



# Instructions for Form 8963

(Rev. January 2020)

## Report of Health Insurance Provider Information

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 8963 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8963](https://www.irs.gov/Form8963).

**Note.** See [IRS.gov/ACA9010](https://www.irs.gov/ACA9010) for additional guidance.

### What's New

Forms 8963 reporting more than \$25 million in net premiums written must be filed electronically. See 26 C.F.R. section 57.3(a)(2)(ii), as amended by T.D. 9881, for further details. For more information on electronic filing, see *How To File* below.

### General Instructions

#### Purpose of Form

File Form 8963 during each fee year (year the annual health insurance provider fee is due) to report net premiums written for U.S. health risks during the data year (calendar year immediately preceding the fee year). The IRS will use that information when figuring the annual fee imposed by Affordable Care Act (ACA) section 9010. (Public Law (P.L.) 111-148, section 9010; P.L. 111-148, section 10905; P.L. 111-152, section 1406; and P.L. 113-235, division M.)

#### Who Must File

Generally, a covered entity that provides health insurance for any U.S. health risk during the 2020 fee year (the calendar year in which the fee must be paid) must file Form 8963.

#### When To File

You must file Form 8963 by April 15, 2020.

#### How To File

If you have more than \$25 million in net premiums written to report, you must file Form 8963 (including any corrected Forms 8963) electronically. If you are required to file electronically, your Form 8963 will not be considered filed unless it is filed electronically.

You can file Form 8963 (with Form 8453-R, Electronic Filing Declaration for Form 8963) electronically by accessing IRS *e-file* using your own computer, or, for this year and Form 8963 only, you can fax the Form 8963 to 877-797-0235.

**Note.** If filing electronically, upload the completed fillable version of the form. Do not print and scan the form.

If you're not required to file electronically, you may file a paper Form 8963.

#### E-File: It's Convenient, Safe, and Secure

IRS *e-file* is the IRS's electronic filing program. For more information about IRS *e-file*, go to [IRS.gov/Form8963efile](https://www.irs.gov/Form8963efile). By filing electronically, you will receive an electronic acknowledgment once you complete the transaction. Keep it with your records.

#### Where To File



If you are not required to file electronically and prefer to file by mail, send your paper Form 8963 to the following address.

Internal Revenue Service  
1973 Rulon White Blvd.  
Mail Stop 4916 IPF  
Ogden, UT 84201-0051

Send the forms in a flat mailing envelope (not folded). Do not staple, tear, or tape any of these forms. If you are sending a large number of forms in conveniently sized packages, write your name on each package and number the packages consecutively.

U.S. postal regulations require forms and packages to be sent by First-Class Mail. However, you may use private delivery services. To determine which services you may use, go to [IRS.gov/PDS](https://www.irs.gov/PDS).



*If you mail your form, also fax it to 877-797-0235.*

If you would like to request an acknowledgment that we received your Form 8963, please email [LBI.IPF@irs.gov](mailto:LBI.IPF@irs.gov) with the company information and/or tracking number and we will reply when we receive the form. If you use an overnight service, add the email address [LBI.IPF@irs.gov](mailto:LBI.IPF@irs.gov) in the recipient email and we will reply when we receive the form.

#### Public Disclosure

The information on this form is not confidential. Although, generally, returns and return information are confidential, as required by section 6103, the information on this form is not subject to section 6103,

pursuant to ACA section 9010, as amended. All information on this form is subject to public disclosure. Do not include personal information other than that requested by this form.

#### Definitions

**Covered entity.** Generally, covered entity means any entity with net premiums written for health insurance for U.S. health risks during the fee year that is:

- A health insurance issuer within the meaning of section 9832(b)(2);
- A health maintenance organization within the meaning of section 9832(b)(3);
- An insurance company that is subject to tax under subchapter L, Part I or II, or that would be subject to tax under subchapter L, Part I or II, but for the entity being exempt from tax under section 501(a);
- An insurer that provides health insurance under Medicare Advantage, Medicare Part D, or Medicaid; or
- A non-fully insured multiple employer welfare arrangement (MEWA).

