



Health Care Reform

LEGISLATIVE BRIEF

Fees under the Affordable Care Act

For Firms Covered by the NC Bar Association Health Benefit Trust (NCBAHBT)

The health care reform law, known as the Affordable Care Act (ACA), makes significant changes to the U.S. health care system, including new coverage requirements, patient protections and cost limitations. These changes affect health care providers, government programs, health insurance issuers, employers and plan sponsors, and individuals.

In order to fund many of these changes, the ACA imposes several new fees—many of which directly impact health plans and health plan sponsors. The following charts provide an overview of the fee provisions that affect health plans.

PROVISION	DUE DATE	SUMMARY
Patient-centered Outcomes Research Institute (PCORI) Fee	IRS form 720 and full payment of the research fees will be due by July 31st of each year. NCBAHBT pays fees	The ACA imposes new fees to fund health care research through the Patient-centered Outcomes Research Institute. The fee is \$2 per covered life for plan years ending on or after Oct. 1, 2013 and before Oct. 1, 2014 (and adjusted annually for later plan years).
Reinsurance Fee	For the 2014 benefit year, of the \$63 annual per capita contribution rate, \$52.50 will be allocated towards reinsurance payments and administrative expenses, and \$10.50 towards payments to the U.S. Treasury. Therefore, if a contributing entity submits its enrollment count by Nov. 15, 2014: A reinsurance contribution payment of \$52.50 per covered life will be invoiced in December 2014, and payable in January 2015; and Another reinsurance contribution payment of \$10.50 per covered life will be invoiced in the fourth quarter of 2015, and payable late in the fourth quarter of 2015. NCBAHBT pays fees	Health insurance issuers and self-funded group health plans will be required to make contributions to fund the transitional reinsurance program based on a federal contribution rate established by HHS. For 2014, HHS announced a national contribution rate of \$5.25 per month (\$63 per year) per covered life. For 2015, the national contribution rate will be about \$3.67 per month (\$44 per year) per covered life. States may collect additional contributions on top of the federal contribution rate.



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<p>Health Insurance Providers Fee</p>	<p>The IRS will notify each covered entity of its final fee calculation on or before Aug. 31st of each fee year. Each covered entity (or designated entity, if applicable) must pay this fee by Sept. 30th of each fee year. The health insurance providers fee must be paid by electronic funds transfer.</p> <p>NCBAHBT pays fees</p>	<p>The health care reform law imposes an annual, non-deductible fee on the health insurance sector, allocated across the industry according to market share. The fee will be assessed on health insurers' premium revenue with respect to health insurance above \$25 million. The aggregate annual fee for all covered entities is expected to be:</p> <ul style="list-style-type: none">• \$8 billion in 2014;• \$11.3 billion in 2015 and 2016;• \$13.9 billion in 2017; and• \$14.3 billion in 2018. <p>Beginning in 2019, the cost of the fee will increase based on the rate of premium growth.</p>
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