

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: October 28, 2014		DATE SUBMITTED: October 16, 2014	
DEPARTMENT OF ORIGIN: Risk Management		SUBMITTED BY: Cindy Kirk	
MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input type="checkbox"/> PUBLIC SAFETY
<input type="checkbox"/> SPECIAL	<input checked="" type="checkbox"/> CONSENT	<input type="checkbox"/> 2ND READING	<input type="checkbox"/> SERVICE
<input checked="" type="checkbox"/> REGULAR	<input type="checkbox"/> STATUTORY		<input type="checkbox"/> ECONOMIC DEVELOP.
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input type="checkbox"/> INFRASTRUCTURE
			<input checked="" type="checkbox"/> QUALITY OF LIFE
AGENDA ITEM DESCRIPTION: Consider approving payment to the Department of Health and Human Services (HHS) in the amount of \$123,984 for Transitional Reinsurance Program fees.			
<p>SUMMARY STATEMENT: The Affordable Care Act (ACA) requires health insurance issuers and self-funded group health plans to fund a Transitional Reinsurance Program in place from 2014 to 2016. Through the program, reinsurance fees are distributed to health insurance issuers in the individual market. The assumption is the individual market, which also includes health insurance purchased through individual Exchanges (also called Health Insurance Marketplaces), may disproportionately attract individuals at risk for high medical costs. The Reinsurance Fee funds reinsurance for high-cost enrollees in the individual market plans with the intent to stabilize premiums in the individual market.</p> <p>Reinsurance Fees are collected by the Department of Health and Human Services (HHS). The fees are based on enrollment counts (covered members – employees, spouses, and dependents) for the first nine (9) months of the calendar year. Enrollment counts are submitted using the required web-based application, www.pay.gov. Pay.gov auto-calculates the contribution amount. The deadline for submitting the enrollment count is November 15, 2014; however, as of this writing, the enrollment submission website is not yet available.</p> <p>The health reform law specifies the total amounts of the Reinsurance Fee to be collected for the Reinsurance Program: \$12 billion for 2014, \$8 billion for 2015 and \$5 billion for 2016, totaling \$25 billion.</p> <ul style="list-style-type: none"> • For 2014, the Reinsurance Fee is \$63 per member per year. • For 2015, the fee is \$44 per member per year. • For 2016, the fee is yet to be determined. <p>The Reinsurance Fee may be submitted in two installments for the 2014 calendar year. The first installment of \$52.50 per covered member goes to reinsurance payments and administrative expenses and is due January 15, 2015. The second installment of \$10.50 per covered member goes to the U.S. Treasury and is due November 15, 2015.</p> <p>Based on 1,968 covered members, the 2014 estimated Reinsurance Fee for the City of Bryan Health Plan is \$123,984 with \$103,320 due by January 15, 2015 (first installment) and \$20,664 due by November 15, 2015 (second installment). Employee insurance premiums were increased this year to partially cover the cost of this fee and another mandated ACA fee.</p>			

The City's fee is based on the following:

Estimated City of Bryan Reinsurance Fee

Using the Snapshot Count Method:

City of Bryan counts its covered members on the first day of the first three quarters of the plan year.

January 1, 2014	1,967 members
April 1, 2014	1,968 members
July 1, 2014	1,969 members

	5,904 <i>divide by 3</i>

	1,968

Average membership count for the first nine months of the year (1,968) x \$63 fee = \$123,984 (i.e., the estimated payment for 2014 to be paid in 2015)

Note: Historical financial payments do not exist as Fiscal Year 2015 marks the first payment to this federal mandate. Additionally, staff's assumption on future fiscal year payments is based on information currently available. The City cannot predict future federal mandates or changes in guidelines.

STAFF ANALYSIS AND RECOMMENDATION: Staff respectfully requests the City Council approve the estimated payment of \$123,984 to the Department of Health and Human Services (HHS) for the 2014 Transitional Reinsurance Program fees required by the Affordable Care Act. The first installment of \$103,320 will be paid by January 15, 2015, and the second installment of \$20,664 will be paid by November 15, 2015.

OPTIONS (In Suggested Order of Staff Preference):

1. Approve the estimated payment of \$123,984 to the Department of Health and Human Services (HHS) for the 2014 Transitional Reinsurance Program fees required by the Affordable Care Act. The first installment of \$103,320 will be paid by January 15, 2015, and the second installment of \$20,664 will be paid by November 15, 2015.
2. Do not approve payment, be out of compliance with the Affordable Care Act, and expect penalties for non-compliance. The maximum expected penalty is \$100 per day for each affected plan member (\$196,800/day).

ATTACHMENTS:

FUNDING SOURCE: FY2015 budget– Employee Benefits Fund (as budgeted)

APPROVALS: Hugh R. Walker, 10/16/2014

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 10/17/2014

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 10-18-2014