Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue: Repeal of Affordable Care Act Section 9010 Assessment**

**Check (applicable entity):**

 P/C Life Health

Modification of Existing SSAP [x]  [x]  [x]

New Issue or SSAP [ ]  [ ]  [ ]

Interpretation [ ]  [ ]  [ ]

Description of Issue:

*SSAP No. 106—Affordable Care Act Section 9010 Assessment* addresses the Affordable Care Act (ACA) Section 9010 assessment for entities that issue health insurance. This assessment was effective for calendar years beginning on January 1, 2014. This assessment is also known as the health insurer’s tax (HIT).

The Section 9010 assessment has had more than one moratorium, as addressed in *INT 16-01: ACA Section 9010 Assessment 2017 Moratorium.* The following is a history of years in which the assessment was in effect and payable.

* 2014 – Paid
* 2015 – Paid
* 2016 – Paid
* 2017 – NOT Paid - Moratorium
* 2018 – Paid
* 2019 – NOT Paid - Moratorium
* 2020 – To Be Paid
* 2021 – Repealed

The assessment is required to be paid for calendar year 2020. In December 2019, the House of Representatives and Senate passed year-end spending bills which repealed the Section 9010 assessment for calendar years beginning January 1, 2021. This bill was subsequently signed into law. This agenda item addresses the impacts of the repeal for calendar years beginning on January 1, 2021 by recommending the following actions:

* Superseding *SSAP No. 106—Affordable Care Act Section 9010 Assessment*
* Nullifying *INT 16-01: ACA Section 9010 Assessment 2017 Moratorium*

 Existing Authoritative Literature:

* *SSAP No. 106—Affordable Care Act Section 9010 Assessment*
* *INT 16-01: ACA Section 9010 Assessment 2017 Moratorium*

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): Although prior one-year moratoriums have been discussed by the Working Group, this is the first discussion of a repeal.

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:**

None

**Convergence with International Financial Reporting Standards (IFRS):** Not applicable.

Staff Recommendation:

NAIC Staff recommends that the Working Group move this item to the active listing, categorized as substantive and expose the intent to supersede *SSAP No. 106—Affordable Care Act Section 9010 Assessment* and nullify *INT 16-01: ACA Section 9010 Assessment 2017 Moratorium.* Both actions are proposed to be effective January 1, 2021.With these actions, both SSAP No. 106 and INT 16-01 would be movedto *Appendix H - Superseded Statements of Statutory Accounting Principles and Nullified Interpretations* for the 2021 publication of the NAIC *Accounting Practices and Procedures Manual*

With these actions, NAIC staff should also be directed to coordinate the related impacts with the following NAIC Groups:

1. Blanks (E) Working Group – Ensure the annual statement disclosures related to SSAP No. 106 currently reported in Note 22 are removed from the annual statement instructions and annual statement blank beginning in reporting years 2021.
2. Health Risk Based Capital (E) Working Group - RBC implications related to the 2021 removal of the federal ACA adjustment sensitivity test which uses data from the SSAP No. 106 disclosures.

Staff Review Completed by:

Robin Marcotte - NAIC Staff

February 2020

**Status:**

On March 18, 2020, the Statutory Accounting Principles (E) Working Group moved this item to the active listing, categorized as nonsubstantive, and exposed the intent to supersede *SSAP No. 106—Affordable Care Act Section 9010* Assessment and nullify *INT 16-01: ACA Section 9010 Assessment 2017 Moratorium* which would move both SSAP No. 106 and INT 16-01 to *Appendix H—Superseded Statements of Statutory Accounting Principles and Nullified Interpretations*, effective Jan. 1, 2021. This item has a comment period deadline ending May 29, 2020.

Referrals will be sent to the Blanks (E) Working Group, to ensure the annual statement disclosures related to SSAP No. 106 in Note 22 are removed from the annual statement instructions and annual statement blank beginning in reporting year 2021, and to the Health Risk Based Capital (E) Working Group for RBC implications related to the 2021 removal of the federal ACA adjustment sensitivity test which uses data from the SSAP No. 106 disclosures.

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