

Public Policy Position: Health Insurance Tax (ACA Section 9010)

The National Association of Vision Care Plans (NAVCP) is the unified voice for the managed vision care industry. The association provides a forum for cooperative industry collaboration on initiatives that work to preserve and strengthen consumer access to affordable vision insurance and benefits. NAVCP member companies cover approximately 170 Million (53 percent) Americans by partnering with eye care professionals in all 50 states and Puerto Rico.

Key Takeaways

- Section 9010 of the Affordable Care Act (ACA) requires America's largest insurers (more than \$25 million in premiums or whose fees are more than \$5 million for administration of employee self-insured plans) to pay an excise tax
- ACA makes an exception for stand-alone dental benefits plans to participate on the exchange but not stand-alone vision plans
- Despite being excluded from the exchange, vision care plans are still subject to the ACA's annual health insurance tax

Background

Affordable Care Act (ACA) Section 9010 requires America's largest insurers (more than \$25 million in premiums or whose fees are more than \$5 million for administration of employee self-insured plans) to pay an excise tax. Those who write more than \$50 million in premiums pay the full amount.

Insurers who have to pay the fee include those who operate in public and private markets. Private markets include all plans sold inside and outside of the Marketplace and those who furnish group plans and Medicare Part C and D plans. Public markets include nonprofit insurers that receive more than 80 percent of their premium revenue from Medicare, Medicaid and/or SCHIP. Dual eligible plans are exempt from the fee. Certain other nonprofit insurers can exclude 50 percent of their premium revenue from the health insurer fee calculation.¹

This fee, sometimes called an excise tax, is meant to help fund the law by taxing insurers who profit the most off of the expansion of coverage under the ACA. It's actually one of the larger funding mechanisms in the ACA.

¹ <http://obamacarefacts.com/2015/08/10/section-9010-a-tax-on-large-insurers/>

This tax is one of many excise taxes that targets industries that profit off of America. Other major excise taxes include highway taxes, tobacco and alcohol taxes, aviation taxes, and a tax on high-end health plans. See this CBO report on excise taxes.²

Position: NAVCP strongly supports repeal of the annual fee on insurance providers and carving out plans that are barred from exchange participation.

- The ACA explicitly states that an Exchange may not offer health plans that do not meet the definition of a “qualified health plan,” while making an exception for stand-alone dental benefits. Stand-alone vision plans do need meet that definition and therefore cannot offer services on any exchange
- Despite being excluded from the exchange, vision care plans are still subject to the ACA’s annual health insurance tax
- Stand-alone vision care plans cannot benefit from the business expansion provided by the exchanges – the original rationale for the excise tax – and therefore should not have to pay for the privilege

² <http://obamacarefacts.com/2015/08/10/section-9010-a-tax-on-large-insurers/>