

Patient Protection and Affordable Care Act

In Focus: Overview of Four New Fees

The Patient Protection and Affordable Care Act (PPACA) introduces new fees for health insurance companies and plan sponsors, which are typically employers. The chart below highlights important information about four fees: the Health Insurance Industry Fee, Reinsurance Assessment Fee, Patient-Centered Outcomes Research Institute Fee and the Federally Facilitated Exchange User Fee. The chart also addresses how fully insured and self-funded health plans are affected by these fees.

Name of Fee	Health Insurance Industry Fee ¹	Reinsurance Assessment Fee	Patient-Centered Outcomes Research Institute Fee	Federally Facilitated Exchange User Fee
What is the purpose of the fee?	To help off-set the cost-generating provisions of the PPACA	To fund a three-year reinsurance program designed to reimburse companies that insure high-cost patients through the individual health insurance market	To fund research by the Patient-Centered Outcomes Research Institute (PCORI) that will compare different medical treatments and interventions to determine what treatments are most effective. The non-profit institute was established by the PPACA.	To pay for access to exchanges facilitated by the federal government
What is it?	Annual fee, effective 2014	Annual fee assessed from 2014 - 2016	Annual fee assessed from 2013 - 2019	Monthly fee, effective 2014
Do the fees apply to self-funded and fully insured health plans?	Fully insured only	Fully insured and self-funded	Fully insured and self-funded	Fully insured only
How much is the fee?	Estimated to increase premiums in the fully insured market on average by 1.9% to 2.3% in 2014 and, by 2023, to increase premiums 2.8% to 3.7% ²	2014: \$5.25 per covered person per month (\$63 per year) Amount subject to change thereafter	An annual fee of: <ul style="list-style-type: none"> • \$1 per average number of covered lives for plan years ending on or after Oct. 1, 2012, through Dec. 31, 2012 • \$1 per average number of covered lives for plan years ending on or after Jan. 1, 2013, through Sept. 30, 2013 • \$2 per average number of covered lives for plan years ending on or after Oct. 1, 2013, through Dec. 31, 2013 • \$2 per average number of covered lives for plan years ending on or after Jan. 1, 2014, through Sept. 30, 2014 Thereafter, the fee is based on increases in the projected per capita amount of the National Health Expenditures. The fee will not apply to policy or plan years that begin after Sept. 30, 2019.	Monthly user fee based on a percent of premium attributed to an insurer's exchange-based sales Percent of premium proposed for 2014: 3.5%

¹ Also known as the Health Insurance Tax (HIT)

² "Estimated Premium Impact of Annual Fees Assessed on Health Insurance Plans;" study by Oliver Wyman; Oct. 31, 2011

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When is first fee payment due?	No later than Sept. 30 annually	Within 30 days after the date of the HHS notification of contribution due	Reported on IRS Form 720 by July 31, 2013	Unknown
Who is responsible for paying the fee?	Insurance company, but customer rates will be impacted.	Fully insured: Insurance companies pay, but customer rates will be impacted. Self-funded: Plan sponsor (typically the employer). Third party administrators may submit payment on their behalf.	Fully insured: Insurance companies pay, but customer rates will be impacted. Self-funded: Plan sponsor (typically the employer)	Insurance companies offering health insurance products through exchanges facilitated by the federal government
Are the costs tax deductible?	No	Yes	Yes	Unknown
Regulation Status	No regulations	Final regulations	Final regulations	Proposed regulations

PLEASE NOTE: This document is designed to provide a high-level overview of aspects of the Patient Protection and Affordable Care Act (PPACA), as modified by the Health Care and Education Reconciliation Act. This document summarizes proposed regulations. The contents are subject to change once final regulations are published. It is not comprehensive and does not constitute legal or tax advice for healthcare reform implementation. Please consult a professional benefit adviser or legal counsel regarding how the law may impact your specific benefit plan.

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For more information on PPACA, visit <http://trustmarkhcr.wordpress.com>, the Trustmark Healthcare Reform blog.



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