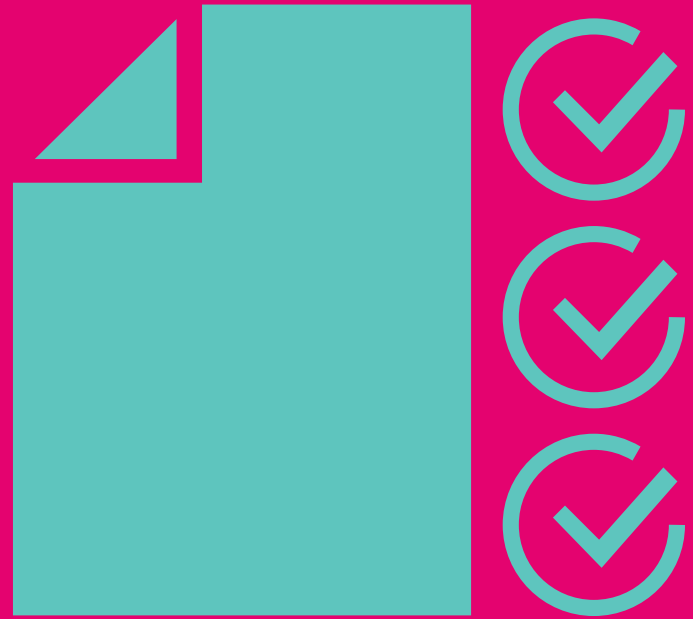




Quality health plans & benefits
Healthier living
Financial well-being
Intelligent solutions



Questions and answers about our newest self-funded option **Aetna Funding AdvantageSM plans: taxes and fees**

With rising costs of care, businesses are looking for new ways to **manage health insurance expenses without sacrificing quality of coverage**. That's why we launched Aetna Funding Advantage — a self-funded option for small to mid-size employers.

Aetna Funding Advantage offers the benefits of self-funding, such as flexible benefits levels and potential cost savings, without the risk of unexpected costs. The following questions and answers will help explain how taxes and fees are treated for Aetna Funding Advantage plans.

Q: Do state premium taxes apply to this product?

A: No. State premium taxes do not apply to most Aetna Funding Advantage monthly cost components. Premium taxes may apply to stop loss premiums, however. Each state has its own set of tax requirements and specifications. Depending on the state, you may still be subject to some taxes and/or fees, so you should consult with a tax specialist to understand the full impact.

Q: Are Aetna Funding Advantage clients eligible for what's known as the medical loss rebate (MLR)?

A: No. The Affordable Care Act (ACA) rebate applies only to premiums paid for medical insurance policies. Aetna Funding Advantage is a self-funded solution, so the rebate provisions don't apply.

Q: What are the Patient Protection and Affordable Care Act (PPACA) taxes and fees?

A: The ACA includes a variety of taxes and fees intended to raise revenues that:

- Support the individual health insurance market
- Help fund the state and federal exchanges
- Assist with conducting research that compares treatment effectiveness

ACA taxes and fees include the Health Insurance Providers Fee, the Transitional Reinsurance Fee and the Patient-Centered Outcomes Research Institute (PCORI) fee.

Q: Which PPACA fees apply to Aetna Funding Advantage plans?

A: The PCORI fee applies to Aetna Funding Advantage plans. The Health Insurance Providers Fee does not apply to the self-funded plans (Aetna Funding Advantage plans). And the Transitional Reinsurance Fee was phased out at the end of 2016.

Q: What is the PCORI fee?

A: Health insurers and self-funded plan sponsors have to pay an annual fee to help fund the PCORI. The PCORI's mission is to help people make informed health care decisions and improve health care delivery and outcomes by producing and promoting high-integrity, evidence-based information that comes from research guided by patients, caregivers and the broader health care community. The fee is set to end in 2019.

Q: When is the PCORI fee due?

A: The chart below explains the due dates and the fee amount:

Fee calculation	Fee payment
<p>For policy years and plan years ending on or after October 1, 2016, and before October 1, 2017, (plus inflation increase after), the assessment amount is \$2.26 per member, per year.</p> <p>The PCORI fee is subject to adjustment for projected increases in National Health Expenditures.</p>	<p>Plan sponsors are responsible for filing PCORI and paying the assessment fee.</p> <p>By July 31 of the year following the last day of the plan year, plan sponsors must file Form 720, Quarterly Federal Excise Tax Return, to report and pay the PCORI fee to the IRS. Plan sponsors will only file and pay the PCORI fee once a year even though the form is referred to as "quarterly."</p> <p>For more information, please refer to the IRS PCORI site.</p>

Q: How can we help?

A: Self-funded Aetna Funding Advantage plan sponsors can access their enrollment data at no additional cost through the Aetna Health Information Advantage™ tool reporting, or by working with their account manager. Enrollment reports in the Aetna Health Information Advantage tool provide the lives for each plan structure as of the 15th day of each month. These counts can be used by the plan sponsor to calculate covered lives under the snapshot count method. We also provide a PCORI tax calculator to help plan sponsors assess their tax responsibility.

If you have any additional questions, be sure to reach out to your Aetna representative.

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