

## Some Self-Insured Plans May Be Partially Exempted From Paying Transitional Reinsurance Fees

MyHealthGuide Source: Self-Insurance Institute of America, 10/28/2013, [www.SIIA.org](http://www.SIIA.org)

The Self-Insurance Institute of America (SIIA) has learned that employers which self-insure and self-administer their health care plans would be partially exempted from a hefty health care reform law "reinsurance" fee under new rules the U.S. Department of Health and Human Services (HHS) intends to propose. *It is believed that self-insured Taft-Hartley plans will be included as part of this decision.*

In a filing that will be published in the Oct. 30 Federal Register, HHS said "**certain self-insured, self-administered plans" would be exempt "from the requirement to make reinsurance contributions for the 2015 and 2016 benefit years.**" Those employers, though, along with other health plan sponsors, would be required to pay the first-year fee for the program, which begins in 2014.

Federal regulators have set the 2014 fee for the three-year Transitional Reinsurance Program at \$63 per plan participant. Fee levels have not been set for 2015 and 2016. The fees are intended to generate \$25 billion over the three-year program. Revenues generated by the fee are to be used to help offset costs incurred by insurers covering high-cost individuals purchasing coverage in public insurance exchanges.

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### Transitional Reinsurance Fee Changes In New Regulations

#### Society of Professional Benefit Administrators (SPBA) Email Alert – October 29, 2013

The massive 236-page regulation to be released by Health and Human Services (HHS) on Oct. 30 addresses reinsurance contributions by self-funded entities. The regulation contains a short paragraph that promises a change on how the regulation impacts self-funded entities. The regulation, entitled "Program Integrity; Exchange, Premium Stabilization Programs, and Market Standards; Amendments to the HHS Notice of Benefit and Payment Parameters for 2014" mentions that HHS plans to alleviate the burden of the reinsurance contributions to self-funded plans. HHS says "we intend to propose in future rulemaking to collect reinsurance contributions in two installments—the reinsurance contributions for reinsurance payments and administrative expenses would be collected at the beginning of the calendar year following the applicable benefit year, and the contributions for payments to the U.S. Treasury would be collected at the end of the calendar year following the applicable benefit year. We also intend to propose in **future rulemaking to exempt certain self-insured, self-administered plans from the requirement to make reinsurance contributions for the 2015 and 2016 years.**" The regulation is posted on the SPBA Website.

What does this mean? Simply put, the regulation says that employers that self-fund and self-administer their health care plans would be partially exempted from the health care reform law "transitional reinsurance fee" under new HHS rules. Groups subject to the exemption would not have to make reinsurance fee contributions for 2015 and 2016. They would, however, still be required to pay the first-year fee payments for 2014 in two installments, at the beginning and end of the year.

SPBA has been in contact with HHS on your behalf and will continue to address the impact of this change on benefit plans you administer. *SPBA wants to clarify several issues, for example, whether the exemption will apply to all self-funded plans. Many of your clients self-fund their health care benefits, and for that reason, SPBA immediately contacted HHS to clarify the reach of the exemption. It is SPBA's goal to extend the reach of any exemption provided by HHS to all self-funded plans.*

The change in the regulation is in response to criticism by business groups and employers with self-funded plans who are required to pay the transitional reinsurance fee, but receive no direct benefit. The transitional reinsurance fee was discussed in the Senate during the deliberations on the Continuing Resolution to end the government shutdown. The legislative language was not included in the final debt bill.

The Transitional Reinsurance Fee is a \$63 per head fee that would apply to all self-funded plans in 2014. The Transitional Reinsurance Fee is a three-year fee that begins in 2014, with different fee levels for 2015 and 2016. The fees are intended to generate \$25 billion over the three-year program. Revenues generated by the fee are to be used to help offset costs incurred by insurers covering high-cost individuals purchasing coverage in the public exchange/marketplace.