



health reform

Keeping you connected to the Affordable Care Act

Upcoming Affordable Care Act taxes effective 2014

What is it?

The Affordable Care Act (ACA) requires that taxes be collected in order to fund certain provisions of health reform. Beginning January 1, 2014, there are two new taxes that will go into effect. Below is a summary of what they are and how you can prepare.

The health insurer tax – This annual tax is designed to offset a portion of the expenses related to providing premium subsidies and tax credits to qualified individuals purchasing coverage through exchanges. This tax will be applicable to all small groups effective January 1, 2014, and is expected to be approximately 2.3% of dues and/or premiums.

Transitional reinsurance contribution program tax – This tax will be used to fund transitional reinsurance programs in each state to help cover costs of the highest-risk individuals in the non-group market. It is effective from 2014 to 2016 and applies to all small groups as of January 1, 2014. In 2014, the tax is estimated to be \$5.25 per Blue Shield member, which is approximately 1.5% of dues and/or premiums.

What does this mean to me and my employees?

When these taxes go into effect, customers' dues and/or premiums will increase by an amount that covers the new taxes. Starting with January 2014 bills, the new taxes will be included as a percentage of the dues and/or premiums.

Small group employers will continue to have a 12-month rate guarantee and the plan **base** rates will continue to be in effect for 12 months. As mentioned above, however, in January 2014, the two taxes will be added to plan dues and/or premiums.

Why choose Blue Shield?

Affordable and **flexible product designs**.

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Learn more about the Affordable Care Act (ACA)

Visit our website for more information about the ACA, its many requirements, and how we're preparing for the changes ahead. Go to blueshieldca.com/employer-aca, or contact your broker or Blue Shield representative.