

compliance ALERT

Third Year Transitional Reinsurance Fee: Required Action for Self-insured Plans

October 10, 2016

It's that time again to prepare and schedule payment for the Transitional Reinsurance Fee. The Affordable Care Act (ACA) established a transitional reinsurance program to help offset the costs of high-risk individuals in the individual market. The transitional reinsurance program will collect contributions from health insurance issuers (fully insured plans) and self-insured employer-sponsored group health plans for a period of three years (2014, 2015, and 2016). The amount of the transitional reinsurance fee for the third year (2016) will be \$27 per covered life.

How Does This Affect You as an Employer?

Health insurance issuers and certain self-insured group health plans offering major medical coverage are considered contributing entities and are responsible for making a Transitional Reinsurance payment.

The fee applies to plans providing major medical coverage only and would **EXCLUDE** the following:

- Plans consisting solely of excepted benefits as defined under the ACA
- Plans that only provide Minimum Essential Coverage
- Medicare
- A Health Reimbursement Account that is integrated with a self-insured group health plan coverage
- Health Savings Accounts
- Health Flexible Spending Accounts

- Employee assistance plans, disease management programs, or wellness programs
- Stop-loss policies or indemnity reinsurance policies
- Plans consisting solely of prescription drug benefits

The contributing entity must determine the average number of covered lives (employees plus dependents) for the first nine months of the calendar year in 2016. For self-insured plans, one of the following may be used:

ACTUAL COUNT METHOD: determined by calculating the total number of covered lives on each day from 1/1/2016 – 9/30/2016 and dividing the sum by 274 (number of days in that time frame).

SNAP SHOT METHOD: determined by adding the total number of covered lives on one day in each quarter or an equal number of dates for each quarter from 1/1/16 – 9/30/16 and dividing the total by 3 (number of quarters).

Example

January 15 = 695

April 15 = 675

July 15 = 680

695 + 675 + 680 = 2050/3 = 683

FORM 5500 METHOD: for plans that offer family coverage, this count is determined by adding the participant counts of the participants that are covered at the beginning and end of the benefit year that

SYNOPSIS

The transitional reinsurance program collects contributions from health insurance carriers for fully insured plans and from self-insured employer group health plans.

The amount of the transitional reinsurance fee for 2016 is \$27 per covered life.

The contributing entity must determine the average number of covered lives (employees and dependents) for the first nine months of 2016.

One of three methods may be used by self-insured plan sponsors to determine the average number of covered lives.

is reported on the most recent plan year's Form 5500 (the plan year).

For plans that offer employee-only coverage, the count is determined by adding the participant counts at the beginning and end of the plan year and dividing by 2. Once the average number of covered lives is determined, a contributing entity must:

- Log in to Pay.gov using the credentials from last year, or if filing for the first time, register on Pay.gov.
- Access the "ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission Form."
- Complete the Form (enter the annual enrollment count and the Form will auto-calculate payment).
- Upload supporting documentation: Please note: this is only required if the Submitting Entity is submitting for 4 or more entities. Single plans are no longer required to upload supporting documentation.
- Schedule payment for calculated reinsurance contributions on the payment page.

The Department of Health and Human Services (HHS) allows contributing entities the option to pay:

- (1) the entire 2016 benefit year contribution in one payment no later than January 17, 2017 reflecting \$27.00 per covered life; or
- (2) in two separate payments for the 2016 benefit year, with the first remittance due by January 17, 2017, reflecting \$21.60 per covered life, and the second remittance due by November 15, 2017, reflecting \$5.40 per covered life.

If you sponsor a self-insured plan, remember to register and complete the contribution form by November 15, 2016.

What Should I Do Next?

If you are a sponsor of a self-insured medical plan, you need to ensure registration and completion of the contribution form (available October 3, 2016) on Pay.gov by November 15, 2016, and make arrangement for payment of the fee by January 17, 2017 (if full payment is made) or by January 17, 2017, and November 15, 2017 (if splitting payment).

DATE	ACTIVITY	CONTRIBUTION AMOUNT
No later than November 15, 2016	Submit Annual Enrollment Count	
No later than January 17, 2017	Remit TOTAL Contribution Amount OR Remit First Contribution Amount	\$27.00 per covered life \$21.60 per covered life
No later than November 15, 2017	Remit Second Contribution Amount	\$5.40 per covered life
TOTAL		\$27.00 per covered life

If you have any additional questions, please call your Corporate Synergies Account Manager or 866.CSG.1719.

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