

Summary of the Health Care Fairness and Stability Act of 2014

Senators Al Franken and Mark Kirk

The Health Care Fairness and Stability Act will provide relief to self-funded businesses and multi-employer health plans by delaying the collection of a significant health care fee. This important legislation also aims to reduce the total amount of the fee collected, by requiring that the federal government collect only as much as is needed to fund the transitional reinsurance program—a program created to help stabilize insurance premiums in the individual market.

The Transitional Reinsurance Program

Under the Affordable Care Act, millions of Americans will purchase health coverage on the new Health Insurance Marketplaces. Section 1341 of the ACA created a temporary reinsurance program to help stabilize premiums in the individual market during the first three years of the newly-reformed insurance market (2014-2016). Reinsurance payments will be made to individual market issuers that cover high-cost individuals. This program is funded by a requirement that all health insurance issuers and sponsors of self-funded health products (including many employers) contribute to a fund for the three-year life of the program. For 2014, the contribution has been set at \$63 per covered life.

The problem

Many self-funded entities, including large businesses and multi-employer health plans, are required to pay this fee even though they will never be eligible to participate in this program. Additionally, the amount of the fee collected this year would be based on the estimated cost of the program, rather than the actual cost, because the fees will be collected in the same years that the program will be administered.

The Health Care Fairness and Stability Act

The bill will shift back by three years the collection of payments, helping employers and other health plan sponsors by granting an additional three years to comply. The bill also requires the payments collected to be limited to the actual amount that the program cost, rather than calculating the amount of the fees based on an estimate of the program costs.

It's important to note that the reinsurance program itself will not be delayed and payments to insurers with high-cost will continue as scheduled and in the same amounts. This bill is designed to be budget neutral as all the payments made by the program will still be fully offset by dedicated collections.