

The Affordable Care Act (ACA) imposes a fee on health insurance issuers and self-funded group health plans in order to fund a transitional reinsurance program for the first three years of Exchange operation (2014-2016). The fees will be used to help stabilize premiums for coverage in the individual market.

Entities that must pay these fees, called “contributing entities,” are required to submit their annual enrollment count to the Department of Health and Human Services (HHS) by **Nov. 15** of the benefit year. To do this, contributing entities must register on www.pay.gov and complete a [contribution form](#) for the year.

The contribution form became available on **Oct. 24, 2014**. HHS has also provided an [Annual Enrollment and Contributions Submission Form Manual](#) and a [Supporting Documentation Job Aid Manual](#).

For the 2014 benefit year, the regulatory deadline for submitting the reinsurance fee contribution form is **Nov. 15, 2014**. Because Nov. 15, 2014, is a Saturday, HHS has stated in [FAQ 5415](#) that contributing entities may submit their annual enrollment count by **Nov. 17, 2014**. However, HHS encourages contributing entities to file before Nov. 15, 2014 in order to avoid any technical difficulties. The first reinsurance payment is due Jan. 15, 2015.

Contributing Entities

A contributing entity is defined as a health insurance issuer or a third-party administrator (TPA) on behalf of a self-insured group health plan. However, certain types of coverage are excluded from paying reinsurance fees.

- > **Fully-insured Group Health Plans**—For insured health plans, the **issuer of the health insurance policy** is required to pay fees to the reinsurance program. Although sponsors of fully-insured plans are not responsible for paying the reinsurance fees, issuers will likely shift the cost of the fees to sponsors through premium increases.
- > **Self-insured Group Health Plans**—For self-insured group health plans, the **plan sponsor** is liable for paying the reinsurance fees, although a TPA or administrative-services-only (ASO) contractor may make the fee payment at the plan’s direction. For a plan maintained by a single employer, the employer is the plan sponsor.
- > **Exception for Self-insured, Self-administered Plans**—For 2015 and 2016, the term “contributing entity” **excludes self-insured group health plans that do not use a TPA for the core administrative functions** of claims processing or adjudication (including management of appeals) or plan enrollment.

Reinsurance Contribution Amounts

The reinsurance program’s fees are based on a national contribution rate, which HHS announces annually. For 2014, the annual contribution rate is **\$63 per enrollee per year**, or \$5.25 per month. For 2015, the annual contribution rate will be **\$44 per enrollee per year**, or about \$3.67 per month.

Three methods are available to determine the number of covered lives under a health plan:

- > A snapshot method;
- > An actual count method; and

- > A method based on using data from insurance forms or the Form 5500.

Deadlines

Reinsurance fees may be paid in two installments—one at the beginning of the calendar year following the applicable benefit year, and then one at the end of that calendar year. Key deadlines for the 2014 benefit year are:

- > **Nov. 17, 2014**—The regulatory deadline to submit the contribution form to HHS is Saturday, Nov. 15, 2014. According to [FAQ 5415](#), for the 2014 benefit year, a contributing entity may submit its annual enrollment count no later than **Monday, Nov. 17, 2014**, which is the next applicable day after the Nov. 15 regulatory deadline. However, HHS is encouraging contributing entities to file before Nov. 15, 2014, in order to avoid any technical difficulties.
- > **Jan. 15, 2015**—The first payment of \$52.50 per covered life is payable by the regulatory deadline of Jan. 15, 2015. This payment will be allocated towards reinsurance payments and administrative expenses.
- > **Nov. 15, 2015**—The second payment of \$10.50 per covered life is payable by the regulatory deadline of Nov. 15, 2015. This payment will be allocated towards payments to the U.S. Treasury.

The Collection Process

A contributing entity can complete all of the required steps (that is, registration, submission of annual enrollment count and remittance of contributions) on www.pay.gov. Using a [contribution form](#), entities will provide basic company and contact information and the annual enrollment count for the applicable benefit year. The contribution form became available via www.pay.gov on **Oct. 24, 2014**.

The form will auto-calculate the contribution amounts. To complete the submission, entities will also submit payment information and schedule a payment date for the contributions. Supporting documentation must also be submitted through www.pay.gov with the contribution form.

More Information

HHS offers training for the pay.gov collection process. To receive notices from HHS regarding upcoming training and review training resources, register on www.regtap.info.

HHS has also provided an [Annual Enrollment and Contributions Submission Form Manual](#), which provides step-by-step instructions for completing and submitting the contribution form and supporting documentation, details on key elements and business concepts, and resources to further assist the contributing entity. A [Supporting Documentation Job Aid Manual](#) is also available to help contributing entities create the supporting documentation.

This MJ Insurance, Inc. Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.