



Companion Life



UNDERSTANDING ACA FEES AND TAXES

THE AFFORDABLE CARE ACT (ACA) HAS MANY FEES AND TAXES THAT DIRECTLY AFFECT HEALTH INSURANCE PREMIUMS.

Beginning in 2014, insurers will be required to pay an annual Health Industry Fee as part of the ACA. This fee is intended to raise revenues to support the individual insurance market, help fund exchanges and support research into treatment effectiveness. In addition to medical insurance, this fee applies to the sale of all Dental and Vision products. Companion Life will apply this fee to our Dental and Vision rates effective January 1, 2014.

This federal fee results in an additional business expense for all health insurance carriers beginning in 2014. Using national health care projections, Companion estimates this fee to be 2.4% of dental and vision premium in 2014 and is scheduled to increase in subsequent years. Therefore, beginning in January, 2.4% will be added to the billing statements of our Dental and Vision customers. In addition, the fee is scheduled to increase at renewal. The fee will be shown as a line item on the billing statement, since it is a mandated federal tax and not a rate increase.

HEALTH INDUSTRY FEE FAQs

What is the fee?

It is a permanent, annual fee imposed by the federal government to help fund the ACA. Beginning in 2014, all health insurance carriers are responsible for ensuring these fees are paid to the government.

Is the fee required?

Yes. It is part of the ACA.

Who has to pay the fee?

The fee is divided among health insurance carriers based on each carrier’s share of the overall premium base, and will only be assessed relative to insured health plans, including medical, dental and vision plans.

Why is Companion Life adding this fee to billing statements beginning in 2014?

This is a fee we must collect to comply with the ACA.

Is there a commission on this fee?

No. This fee is paid directly to the federal government as part of the ACA.

How is the fee calculated?

The total fee is based on a fixed dollar schedule that starts at \$8 billion in 2014 and increases annually to \$14.3 billion in 2018. Beyond 2018, the total fee will increase in direct proportion to the growth in health insurance premiums. Self-funded, employer-sponsored plans will not be included in the premium base.

How long will we have to pay it?

Right now, the fee is a permanent part of the ACA.

What is the purpose?

To support the individual insurance market, to help fund the exchanges and to research medical treatments.

Here is a projection of the fee-based revenues.

YEAR	REVENUE (BILLIONS)
2014	\$8.0
2015	\$11.3
2016	\$11.3
2017	\$13.9
2018	\$14.3
2019 and beyond	Prior year + premium growth rate