicare Part D • Retiree-Only Plans (supplemental) • Tribal Member Plans (spouses and dependents) • Stand-alone Dental and Vision Coverage

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Patient-Centered Outcomes Research Institute (PCORI) Trust Fund Fee

Beginning in 2012 and ending in 2019 for calendar year plans, the Affordable Care Act requires sponsors of applicable self-funded group health plans and insurers that offer health insurance coverage to pay an annual fee known as the Patient-Centered Outcomes Research Institute (PCORI) fee, to fund patient-centered outcomes (also referred to as comparative clinical effectiveness) research.

Refer to the PCORI Fact Sheet for further information related to the PCORI Fee.

What?	A temporary fee to help fund comparative clinical effectiveness research
Who is it assessed on?	• Health insurers for fully insured coverage • Plan sponsors of self-funded health plans
When?	Eight (8) years: 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019
How Much?	For plan or policy years: • Ending on or after Oct. 1, 2012, and before Oct. 1, 2013: the fee is $1 times the average number of covered lives • Ending on or after Oct. 1, 2013, and before Oct. 1, 2014: the fee is $2 times the average number of covered lives • Beginning on or after Oct. 1, 2014: fee amount is subject to certain adjustments including the percentage increases in the projected per capita amount of the National Health Expenditures • Ending on or after Oct. 1, 2019: fee doesn't apply The PCORI fee must be reported and paid on the Form 720, "Quarterly Federal Excise Tax Return" and is payable no later than July 31 of the year following the last day of the policy or plan year. Under the current rules, the PCORI fee ceases to apply after the end of the last policy and plan year ending before Oct. 1, 2019, with a fee due date of July 31, 2020.
Market Segments Affected?*	The fee applies to certain "specified health insurance policies," which are accident or health insurance policies issued with respect to individuals residing in the U.S. (including certain prepaid health coverage arrangements). • Fully insured group market • Self-insured group market • Individual • COBRA • Retiree-only plans

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Patient-Centered Outcomes Research Institute (PCORI) Trust Fund Fee (cont.)

Markets Not Affected?*	• "Excepted benefits," such as stand-alone vision or dental • Expatriate policies issued to an employer if designed and issued to cover employees working and residing outside the U.S. • Federal programs providing medical care (other than through insurance policies) to members of Indian tribes • Indemnity reinsurance policies • Medicare • Medicaid • SCHIP • Stop loss policies • Federal programs providing medical care (other than through insurance policies) to members (spouses and dependents) of the U.S. Armed Forces or veterans • Employee Assistance Program, (EAP), disease management or wellness programs – if the program does not provide significant medical care or treatment benefits

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