



## Health Care Reform Resource Guide

### New Fees Imposed on Employer-Sponsored Health Plans

#### **Background**

The Affordable Care Act (ACA) has established two temporary fees imposed on employers and their health plans. The first is the Patient-Centered Outcomes Research Initiative fee (PCORI), and the fee amount is set at \$1 per covered life in an employer's health plan for 2013. This fee amount will increase to undetermined amounts in 2014-19, after which the fee is set to expire. PCORI is a non-profit corporation established by the ACA to research and analyze the broad health care industry and provide recommendations on how the system can be improved, including ways to reduce costs and improve care given to patients by comparing the costs and effectiveness of various treatment methods for a given condition.

The second fee is the Transitional Reinsurance Program fee (TRP), and the fee amount is set at \$63 per covered life in an employer's health plan for 2014. This fee amount will increase to undetermined amounts in 2015-16, after which the fee is set to expire. TRP was established to incent insurance companies to offer plans on the state Marketplaces. Given the unknown risks and potentially high costs expected during the early years of the Marketplace, TRP funds are available to insurance companies who experience significant losses from issuing plans on the Marketplace.

#### **Application to WELS VEBA**

We expect that the TRP fee will cost the WELS VEBA plan a total of nearly \$750,000 in 2014 alone. This equates to a rate increase of approximately 2%. Therefore, in addition to the annual increase due to higher medical claims costs, we expect that additional costs due to health care reform will add approximately 2% to the WELS VEBA plan rates for the 2014 plan year.

#### **Resource Links**

- Link to the PCORI website: [www.pcori.org](http://www.pcori.org)
- Centers for Medicare and Medicaid Service factsheet on Transitional Reinsurance Program: <http://cciio.cms.gov/resources/files/hie-reinsurance-fact-sheet-handout.pdf>

#### **Contact WELS Benefit Plans**

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