

## Healthcare Reform:

# What Large Employers Need to Know Now

Many changes are happening as a result of the Affordable Care Act (ACA). At Blue Cross & Blue Shield of Rhode Island, we're here to help you understand how these changes might affect you as a large employer.



## Transitional Reinsurance Fee – What Large Employers Need to Know

For the next three years, large employer groups will be required by the ACA to pay a Transitional Reinsurance Fee. To comply with this requirement, both fully insured and self-funded groups must also provide a membership report to the Department of Health and Human Services (HHS). By now, this task has likely been completed by your plan administrator if you are a self-funded group or by Blue Cross if you are a fully insured group. Here's a reminder of everything else you need to know about this new, temporary fee and how it will impact your business.

### Who pays this fee?

Both fully insured and self-funded large groups are required to pay the Transitional Reinsurance Fee.

### What is the fee used for?

The money collected goes into the Transitional Reinsurance Program, which then distributes the funds to health insurers based on claims in the individual market. The funds are used to stabilize premiums in this market, which attracts many high-risk individuals with high claims costs.

### How is the fee calculated?

The fee is based on the number of "covered lives" under the group's plan for the first nine months of either the calendar year or from the renewal date.

### Who collects the fees?

HHS calculates and collects your group's fee based on your membership count.

### How much is the fee?

For 2014, the fee is \$63 per life per year, or \$5.25 per month, payable in one payment January 15, 2015 or \$52.50 on January 15, 2015 and another payment of \$10.50 on November 15, 2015. For 2015, it goes down to \$3.67 pmpm (per member per month).

## A Quick Snapshot

Effective Date	Responsible Parties	Important Details for Fully Insured Groups	Important Details for Self-funded Groups
Plan/policy years beginning from January 1, 2014 to December 31, 2016.	All Large Employers, including fully insured and self-funded groups	<ul style="list-style-type: none"> <li>The Transitional Reinsurance Fee is already included in the group's monthly premium.</li> <li>Fully insured groups will not be billed separately for this fee.</li> <li>Blue Cross will submit the member report and the Transitional Reinsurance Fee to HHS.</li> </ul>	<ul style="list-style-type: none"> <li>These groups are responsible for submitting their own member report to HHS.</li> <li>Blue Cross provides a monthly enrollment report and/or 5500 report in the group's monthly invoice based on the membership we administer.</li> <li>HHS will calculate the self-funded group's fee and send a bill.</li> <li>Reporting is done via <b>pay.gov</b></li> </ul>

## Dates to Remember for Self-funded Groups:

<b>December 15, 2014</b> This is the latest date that HHS will invoice your group.	<b>January 15, 2015</b> Your Transitional Reinsurance Fee is due to HHS. You have the option of making two payments with the second being due November 15, 2015.
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*For more information, please contact your broker or BCBSRI account representative.*

## Additional Taxes, Fees, and Requirements

Under the ACA, employers may be responsible for additional taxes and fees as well as certain other requirements. The chart below highlights some of these.

Tax/Fee/Requirement	Effective Date	Responsible Party	Details
<b>Summary of Benefits and Coverage (SBC) and the Uniform Glossary</b>	Effective on or after September 23, 2012	Issuers of fully insured plans Self-insured plans	We are providing in a standard electronic format for the benefits that we cover.
<b>Comparative Effectiveness Research Fee</b> Funds research on the effectiveness, risks, and benefits of medical treatments through the Patient-Centered Outcomes Research Institute.	Plan/policy years that end from October 1, 2012 to September 30, 2019	Issuers of fully insured plans Self-insured plans	For plan years that end between October 1, 2012, and September 30, 2013, this fee is \$1 per participant per year. For plan years that end between October 1, 2013 and September 30, 2014, the fee increases to \$2 per participant per year. After that, the rate increases each year by the medical inflation rate: it will be \$2.08 for the upcoming period. We are filing and paying the fee for our fully insured accounts. These fees are included in your monthly premiums. We are not allowed to file and pay for self-funded plans, according to federal rules. Employers who provide a Health Reimbursement Arrangement (HRA) may have additional obligations.
<b>W-2 Reporting Requirement</b>	2012 W-2 forms that are distributed in January 2013	All employers	You are responsible for reporting the cost of employees' health insurance on their W-2 if you filed more than 250 W-2 forms last year. This includes both the cost paid by you and the cost paid by the employee. This amount is not taxable.
<b>Employee Notification of HealthSource RI</b> , the state's health insurance marketplace (exchange)	Notification required by October 1, 2013	All employers	You must provide this notice to all new employees within 14 days of their start date. Links to model notices can be found on the Employer page of <a href="http://bcbsri.com/healthcarereform">bcbsri.com/healthcarereform</a> .
<b>ACA Insurer Fee</b> An annual excise tax on health insurance to fund premium subsidies and Medicaid expansion	Tax years beginning January 1, 2014 and later	Issuers of fully insured plans	This fee is based on the insurer's market share of net premiums written based on the previous year. For example, the 2014 fee will be based on 2013 premiums. Total fee amount to be collected across all insurers starts at \$8 billion in 2014 and increases to \$14.3 billion in 2018. After 2018, the fee increases annually based on premium growth.
<b>High-cost Insurance Tax</b> An annual excise tax on high-cost health plans	Tax years beginning January 1, 2018 and later	Issuers of fully insured plans Self-insured plans	There is a tax of 40% on health plan costs that exceed "Cadillac" plan thresholds of \$10,200 for single coverage or \$27,500 for family coverage. These thresholds are subject to adjustments beginning in 2018. We will provide additional information after final regulations are issued.

## Tax Reporting Requirements to Watch in 2015

In 2016, both fully insured and self-funded large employer groups will be required to provide the IRS as well as individuals with detailed health coverage information for the 2015 calendar year. This information, which will be included in standard forms that are being finalized by the IRS, will enable the IRS to determine if both employers and individuals are complying with the ACA.

Here's what large employers need to know about these requirements:

Group	Required Forms	Who Files Form
<p>Large Groups with 50-plus full-time or full-time equivalent employees</p> <p>(both fully insured and self-funded)</p>	<ul style="list-style-type: none"> <li>• <b>Form 1094-C: Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns.</b> This form must be filed with the IRS along with all Forms 1095-C</li> <li>• <b>Form 1095-C: Employer-Provided Health Insurance Offer and Coverage.</b> This information must be filed with the IRS, and a copy must be provided to the employee by February 1, 2016.</li> </ul>	<ul style="list-style-type: none"> <li>• Employers are required to file Form 1094-C with the IRS.</li> <li>• Employers are required to file Form 1095-C with the IRS and provide a copy to each employee.</li> </ul>

*Small employers (less than 50 full-time employees) who self-fund have separate reporting requirements.*

### Key dates:

**February 1, 2016:** Form 1095-C due to employees

**February 29, 2016:** Both forms due to IRS (paper)

**March 31, 2016:** Both forms due to IRS (electronic files)

**Important news:** On October 31, 2014, HHS announced a delay in enforcement of the regulations governing health plan identifiers (HPID). This gives a reprieve to the large self-funded groups that were required to secure an HPID (the unique 10-digit identifier assigned to health plans) by November 5, 2014 and helps employers who were trying to apply for an HPID but were having issues during the application process. The delay took effect October 31, 2014 and will continue until further notice.

### Learn more online

On [bcbsri.com/healthcarereform](http://bcbsri.com/healthcarereform), you'll find:

- More information on the requirement to offer coverage in 2015
- A timeline, FAQs, glossary, and more!



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