

HEALTH INSURANCE INDUSTRY FEE FACT SHEET



INFORMED ON REFORM

Overview

This is one of several fees intended to help fund implementation of the Affordable Care Act (ACA). This fee on health insurers (including HMOs) starts at \$8 billion in 2014 and then increases year after year before reaching \$14.3 billion in 2018. After 2018, it will continue to increase with premium growth. The fee was suspended for the 2017 and 2019 calendar years.

The fee, which applies only to insured business, will be based on each insurer's share of the taxable health insurance premium base (among all health insurers of U.S. health risks).

	HEALTH INSURANCE INDUSTRY FEE
What it is	Permanent, annual fee on health insurers beginning in 2014 (suspended for 2017 and 2019)
Purpose	Help fund federal and state Marketplaces/Exchanges
Amount	<ul style="list-style-type: none">• \$8 billion in 2014• Increases each year to \$14.3 billion in 2018• Increases with premium growth after 2018• Allocated to insurers based on prior year's share of total earned premium
Who pays	Insurers
Tax implications	Tax deductible for employers as part of premium
Estimated cost impact	<ul style="list-style-type: none">• 2%–2.5% of premium in 2014• Increasing to 2.5%–3% of premium in 2018 and future years, when in effect

HEALTH INSURANCE INDUSTRY FEE

Business affected

- Insured individual and group medical plans
- Stand-alone, insured dental and vision plans
- Stand-alone, insured behavioral health and pharmacy plans
- Medicare Advantage plans
- Retiree-only plans
- Part D prescription benefit plans
- Medicaid (and CHIP) programs
- Taft-Hartley Plans to the extent the plans meet the other criteria for inclusion

Business excluded

- Self-funded employer sponsored group health plans
Note: Some benefits may be covered under an insured plan and therefore subject to this fee as well.
- Non-profit corporations that receive more than 80% of their revenue from government sponsored poverty programs (Medicaid, CHIP) and that comply with certain restrictions on political activity
- Medicare supplemental coverage that meets the requirements of section 1882(g)(1)
- VEBA's sponsored by an entity other than an employer or employers
- Coverage for specific diseases or hospital indemnity coverage
- Accident-only coverage
- ASO/Stop-loss
- U.S.-issued expatriate plans after 2015

