



Date: February 29, 2016

Subject: Frequently Asked Questions on the 2017 Moratorium on Health Insurance Provider Fee

Section 9010 of the Affordable Care Act (ACA) charges a fee to each covered entity engaged in the business of providing health insurance. The Consolidated Appropriations Act of 2016, Division Q, Title II, § 201, suspends collection of the Health Insurance Provider Fee (“Fee”) for the 2016 calendar year. Thus, health insurance issuers are not required to pay the Fee in 2017. These FAQs have been prepared by the Department of Health and Human Services (HHS) to provide guidance on how the moratorium is expected to affect 2017 rate filings for single risk pool plans in the individual and small group market. Guidance for covered entities was also issued in the Internal Revenue Service (IRS) “Health Insurance Provider Fee: 2017 Moratorium – Questions and Answers.”¹

Q1: Does the 2017 moratorium apply to the 2017 fee year or the 2017 data year?

Under the recent legislation, the moratorium applies to the payment that would be due in the 2017 calendar year based on 2016 data. [Treasury regulations refer to this as the payment for the 2017 fee year.²]

Q2: What is the 2017 fee amount that would have been collected but for the moratorium?

The applicable amount for the 2017 fee year is \$13.9 billion.³

Q3: Will the 2017 moratorium affect the fee amount for the 2018 fee year?

No. The moratorium has no effect on the fee amount for the 2018 fee year. The legislation enacting the moratorium limited it to one year.

Q4: What is the expected impact on 2017 plan year rate changes as a result of the moratorium?

The Fee is part of administrative costs for health insurance plans. Because the Fee is not being collected for the 2017 fee year, administrative costs for plans in all impacted markets are expected to be adjusted appropriately to account for the moratorium.

With regard to single risk pool filings in the individual and small group markets, administrative costs are one of the permissible plan-level adjustments to the index rate.⁴ It is expected that the 2017 plan adjusted index rate will be adjusted downward to account for the moratorium of the Fee where appropriate.

¹ <https://www.irs.gov/Businesses/Corporations/Health-Insurance-Provider-Fee-2017-Moratorium-Questions-and-Answers>

² 26 CFR 57.2(g)

³ 26 CFR 57.4 – Fee Calculation

⁴ 45 CFR 156.80