

Reform Fees: The Cost of Staying Fully Insured



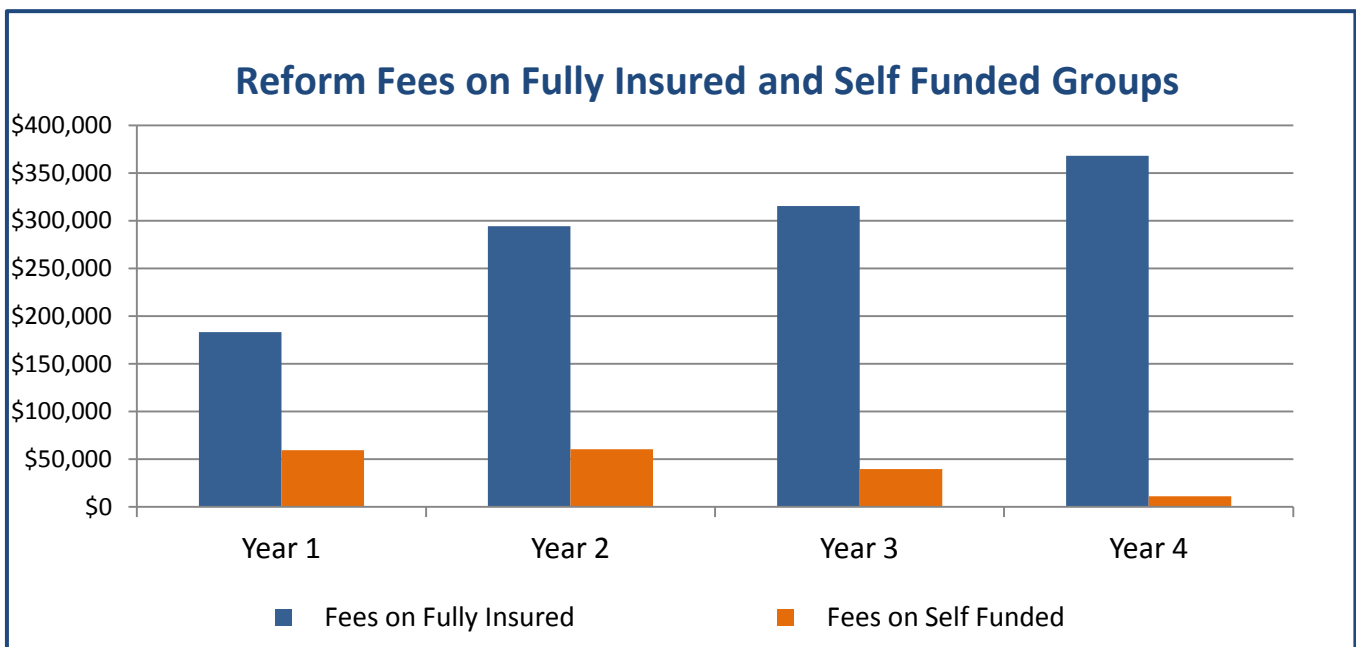
Prepared for: **ABC Corporation**

Effective Date:	10/1/2013	Fully Insured Estimated Current Premium:	\$6,520,147
Number of Employees:	561	Fully Insured - Estimated Renewal Premium:	\$7,172,161
Estimated Number of Members:	1,236	Proposed Annual Renewal Increase (%):	10.00%

Fully Insured Reform Fees	10/1/2013	10/1/2014	10/1/2015	10/1/2016
PCORI Fee	\$927	\$2,163	\$2,657	\$2,905
Transitional Reinsurance Fee	\$58,401	\$58,401	\$37,080	\$8,034
Health Insurance Industry Fee	\$123,720	\$233,544	\$275,635	\$356,896
Federal/State Exchange Fees	N/A	N/A	N/A	N/A

Self-Insured Reform Fees	10/1/2013	10/1/2014	10/1/2015	10/1/2016
PCORI Fee	\$927	\$2,163	\$2,657	\$2,905
Transitional Reinsurance Fee	\$58,401	\$58,401	\$37,080	\$8,034
Federal/State Exchange Fees	N/A	N/A	N/A	N/A

	Year 1	Year 2	Year 3	Year 4	4 Year Total
Fees on Fully Insured	\$183,048	\$294,108	\$315,373	\$367,834	\$1,160,362
Fees on Self Funded	\$59,328	\$60,564	\$39,737	\$10,939	\$170,568
Self Funded Fee Savings:	\$123,720	\$233,544	\$275,635	\$356,896	\$989,794



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Explanation of Reform Fees

Name of Fee	Purpose of the fee	Amount of the fee	Responsible party
Patient-Centered Outcomes Research Institute Fee (PCORI)	To fund research by the Patient-Centered Outcomes Research Institute (PCORI) that will evaluate and compare health outcomes and the clinical effectiveness, risks, and benefits of two or more medical treatments and/or services.	<p>\$1 per covered member for plan years ending between 10/1/12 and 9/30/13</p> <p>\$2 per covered member for plan years ending between 10/1/13 and 9/30/14</p> <p>Rates in subsequent years equal the prior year's fiscal amount plus an adjustment for medical inflation.</p>	<p>Fully Insured: Insurance companies pay but employer rates will be inflated to cover this fee.</p> <p>Self-funded: Plan sponsor will be responsible to pay this fee directly to IRS using on Form 720.</p>
Transitional Reinsurance Fee	To fund a reinsurance program designed to reimburse individual and small group insurance carriers who are required to offer coverage to individuals with pre-existing conditions. This fund will cease after three years.	<p>2014: \$5.25 per covered member per month (\$63 per year)</p> <p>2015: \$3.50 per covered member per month (\$42 per year)</p> <p>2016: \$2.17 per covered member per month (\$26 per year)</p>	<p>Fully Insured: Insurance companies pay but employer rates will be inflated to cover this fee.</p> <p>Self-funded: Plan sponsor will pay either directly or through their TPA.</p>
Health Insurance Industry Fee (also known as Health Insurance Tax or HIT)	To help fund the cost-generating provisions of the PPACA	<p>Estimates:</p> <p>2014: 2.3%</p> <p>2015: 3.25%</p> <p>2016: 3.25%</p> <p>2017: 4.0%</p> <p>2018: 4.11%</p> <p>Percentages apply to annual premium.</p>	<p>Fully Insured: Insurance companies pay but employer rates will be inflated to cover this fee.</p> <p>Self-funded plans are exempt at this time.</p>
Federal/State Exchange Fees	To pay for access to exchanges facilitated by the federal government. Some states may also impose their own exchange fees.	Percent of premium proposed for 2014: 3.5%	<p>Fully Insured: Insurance companies pay but employer rates will be inflated to cover this fee.</p> <p>Self-funded plans are exempt at this time.</p>

Disclaimer:

This information is based on our understanding of the Patient Protection and Affordable Care Act of 2010, as amended, and guidance as of the date of this publication.

This is for general informational purposes only and is not intended to constitute legal advice or a recommended course of action in any given situation and should not be relied upon in making decisions of a legal nature.