

Transitional Reinsurance Program – Refund Requests Must be Submitted by April 30

CMS has issued important guidance about the timing of requests for refunds for overpayment of the transitional reinsurance fee. Plan sponsors who misreported the number of covered lives for purposes of the fee due to a mistake in applying a counting method or including exempt individuals may request a refund – but must do so by April 30, 2015.

Background

The Affordable Care Act's (ACA)'s transitional reinsurance program is intended to provide temporary funding to insurers that incur high claims costs in the individual market both inside and outside the public marketplaces. The program is funded by fees assessed on insured and self-insured group health plans for 2014, 2015 and 2016. (See our [March 25, 2014 For Your Information.](#)) For 2014, plan sponsors were required to report the number of covered lives by December 5, 2014 for payments to be made during 2015. (See our [November 17, 2014 FYI Alert.](#))

Refund Request Deadline

On April 14, the Centers for Medicare & Medicaid Services (CMS) issued [guidance on refund requests](#) for entities that may have misreported their annual enrollment count for 2014. CMS indicated it is aware that some entities have overpaid because of an error in counting caused either by misapplying a permitted counting method or by counting individuals who need not be included for purposes of the fee (for example, paying the fees on retirees enrolled in Medicare, or employees in a US territory such as Guam or Puerto Rico). Plan sponsors may correct an error by refiling the ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission Form through pay.gov. If the payment has already been processed, the plan sponsor may refile and CMS will refund the overpayment.

April 30 Just Days Away

If you plan to request a refund for the 2014 benefit year, you must act quickly.

Although the instructions in the guidance are not entirely clear, it appears that in addition to refiling the form, plan sponsors must send a refund request to CMS at reinsurancecontributions@cms.hhs.gov.

Refund requests for the 2014 benefit year must be submitted to CMS by April 30, 2015 or 90 days from the date of the original submission, whichever is later. Refund requests for 2015 and 2016 must be submitted within 90 days from the date of form submission.

Comment. Plan sponsors who made their 2014 submission by the December 5, 2014 deadline must request a refund by April 30, 2015, which provides very little time for action. A plan sponsor that correctly applied one of the counting methods cannot make a request to change its enrollment count or payment after the reporting deadline for a particular benefit year.

Reinsurance Contribution Collections

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 program for insurers, while the remaining \$5 billion will be paid to the US Treasury.

Year	Reinsurance Program	US Treasury	Total
2014	\$ 10 billion	\$ 2 billion	\$ 12 billion
2015	\$ 6 billion	\$ 2 billion	\$ 8 billion
2016	\$ 4 billion	\$ 1 billion	\$ 5 billion
Total	\$ 20 billion	\$ 5 billion	\$ 25 billion

CMS also [announced](#) on April 14 that approximately \$8.7 billion in reinsurance contributions had been collected for 2014, and that roughly another \$1.0 billion was scheduled to be collected by November 15, 2015. The total of \$9.7 billion is \$2.3 billion less than the targeted \$12 billion.

Comment. The shortfall in anticipated reinsurance contributions raises a concern for employers about whether they will be required to contribute additional amounts for 2014, or if future contribution rates will be increased to cover this deficit. This shortfall could require employers to contribute as much as 20% more than currently anticipated.

In Closing

Relief is available for plan sponsors who overpaid the transitional reinsurance fee due to either an error in applying a counting method or counting individuals who are exempt from consideration for purposes of the fee. Plan sponsors who would like to request a refund for the 2014 benefit year, however, must act quickly, as the April 30, 2015 deadline is rapidly approaching.

Authors

Kimberley Mitchell, JD
Richard Stover, FSA, MAAA

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