



DELTA DENTAL OF MASSACHUSETTS

Health Industry Fee*

As part of the Patient Protection and Affordable Care Act (PPACA), insurers will be required to pay an annual industry fee beginning in 2014. The Health Industry Fee is intended to raise revenues that will support the individual insurance market, help fund exchanges, and support research into treatment effectiveness. Insurance companies will likely begin to reflect this additional cost in their premium rates in 2013 or 2014.

The fee will be divided among health insurance carriers based on each carrier's share of the overall premium base, and will only be assessed relative to insured health plans, inclusive of medical, dental and vision plans. The total fee is based on a fixed dollar schedule which starts at \$8 billion in 2014, and increases annually to \$14.3 billion in 2018. Beyond 2018, the total fee will increase in direct proportion to the growth in health insurance premiums. Self-funded employer-sponsored plans will not be included in the premium base. The chart below provides an overview of this fee.

Health Industry Fee	
What is the fee?	A permanent, annual fee on health insurers beginning in 2014
What is the purpose?	To support the individual insurance market, help fund the exchanges, and for research into treatment effectiveness
Who pays?	Insurers—medical and dental—will be required to pay this fee
Tax implications	Not deductible
Cost impact to Delta Dental of MA (estimated)	In 2013, the cost impact is 1.25% of insured premiums, growing to an estimated 2.5% of insured premium in 2016
Which Accounts are affected?	All Insured Group Plans (Delta Dental PPO, Delta Dental PPO Plus Premier, Delta Dental Premier, Delta Care) All Individual Plans (Delta Dental Premier) Medicare Advantage Plans Excludes: Self-funded employer-sponsored plans
What is the impact on the Account?	Delta Dental will incorporate this fee into our pricing. This will be listed separately so that you will see it is a federal fee vs. a rate increase.

*Internal Revenue Service [proposed rule on "Health Insurance Providers Fee,"](#) March 4, 2013.