**Net premiums written.** Net premiums written means premiums written, including reinsurance premiums written, reduced by reinsurance ceded, and reduced by ceding commissions and medical loss ratio (MLR) rebates with respect to the data year. Net premiums written includes premiums written for assumption reinsurance and is reduced by assumption reinsurance premiums ceded. Net premiums written does not include premiums written for indemnity reinsurance and is not reduced by indemnity reinsurance ceded.

- **Assumption reinsurance** is reinsurance for which there is a novation and the reinsurer takes over the entire risk of loss pursuant to a new contract.
- **Indemnity reinsurance** is an agreement between one or more reinsuring companies and a covered entity under which (a) the reinsuring company agrees to accept, and to indemnify the issuing company for, all or part of the risk of loss under policies specified in the agreement; and (b) the covered entity retains its liability to, and its contractual relationship with, the individuals whose health risks are insured under the policies specified in the agreement.




*In determining net premiums written, filers must take assumption reinsurance into account by including assumption reinsurance written in direct premiums written and deducting assumption*

reinsurance ceded from direct premiums written. However, filers may not include indemnity reinsurance written in direct premiums written and may not deduct indemnity reinsurance ceded from direct premiums written.

**U.S. health risk.** A U.S. health risk means the health risk of any individual who is:

- A U.S. citizen,
- A resident of the United States (within the meaning of section 7701(b)(1)(A)), or
- Located in the United States, with respect to the period that individual is so located.

**Health insurance.** In general, the term “health insurance” has the same meaning as the term “health insurance coverage” in section 9832(b)(1)(A), defined to mean benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a covered entity.

 *The term “health insurance” includes limited scope (also called stand-alone) dental and vision benefits under section 9832(c)(2)(A) and retiree-only health insurance, but does not include any other excepted benefits under section 9832(c).*

For the definitions of controlled group, single-person covered entity, and designated entity, see *Specific Instructions*, next.

## Specific Instructions

**Covered entity information.** A covered entity is either a single-person covered entity or a member of a controlled group. A single-person covered entity is a covered entity that is not a member of a controlled group. Under the controlled group rule of ACA section 9010(c)(3), all persons treated as a single employer under sections 52(a), 52(b), 414(m), or 414(o) will be treated as one covered entity. In applying the single employer rules, ACA section 9010(c)(3)(B) provides that a foreign entity subject to tax under section 881 is included within a controlled group under section 52(a) or 52(b). A person is treated as being a member of a controlled group if it is a member of the group at the end of the day on December 31, 2019, and would qualify as a covered entity in 2020 if it were a single-person covered entity.

**Box 1. Single-person covered entity.** Check box 1 if you are a single-person covered entity. You must sign Part I on page 1 (see Part I signature instructions

below). Also complete the first line of Schedule A.

**Designated entity.** Each controlled group must have a designated entity.

If the controlled group, without regard to foreign corporations included under ACA section 9010(c)(3)(B), is also an affiliated group that files a consolidated return for federal income tax purposes, the designated entity is the agent of the affiliated group as identified on the tax return filed for the data year.

If not, the controlled group must select one of its members to be the designated entity.

If a controlled group does not select a designated entity, the IRS will select a member of the controlled group as the designated entity for the controlled group.

The designated entity is responsible for the following for the group:

- Filing Form 8963,
- Receiving IRS communications about the fee,
- Filing any necessary error correction report,
- Paying the fee to the IRS,
- Obtaining consents from all controlled group members that are required to be listed on Schedule A of this form, and
- Providing (to the IRS upon request) the consents obtained from controlled group members that are required to be listed on Schedule A of this form.

If the IRS selects the designated entity, then all members of the controlled group that are required to be listed on Schedule A of this form will be deemed to have consented to this election.

### Box 2a. Agent of an affiliated group.

Check box 2a if you are the agent of an affiliated group. You must also sign Part I on page 1 (see Part I signature instructions below). Also complete the first line of Schedule A, with your National Association of Insurance Commissioners (NAIC) company and group code and net premiums written, if any.

