

Health Care Reform: Taxes and Fees

Overview

Health Care Reform includes a number of taxes and fees for insurers that will be used to fund programs that help provide individuals with access to affordable, quality health care. Although many of these taxes won't require action from employers or members, health insurance premiums may be increased to account for the fees.

The information below reflects federal and state guidance as of May 2013. Consult your legal and financial counsel for further information and advice.

Patient-Centered Outcomes Research Institute (PCORI) Fee

Also known as: Comparative Effectiveness Research Fee (CERF), Effective 2012 through 2019

- Fee paid to the government to fund research in health care delivery and decisionmaking

Fee per covered life (subscribers and beneficiaries):

- \$1 for policy and plan years ending between October 1, 2012 and October 1, 2013
- \$2 for policy and plan years that end between October 1, 2013 and October 1, 2014
- To be determined for policy and plan years ending after October 1, 2014, based on the projected health care inflation rate

Who's affected by the PCORI Fee:	How it's paid:	When it's due:
Insured plans	Excellus BCBS will pay	
Self-insured plans and HRAs/FSAs that are part of an insured plan	Paid by Plan Sponsor on IRS Form 720	July 31st of each applicable year for policy years ending between October 1, 2012 and October 1, 2019

Reinsurance Contribution

Also known as: Transitional Reinsurance Fee, Reinsurance Assessment, Effective 2014 through 2016

- **Temporary** program established to stabilize the health insurance market during the initial years of the Exchange
- Fee for 2014 is \$5.25 per enrollee per month

Who's affected by the Reinsurance Fee:	How it's paid:	When it's due:
Insured plans	Excellus BCBS will pay	
Self-insured plans	Paid by Plan Sponsor or collected and paid by Excellus on behalf of the Plan Sponsor	Due December 15th of the plan year (2014 – 2016) or 15 days after notification from HHS (whichever is later)

Risk Adjustment User Fee

(Applies to small groups only), Effective 2014 and after

- Program established to maintain the stability of the consumer and small business health insurance markets.
- New York State plans to use the federal risk adjustment program for the first few years.
- Federal risk adjustment user fee will cover the program's administrative expenses.
- Estimated fee is less than \$1 per enrollee per year (estimated at \$0.96 for 2014)

Who's affected by the Risk Adjustment Fee:	How it's paid:	When it's due:
Insured individual and small group plans (unless grandfathered)	Excellus BCBS will pay	
Self-insured plans	Does not apply	

This fee does *not* apply to large employers.

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Health Insurance Provider Fee

Also known as: Health Insurance Excise Tax, Health Insurance Tax (HIT)
Effective 2014 and after

- Fee charged to health insurance carriers to fund premium tax credits for individuals who purchase coverage on the Exchange
- Self-insured plan sponsors are exempt from this fee
- Amount of the tax is determined by the percent of the health plan's market share and change annually

Who's affected by the Health Insurance Provider Fee:	How it's paid:	When it's due:
Insured plans	Excellus BCBS will pay	
Self-insured plans	Does not apply	

Exchange User Fee

Effective 2015 and after

Health insurance carriers will be charged a fee to participate in the health insurance Exchange. New York State has not determined the amount of the participation fee at this time.

Other Penalties and Fees

In addition to taxes and fees for health insurance carriers, employers may be subject to other Health Care Reform penalties and fees based on the coverage they offer.

Employer Shared Responsibility

Also known as: Employer Mandate, Pay-or-Play
Effective 2014 and after

- Requires large employers (50 or more full-time equivalent employees) to pay a penalty if they don't provide minimum essential coverage to full-time employees and their dependents.

For more information, see our Employer Shared Responsibility Fact Sheets (coming soon).

High-Cost Insurance Tax

Also known as: Cadillac Tax
Effective 2018 and after

- Effective starting 2018
- Employers may be taxed if they offer high cost health insurance

We will continue to keep you informed about Health Care Reform taxes and fees as the government issues updates.

Sign up for our monthly email newsletter for Employers: go.excellusbcbs.com/employersnews