

# Legislative Brief

## HCR - REINSURANCE CONTRIBUTIONS

Nov. 17, 2014

REINSURANCE CONTRIBUTION FORM SUBMISSION DEADLINE EXTENDED AGAIN UNTIL DEC. 5, 2014

### SUMMARY:

- Generally **employers who sponsor self-funded health plans that offer major medical coverage providing minimum value** must report the number of covered lives under those plans and schedule the plan's reinsurance contribution payment via a form on [www.pay.gov](http://www.pay.gov) by Nov. 15 each year.
- **The regulatory deadline of Nov. 15 was extended to Nov. 17, 2014 because Nov. 15 falls on a Saturday in 2014. Subsequent guidance released late on Nov. 14, 2014 (Friday) extends the 2014 deadline until 11:59 p.m. on Dec. 5, 2014.**
- As part of completing the reinsurance contribution fee [form](#), the number of covered lives must be submitted and payment must be scheduled. Payment of the reinsurance contribution may be made in two parts—the first payment must occur by Jan. 15, 2015 and be at least \$52.50 per covered life, the second payment must occur by Nov. 15, 2015 and cover the remainder amount of \$10.50 per covered life. Alternatively, an applicable payer has the option of paying the entire amount by Jan 15, 2015 (i.e., \$63.00 per covered life). **The reinsurance contribution payment deadlines remain the same; the extension provided to file the form, provide membership data and to schedule payment does not affect the timing of payment.**
- CMS has provided a [form manual](#) with detailed instructions regarding the submission process. **Supporting documentation must be submitted as a CSV file.** Attached is a [supporting documentation template](#) utilizing Microsoft Excel for you to input the necessary membership data. Once inputted the template can be used to create a CSV file.

As mentioned in our prior articles, the Affordable Care Act (ACA) created a transitional reinsurance program to help stabilize premiums for coverage in the individual market from 2014 through 2016. Insurers of fully insured group health plans and plan sponsors of self-funded group health plans (collectively “contributing entities”) are required to make reinsurance contributions annually, from 2014 through 2016, for plans that offer major medical coverage providing minimum value. There is an exception for self-insured, self administered plans, **group health plans that do not use a TPA for the core administrative functions** of claims processing or adjudication (including management of appeals) or plan enrollment. However, very few plans will meet this exception. For a more detailed discussion of minimum value, plans subject to the reinsurance contribution and special rules, please see our past [articles](#). These fees will be used to help stabilize premiums for coverage in the individual market.

The regulatory deadline for submitting the reinsurance fee contribution form is **Nov. 15th** for each applicable year. However, because Nov. 15, 2014, is a Saturday, HHS provided contributing entities until Nov. 17, 2014 to submit their annual enrollment counts for the 2014 benefit year. After numerous requests for an additional extension, **HHS has now extended this deadline further until 11:59 p.m. Dec. 5, 2014**, which provides contributing entities an additional three weeks in which to file the form (which includes submitting membership counts and scheduling payment).

It is important to note that the reinsurance contribution payment deadlines remain the same; the extension provided to file the form, provide membership data and to schedule payment does not affect the timing of payment. The first reinsurance payment remains due no later than Jan. 15, 2015.

The following recaps the updated reinsurance contribution deadlines and the collection process. For more detailed information, please refer to our prior articles regarding reinsurance contributions located on our [website](#).

## UPDATED Deadlines

These fees may be paid in two installments—one at the beginning of the calendar year following the applicable benefit year, and then one at the end of that calendar year. Key deadlines for the 2014 benefit year are:

- **Dec. 5, 2014**—The regulatory deadline to submit the contribution form to HHS is Nov. 15th. For the 2014 benefit year, a contributing entity may now submit its annual enrollment count no later than **Friday, Dec. 5, 2014 at 11:59 p.m.** However, HHS is encouraging contributing entities to file before Dec. 5, 2014, in order to avoid any technical difficulties.
- **Jan. 15, 2015**—The first payment of \$52.50 per covered life is payable by the regulatory deadline of Jan. 15, 2015. This payment will be allocated towards reinsurance payments and administrative expenses.
- **Nov. 15, 2015**—The second payment of \$10.50 per covered life is payable by the regulatory deadline of Nov. 15, 2015. This payment will be allocated towards payments to the U.S. Treasury.

## The Collection Process

- A contributing entity can complete all of the required steps (that is, registration, submission of annual enrollment count and remittance of contributions) on [www.pay.gov](http://www.pay.gov). Using a [contribution form](#), entities will provide basic company and contact information and the annual enrollment count for the applicable benefit year. The form will auto-calculate the contribution amounts. To complete the submission, entities will also submit payment information and schedule a payment date for the contributions. Supporting documentation must also be submitted through [www.pay.gov](http://www.pay.gov) with the contribution form.
- Attached is a [supporting documentation template](#) utilizing Microsoft Excel for you to input membership data into a supporting document. Once inputted, the template can be used to create a CSV file. Supporting documentation is limited to certain field lengths based on the requirements of the database and the following constraints:
  - Inputted data may not contain the following special characters: \* < > \ / % ^ , + ? " ` { } [ ] ! ~ & = #
  - Supporting documentation must not exceed 2 MB.
  - Supporting documentation must be submitted as a CSV file.
  - For self-funded plans, the reporting entity and contributing entity generally will be identical (i.e., the employer).

## More Information

CMS has provided a webpage with TRP details at <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/The-Transitional-Reinsurance-Program/Reinsurance-Contributions.html>. This page also contains:

- A detailed 64 page CMS manual describing the process (which can also be found [here](#)).
- A manual to assist in creating the supporting documentation file.

The health care reform law—the Affordable Care Act (ACA)—has many complex requirements for employers and health plans. Please contact Kapnick Insurance Group with any questions about how you can prepare for any of the health care reform requirements. This Kapnick Insurance Group Update is not intended to be exhaustive nor should any discussion or opinions be construed as legal or tax advice. The information contained in this communication is intended to provide general information regarding health care reform and related topics, and is based on general information available at the time it was prepared. Readers should contact their tax and/or legal counsel for advice that is appropriate to their specific circumstances. This information cannot be used by any taxpayer to avoid tax penalties.

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