

Taxes and Fees Associated with Health Reform

	When	How Much	Individual	Group Insured	ASC	Medicare	Medicaid
Comparative Effectiveness	Jul 2013	\$1 - \$2 PMPY	✓	✓	✓		
Federal Insurance Premium Tax ¹	2014+	% of fully insured premium	✓	✓	stoploss ✓	✓	✓
Reinsurance Fee ^{2,3}	2014 - 2016	\$5.25 PMPM	✓	✓	✓		
High Cost Health Plan Excise Tax ⁴	2018+	variable		✓	✓	group ✓	
Exchange Fees ⁵	2014+	3.5%	✓	✓			
Risk Adjustment Fee ⁶	2014+	\$1 PMPY	✓	small group ✓			



¹ Federal Insurance Premium Tax levels are 50% lower for HMOs

² Reinsurance fees based on 2014 levels, then phase out completely by 2017

³ Individual market is charged a reinsurance fee but then receives net proceeds of collected fees through reinsurance payments (which will be reflected in lower premiums)

⁴ HCHP Excise Tax based on 40% of the amount beyond specified cost thresholds

⁵ HHS anticipates collecting user fees by deducting the user fee from Exchange-related program payments

⁶ Newly established fee to pay for administrative expense of running the federal risk adjustment program.

Tax/Fee	Description	Calculation Method	Remittance Responsibility
Federal Insurance Premium Tax	A yearly tax due assessed on fully insured premiums intended to fund premium subsidies and Medicaid expansion.	% of fully insured premium	Health Insurance to Issuer
Comparative Effectiveness Fee	An annual fee that funds research on the effectiveness, risks and benefits of various medical treatments through the Patient-Centered Outcomes Research Institute (PCORI), a nonprofit created through ACA.	PMPY Calculation	Health Insurance Issuer for fully insured business. Plan sponsor for self-insured
Reinsurance Fee	Quarterly fee that will support the transitional reinsurance program with the goal of stabilizing premiums coverage for the individual market both on and off the exchange.	PMPM Calculation	Health insurance issuer for fully insured business. Third-party administrators for self-insured programs.
Exchange User Fee	Established to ensure the exchange can be self-sustaining by Jan 1, 2015.	3.5% premium	Health insurance issuer participating and offering health plans on the state or federal exchange.
Excise Tax	Tax on the value of employer-sponsored health benefits.	% based on thresholds	Health insurance issuer for fully insured business. Sponsors and TPAs for self-funded.
Risk Adjustment Fee	Establishes a risk adjustment fee to pay for administrative expense of running the federal risk adjustment program.	PMPY Calculation	Health Insurance Issuer

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