

# Overview of ACA taxes and fees

We will continue to update this document to reflect any changes, as well as new Affordable Care Act (ACA) guidance.

Tax/fee	Effective date	Responsible party	Annual tax/fee amount
<b>Pharmaceutical industry fee</b> – a yearly fee on branded prescription drug manufacturers and importers	Applies to branded prescription drug sales after December 31, 2010	Manufacturers or importers with gross receipts from branded prescription drug sales	Amount is determined by the branded prescription drug sales during the calendar year and percentage of gross receipts taken into account.
<b>Medical device manufacturer tax</b> – a yearly excise tax on medical device manufacturers and importers	Applies to medical device sales after December 21, 2012	Manufacturers or importers with gross receipts from medical device sales	Amount paid is 2.3% of the selling price.
<b>Indoor tanning services tax</b> – a tax on any service that uses an electronic product with one or more ultraviolet lamps for skin tanning	Applies to services performed on or after July 1, 2010	Individuals who use the services	Tax is equal to 10% of the amount paid for a service.
<b>Comparative effectiveness research fee</b> – this fee funds research on the effectiveness, risks and benefits of medical treatments through the Patient-Centered Outcomes Research Institute	Applies to plan/policy years that end after September 30, 2012, and begin before October 1, 2019	Issuers of fully insured plans Self-insured plan customers	For plan years that ended October 1, 2012, through September 30, 2013, this fee was \$1 per participant per year.  For plan years that end October 1, 2013, through September 30, 2014, the fee increases to \$2 per participant per year.  After that, the rate increases each year by the medical inflation rate.
<b>ACA insurer fee</b> – a yearly fee to fund premium subsidies and Medicaid expansion	Beginning January 1, 2014, and later. Implemented by Anthem on a prorated basis as early as February 2013.	Issuers of fully insured plans (including dental and vision plans)	Based on the insurer's market share of net premiums written for the previous year. For example, the 2014 fee is based on 2013 premiums.  Total fee amount to be collected across all insurers starts at \$8 billion in 2014 and increases to \$14.3 billion in 2018. After 2018, the fee increases annually based on premium growth.  In 2014, the fee was 2.46% of premium (before state tax gross-up).*  The fee for 2015 is 3.48% (before state tax gross-up).*

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# Overview of ACA taxes and fees (continued)

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<p><b>ACA reinsurance fee</b> – this supports the transitional reinsurance program that aims to stabilize premiums for coverage in the individual market and lower the effects of adverse selection</p>	<p>Beginning in the three-year period starting January 1, 2014. For fully insured business, Anthem implemented on a prorated basis as early as February 2013.</p>	<p>Contributions are required for both fully insured and self-insured plans</p> <p>Exception: Employers are not subject to this fee for employees covered by both employer coverage and Medicare, in situations when Medicare has primary claims liability</p>	<p>Funds will be used to make reinsurance payments to health insurance issuers that cover high-cost individuals in non-grandfathered Individual market plans.</p> <p>In 2014, the fee was \$5.25 per participant per month.</p> <p>The fee for 2015 is \$3.67 per participant per month.</p> <p>For 2016, it is estimated to be \$2.25 per participant per month.</p>
<p><b>High-cost insurance tax</b> – a yearly excise tax on high-cost health plans</p>	<p>Tax years beginning January 1, 2018, and later</p>	<p>Issuers of fully insured plans</p> <p>Sponsors/administrators of self-insured plans</p>	<p>Tax of 40% on health plan costs that exceed “Cadillac” plan thresholds of \$10,200 for single coverage or \$27,500 for family coverage.</p>

\* The percentage is a blended average; the actual amount is the impact based on the specific state’s tax rate on insurance companies on an after-tax basis.

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