

Brief Notes

News for
Brokers and Consultants

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Applies to: Most markets (with exceptions listed on page 2)

Affordable Care Act requires Reinsurance Assessment fee *New fee raises premiums*

The Affordable Care Act (ACA), also known as federal health care reform, establishes reinsurance and risk adjustment programs and a federal risk corridors program.

The overall goal of these programs is to provide certainty and protect against adverse selection in the market while stabilizing premiums in the individual and small group markets as market reforms and health insurance exchanges begin operations in 2014. Under the ACA, states may establish a reinsurance program by January 1, 2014. Establishing a reinsurance program is optional for each state.

The money to fund these programs will come from a Reinsurance Assessment fee that must be paid by insured and self-insured group health plans.

Effective date

The Reinsurance Assessment is a temporary program that begins in 2014, and ends in 2016.

How the assessment may impact some market segments

The ACA may or may not require the business segments listed on page 2 to pay the assessment.

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Horizon Blue Cross Blue Shield of New Jersey

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This chart lists the impacted market segments:

Market Sector/Line of Business	Subject to Reinsurance Assessment fee?
Commercial: Individual, small group and large group	Yes
Federal Employee Program®	Yes
Medicare Advantage	No
Medicare Part D	No
Medigap	No
Medicaid, excluding Long-Term Care (LTC)	No
Medicaid LTC	No
Dental and vision	No
Stop Loss	No
Self-insured	Yes. With Major Medical coverage with Horizon BCBSNJ. Horizon BCBSNJ will not collect assessment fee for Hospital only and Hospital/Medical groups.
State Health Benefits Program	Yes
LTC, critical illness and disability	No

Expected 2014 assessment fees

The fee applies to all enrollees, including employees, under age 65 retirees, spouses and dependents.

The final Per Member Per Month (PMPM) and Per Member Per Year (PMPY) fees will be announced by the U.S. Department of Health and Human Services (HHS) in its final Notice of Benefit and Payment Parameters in the coming weeks. HHS will determine the total amount owed by Horizon BCBSNJ, based on our reporting of the number of contributing enrollees to HHS by November 15, 2014.

Each year, a health plan’s fee will be calculated by multiplying the average number of covered lives in the plan by the contribution rate for the applicable year.

Unlike the tax on premiums, known as the Insurer Fee, the reinsurance assessment is tax deductible for federal and state income tax purposes.

How payments are made

The ACA requires health insurers and third-party administrators on behalf of self-insured group plans to collect and make reinsurance payments from 2014 to 2016.

A self-insured, self-administered group health plan must make its reinsurance payments directly to HHS.

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What this means is that Horizon BCBSNJ is responsible for collecting fees from your clients and paying them on their behalf. Your clients are responsible for the accuracy of the amount Horizon BCBSNJ collects.

How payments are collected

- We will not pay interest on the amounts we collect and will not charge for collecting amounts.
- Your clients cannot opt out of their fees.
- For insured clients:
 - We are including the reinsurance fee within the monthly rate starting with March 2013 renewals. The reinsurance fee will be spread over a 12-month period, rather than one big payment.
- For self-insured clients:
 - The following statement is included with bills and states that the ultimate liability for payment (and accuracy of member counts) rests with your clients.

In 2014, the Affordable Care Act requires that the Plan Sponsor for self-funded accounts is required to pay a reinsurance assessment and that the third-party administrator of the self-funded plan will pay the fee on behalf of the self-funded sponsor. Horizon Blue Cross Blue Shield of New Jersey will pay this fee on your behalf. Your January 2014 bill will include an estimated monthly charge for this fee. By September 30, 2014, we will request that you provide the appropriate enrollee count that we should report to the U.S. Department of Health and Human Services (HHS). Should we not receive your response in a timely manner, the enrollment will be determined by Horizon BCBSNJ.

- For insured two to 50 groups and Individual:
 - Currently, we cannot build the reinsurance assessment into pricing due to New Jersey minimum loss ratio requirements. Horizon BCBSNJ is working with the New Jersey Department of Banking and Insurance (DOBI) to address this issue so future pricing can cover these fees.

If you have questions, please contact your Horizon BCBSNJ sales executive or account manager.

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