



BOARD OF DIRECTORS

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**Meeting Location:
Fresno County Employees' Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
December 8, 2016 9:00 AM**

AGENDA DATE: December 8, 2016

ITEM NUMBER: Item 14

SUBJECT: Receive and file update on Affordable Care Act Fees and Taxes (I)

REQUEST(S): That the Board receive and file update on the Affordable Care Act fees and taxes

DESCRIPTION:

The Affordable Care Act (ACA) imposed a range of fees and taxes on health insurance carriers and plan sponsors. The fees are intended to offset some of the costs incurred by the federal government. Two of the fees and taxes imposed under the ACA affect the SJVIA:

1. Patient Centered Outcomes Research Institute Fee (PCORI) – Requires insurers and Self-Funded Plan Sponsors to pay a fee to provide evidence-based research that is intended to help people make informed health care decisions. PCORI fees apply to plan years 2013 through 2019.
2. Transitional Reinsurance Program Assessment Fee (TR) – Requires insurers and Self-Funded Plan Sponsors to fund a program designed to help stabilize premiums for coverage in the individual market during calendar years 2014 through 2016.

All required ACA fees have been paid by the SJVIA since the mandate required it, with the exception of the 2016 Transitional Reinsurance Fee and PCORI fees, both of which are scheduled to be paid in 2017. Following are two tables showing the total fees incurred thus far by the SJVIA due to the ACA:

AGENDA: San Joaquin Valley Insurance Authority

DATE: December 8, 2016

PCORI		
Year	Fee (PMPY)	Total Paid by SJVIA
2013	\$1.00	\$31,826
2014	\$2.00	\$35,250
2015	\$2.08	\$34,687
2016	\$2.08	TBD
2017-2019	Fee adjusted to reflect Inflation	
Total		\$101,763

Transitional Reinsurance		
Year	Fee (PMPY)	Total Paid by SJVIA
2014	\$63.00	\$1,039,031
2015	\$44.00	\$694,739
2016	\$27.00	\$441,791
TOTAL		\$2,175,561*
*Total includes 2016 Fees incurred but not paid. Payment scheduled for two installments: Jan 2017 and November 2017		

FISCAL IMPACT/FINANCING:

See above illustration.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager