

Brief Notes

News for
Brokers and Consultants

October 27, 2015

Applies to: All markets

New Fees Mandated Under ACA: The Basics

The Affordable Care Act (ACA) continues to change the health care landscape. In addition to new IRS reporting requirements covered in our **October 13, 2015 Brief Notes**, there are also new fee payment requirements that both self-insured and fully insured groups need to familiarize themselves with. Horizon Blue Cross Blue Shield of New Jersey wants to help you keep your clients aware of these mandates, to help ensure that the fee payments are handled correctly and on time.

PCORI and Transitional Reinsurance Fees

The Patient-Centered Outcomes Research Institute (PCORI) was established under the ACA as a nonprofit corporation charged with determining the effectiveness of various forms of medical treatments and prescription drugs. To fund the institute's research, a **PCORI fee** has been temporarily imposed on insurers and self-insured employers for the years 2012 through 2019. For fiscal year 2014, the PCORI fee was \$2 per covered life. For fiscal years 2015 through 2019 the fee will be indexed to national health expenditures.

The IRS has clarified that for a self-insured group health plan, the plan/employer is responsible for making the appropriate PCORI fee payment based on the member count it reports to the IRS. Horizon BCBSNJ will not collect this fee, or submit any related reports to the IRS on behalf of our self-insured plan customers.

The **transitional reinsurance fee** is part of a complex risk assessment system put in place by the ACA. It is also a temporary program (for years 2014 through 2016) intended to help stabilize the premiums in the individual market. The transitional reinsurance fee is imposed on group health plans. If the plan is fully insured, the insurer pays the fee; if the plan is self-insured, the plan itself pays the fee. As with the PCORI fee, Horizon BCBSNJ will not collect, pay or report member counts related to the transitional reinsurance fee on behalf of our self-insured clients.

(Continues)



The fees are collected based on a national uniform contribution rate (a flat per-member-per-year fee). The ACA dictates the aggregate industry amount of the assessment as \$25 billion over the three years (\$12b in 2014; \$8b in 2015; and \$5b in 2016). It equals the yearly rate times the number of individuals covered by the plan. The yearly rate as set by the ACA is as follows:

2014	\$63 per member
2015	\$44 per member
2016	\$27 per member

Horizon BCBSNJ will continue to update you on these types of ACA-related mandates, to help you keep your clients informed on the many facets of ACA legislation.

This information should not be construed as tax or legal advice. Specific questions about the ACA's reporting and fee payment requirements should be referred to your or the group's tax or legal professional.

For more information, please go to:

Traditional Reinsurance Program FAQs

IRS Questions and Answers

If you have other questions, please contact your Horizon BCBSNJ sales executive or account manager.