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Do You Pay the Obamacare “Exchange Tax”?

Are you paying a hidden Obamacare tax? Obamacare has state exchanges and a federal exchange. Some states like Minnesota built their own exchange. Other states, like Arkansas, refused, so people go to the federal exchange, Healthcare.gov. In other states, responsibilities are shared by states and the feds.

Health plans in most states pay an exchange user fee. In Minnesota the fee began at 1 percent of premiums sold and rose to 3.5 percent. Arkansas, which only uses Healthcare.gov, plans to charge a 4.25 percent fee. Health plans pass the cost of this fee on to customers in higher premiums. Thus, the fee acts as a hidden “exchange tax” on the insured.

“Committee Recommends Lowering Fee on Health Insurance Premiums in 2020,” Andy Davis, Arkansas Democrat, November 17, 2018:

<https://www.arkansasonline.com/news/2018/nov/17/legislators-accept-report-on-health-exc-1/>

“State Experience With ACA Exchanges,” U.S. Health Policy Gateway, Updated September 17, 2018: http://ushealthpolicygateway.com/vii-key-policy-issues-regulation-and-reform/patient-protection-and-affordable-care-act-ppaca/ppaca-and-governments/ppaca-and-states/ppaca-health-exchanges/problems-by-state/#Arkansas_not_established

“Health Insurance Marketplaces: CMS Needs to Improve Its Oversight of State IT Systems’ Sustainability and Performance,” U.S. Government Accountability Office, August 2017: <https://www.gao.gov/assets/690/686569.pdf>

“How are HIXs Going to Sustain Themselves?” Healthcare Finance, November 20, 2014: <https://www.healthcarefinancenews.com/news/how-are-hixs-going-sustain-themselves>

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