

COUNCIL ACTION FORM

SUBJECT: TRANSITIONAL REINSURANCE FEE

BACKGROUND:

The federal Patient Protection and Affordable Care Act (ACA) requires that self-funded health care insurers like the City of Ames pay a Transitional Reinsurance Fee for each plan year from 2014 to 2016. The City is thus required to make three, one-time payments to the federal government.

This fee is based on the number of covered lives on an insured's plan and is calculated by the Department of Health and Human Services (HHS). HHS is also the entity responsible for collecting these fees. Insured counts are due each year by November 15th with payment information entered and scheduled for a January 15th automated deduction.

This year's fee amount has been calculated as \$66,748. Funding to cover this expense was included in the adopted 2015/16 budget.

ALTERNATIVES:

1. Approve the ACA Transitional Reinsurance Fee amount for payment to the Department of Health and Human Services by January 15, 2016.
2. Do not approve this amount for payment.

MANAGER'S RECOMMENDED ACTION:

This mandated payment is due to HHS each year in order for the City to maintain compliance with the Affordable Care Act.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the amount of \$66,748 for payment by January 15, 2016.