



Date: February 12, 2016

Subject: The Transitional Reinsurance Program’s Contribution Collections for the 2015 Benefit Year

Section 1341 of the Affordable Care Act established a transitional reinsurance program to help stabilize premiums in the individual market inside and outside of the Marketplaces. The transitional reinsurance program collects contributions from health insurance issuers and certain self-insured group health plans (collectively, “contributing entities”) at an annual per capita contribution rate to fund reinsurance payments to issuers of non-grandfathered reinsurance-eligible individual market plans, the administrative costs of operating the reinsurance program, and the general fund of the U.S. Treasury for the 2014, 2015 and 2016 benefit years.

In order to meet the targets for the 2015 benefit year, the Department of Health and Human Services (HHS) established an annual per capita contribution rate of \$44.00 in the HHS Notice of Benefit and Payment Parameters for 2015 Final Rule (79 FR 13744, 13775). Contributing entities were given the option to pay the 2015 benefit year contribution: (1) in one payment to be remitted no later than January 15, 2016, reflecting \$44.00 per covered life; or (2) in two separate payments, with the first payment due by January 15, 2016, reflecting \$33.00 per covered life, and the second payment due by November 15, 2016, reflecting \$11.00 per covered life.

For the 2015 benefit year, HHS anticipates that it will have **\$7.7 billion in reinsurance contributions to be used for reinsurance payments.**

Based on submissions from contributing entities for the 2015 benefit year as of February 3, 2016, HHS estimates that it will collect a total of \$6.5 billion. Of this amount:

- Approximately \$5.5 billion has already been collected, all of which will be used for reinsurance payments for the 2015 benefit year; and
- An approximately additional \$1.0 billion is scheduled to be collected by November 15, 2016, of which \$500 million will be used for reinsurance payments for the 2015 benefit year, and \$500 million will be allocated on a pro rata basis for program administration and to the General Fund of the U.S. Treasury.¹

¹ As finalized in the Patient Protection and Affordable Care Act; Exchange and Insurance Market Standards for 2015 and Beyond Final Rule (79 FR 30257), since collections fell short of the estimates for the 2015 benefit year, the first

Furthermore, approximately \$1.7 billion in reinsurance contributions are being carried over from the 2014 benefit year, which will be used for reinsurance payments for the 2015 benefit year, in accordance with our regulations.

As noted in the “Interim Reinsurance Payments for the 2015 Benefit Year,” HHS will make an early payment at a coinsurance rate of 25% under the transitional reinsurance program for the 2015 benefit year to issuers of reinsurance-eligible plans starting in March 2016.² The final 2015 coinsurance rate and final estimated reinsurance payment amounts will be announced in the final estimated reinsurance payment reports for the 2015 benefit year issued June 30, 2016.

\$6 billion in contributions collected will be allocated for reinsurance payments. Any contributions collected between \$6 billion and \$8.025 billion will be allocated on a pro rata basis to the General Fund of the U.S. Treasury and the administrative costs for operating the program.

² <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Early-Reinsurance-Guidance-FInal-10-09-15.pdf>.