

Meeting Date (?) 11/10/2015

Subject Matter* (?) ACA Transitional Reinsurance Program fees
This must match rolling agenda entry

Department of Origin* RISK MANAGEMENT

Submitted By* Cindy Kirk

Type of Meeting* BCD Special Regular

Classification* Public Hearing Consent Statutory Regular

Ordinance* None First Read Second Read First & Only Read

Strategic Initiative* Public Safety Service
 Economic Development Infrastructure
 Quality of Life

Agenda Item Description* Consider approving payment to the Department of Health and Human Services (HHS) in the amount of \$87,956 for Transitional Reinsurance Program fees.

Summary Statement *

The Affordable Care Act (ACA) created a three-year reinsurance program that reimburses certain health insurers in the individual market for losses they sustain when they enroll individuals who are higher-cost claimants. The intent was to stabilize premiums in the individual market. Health insurers and group health plans must contribute to this program by paying fees over a three-year period.

Reinsurance Fees are collected by the Department of Health and Human Services (HHS). The total amount to be collected under the reinsurance program from insurers and self-insured group health plans is \$25 billion over three years. \$20 billion of the amount collected will fund the reinsurance pool, while the remaining \$5 billion will be paid to the US Treasury.

The following are the Reinsurance Program Funding and Contribution Rates:

Year -Reinsurance Pool -US Treasury -Total -Reinsurance Rate

2014 -\$10 billion -\$2 billion -\$12 billion -\$63

2015 -\$6 billion -\$2 billion -\$8 billion -\$44

2016 -\$4 billion -\$1 billion -\$5 billion -\$27

Total -\$20 billion -\$5 billion -\$25 billion

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.

2014 was the first year for which these fees were assessed. City of Bryan paid \$123,984 for 2014 fees. The 2015 Reinsurance Fee may be submitted in two installments. The first installment (\$33 per covered member) is due January 15, 2016. The second installment (\$11 per covered member) is due November 15, 2016.

Based on 1,999 covered members, the 2015 Reinsurance Fee for the City of Bryan Health Plan is \$87,956 with \$65,967 due by January 15, 2016 (first installment) and \$21,989 due by November 15, 2016 (second installment).

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, 2015 1,980 members

April 1, 2015 2,010 members

July 1, 2015 2,006 members

5,996 divide by 3

1,999 - average covered members

The average membership count for the first nine months of the year (1,999) x \$44 = \$87,956 (i.e., the payment for 2015 to be paid in 2016).

Staff Analysis & Recommendation *

Staff respectfully requests the City Council approve the payment of \$87,956 to the Department of Health and Human Services (HHS) for the 2015 Transitional Reinsurance Program fees required by the Affordable Care Act. The first installment of \$65,967 will be paid by January 15, 2016, and the second installment of \$21,989 will be paid by November 15, 2016.

Options *

(In Suggested Order of Staff Preference)

1. Approve the payment of \$87,956 to the Department of Health and Human Services (HHS) for the 2015 Transitional Reinsurance Program fees required by the Affordable Care Act. The first installment of \$65,967 will be paid by January 15, 2016, and the second installment of \$21,989 will be paid by November 15, 2016.

2. Do not approve payment, be out of compliance with the Affordable Care Act, and expect penalties for non-compliance. The maximum penalty is \$100 per day for each affected plan member (\$199,900/day).

Funding Source *

Employee Benefits Fund (as budgeted)

Attachments

Please detail attachments and note attachments available for viewing in City Secretary's Office:

Dept. Head Signature



Cynthia Kirk

Deputy City Manager
Signature



Hugh R. Walker

City Manager Signature



[Handwritten Signature]

City Attorney Signature



Janis K. Hampton