

The Affordable Care Act:

How it impacts your small group plan and premium



The Affordable Care Act (ACA), also known as the health care reform law, affects health care benefits and costs for businesses and employees. For the past several years, one of our top priorities has been to help you understand and prepare for components of the law that impact you and your employees.

Among the provisions of the ACA are federally-required fees and taxes. These provisions take effect January 1, 2014* and are accounted for in all renewals, as some coverage months, even when renewing in 2013, fall past the January 1, 2014 effective date.

Please be aware that the required taxes and fees are not exclusive to Anthem. They apply to all insurers who offer health insurance benefits, regardless of health plan carrier.

The following are just a few of the new fees and taxes required by the ACA:

- **Comparative effectiveness research (CER) fee**

This fee funds a new Patient-Centered Outcomes Research Institute which examines the effectiveness, risks and benefits of medical treatments. It applies to fully-insured and self-funded employer groups, and took effect in October 2012. We pay the fee for fully-insured customers, but self-insured (ASO) plans must pay their own CER fees.

- **ACA reinsurance fee**

This fee will support the transitional reinsurance program that aims to stabilize premiums for coverage in the individual market and lower the effects of adverse selection. It applies to fully-insured and self-funded employer groups. Starting January 2014, the fee will be included in your monthly bill.**

- **ACA insurer fee**

This annual fee funds premium subsidies for the health care exchanges and Medicaid expansion. It applies to fully-insured employer groups only. Effective January 2014, the fee will be included in your monthly bill.**

As one of America's largest health plans, Anthem understands the challenges these higher costs place on businesses and families. We stay committed to giving access to quality health care at a superior value, and working to control health care costs for all of us.

And as always, we are here to help. Visit our health care reform website — makinghealthcarereformwork.com/healthcarereform.com — for updates and resources. If you have questions, please contact your Anthem representative, broker or consultant.

* CER fee took effect September 2012.

**Since the fees become effective January 2014 regardless of renewal date, we have calculated the amounts applicable starting with January 2014 through the end of your coverage period, and those amounts have been prorated across your full coverage period.

Proration of ACA Fees for Small Groups:

For plan years that begin after January 1, 2013, we will adjust your group's annual premium rates to reflect the pro-rated portion of your plan year that extends into 2014. Only the portion of the plan between January 1, 2014 and your ending renewal date in 2014 is subject to the ACA fees. For example, if your plan year begins on March 1, 2013, you are subject to the ACA fees for the months of January and February 2014. We will calculate that pro-rated 2 month cost and distribute these ACA fees over the full plan year. This approach will allow you to maintain a uniform premium rate throughout the complete plan year period. For fully-insured contracts, you will be charged the Affordable Care Act (ACA) comparative effectiveness fee, carrier premium tax and reinsurance fees.

More changes affecting your health plan.

- **Annual fee on pharmaceutical manufacturers (2011) and excise taxes on medical devices (2013) may increase claim expenses to your plan.**
- **Employee salary reduction contributions to health FSAs will be limited to \$2,500 per year, with indexed increases allowed in future years to adjust for inflation (2013).**
- **Adjusted Community Rating and Market Restriction (2014) may cause more substantial rate increases than under current rating requirements.**
Health insurance in the individual and small group markets will only be able to vary premiums by family size, geography and age. The impact of age factors will be limited to a range of 3 to 1.
- **Pre-existing condition exclusions must be removed for all members, not just those under age 19 (2014).**
- **Plan design deductibles , in most cases, may not exceed a \$2,000 (self-only) or \$4,000 (other than self-only) annual limitation (2014).**