**Box 2b. Other.** Check box 2b if you are the designated entity for a covered entity that is not an affiliated group. You must also sign Part I on page 1 (see Part I signature instructions below). Also complete the first line of Schedule A, with your NAIC company and group code and net premiums written, if any.

**Corrected report.** Check the box if this is a corrected report.

**Employer identification number (EIN).** Enter your EIN. If you do not have an EIN, you must apply for one. If filing your Form 8963 electronically, enter your 9-digit EIN without the dash. The EIN will be properly formatted for you.

**Number of controlled group members included in Schedule A.** Enter the number of controlled group members who are listed on Schedule A, including the entity in box 2a or 2b. If reporting as a single-person covered entity, enter “1” for the number of controlled group members.

**Entity name.** If you checked box 1, enter the name of the single-person covered entity in the entity name box. If you checked box 2a or 2b, enter the name of the designated entity. If you have a trade name or are doing business under a different name, enter that name or d/b/a name on the “Entity name (continued)” line.

**Address.** Enter a street address where you can receive overnight deliveries.



*Do not provide a P.O. box.*

**Third party.** If you receive your mail in care of a third party (such as an accountant or an attorney), enter on the first street address line “C/O” followed by the third party’s name and enter the street address where the third party can receive overnight deliveries on the “Address (continued)” line.

**Foreign address.** If reporting a foreign address, include the full name of the country using uppercase letters in English. If you file Form 8963 electronically, select the full name of the country from the drop down in the foreign country name box. Enter foreign province or state, and postal code.

## Part I. Signature of Official Signing on Behalf of the Single-Person Covered Entity or Designated Entity (Agent of an Affiliated Group, or Other Designated Entity) and Consent by the Designated Entity (if applicable)

Provide the date signed in MM/DD/YYYY format, your phone and fax numbers, and the name and title of your signing official in print format.

If you file Form 8963 by paper, manually sign the form.

If you file Form 8963 electronically, do not manually sign the form. Instead, manually sign, scan, and upload Form 8453-R with your Form 8963. See [How To File](#), earlier.

## Part II. Alternate Contact Person Designee

If you want to designate an employee to discuss the report with the IRS, check the related box and enter the person’s name, title, phone number, and fax number, and

we will contact that person if we have any questions concerning the report.

**Schedule A. Single-Person Covered Entity or Controlled Group Member Information**

Enter the single-person covered entity, common parent of affiliated group, or designated entity information on the first line. This information will automatically populate the first line of Schedule A if you complete the form electronically. It is unnecessary to repeat the entity name and address from page 1 on line 1, but you must enter all of the premium data requested for the entity. Complete additional lines for every person who is a controlled group member at the end of the day on December 31, 2019, and who would qualify as a covered entity in 2020 if it were a single-person covered entity, and enter the following information for each member.

**(a) Employer identification number (EIN).** If filing your Form 8963 electronically, enter your 9-digit EIN without the dash. The EIN will be properly formatted for you.

**(b) Entity name.** If you have a trade name or are doing business under a different name, enter that name or d/b/a name.

**(c) Address.** Enter a street address where you can receive overnight deliveries.

If reporting a foreign address, also include the full name of the country using uppercase letters in English. Enter the information in the following order: city, province or state, and postal code.

**(d) and (e) National Association of Insurance Commissioners (NAIC) identification codes.** Enter (d) NAIC company code and (e) NAIC group code for each single-person covered entity, the common parent of an affiliated group or designated entity, and each listed controlled group member. If you do not have an NAIC company code or group code for a covered entity or controlled group member, leave the related field blank.

**(f) Direct premiums written.** For each single-person covered entity or member of a controlled group, the source of data for determining direct premiums written is the Supplemental Health Care Exhibit (SHCE), filed with the NAIC; the Medical Loss Ratio (MLR) Annual Reporting Form (MLR form), filed with the Center for Consumer Information and Insurance Oversight (CCIIO); or any equivalent form required by state or federal law. If the entity or member does not file an SHCE, an MLR form, or any equivalent form, the entity or member is still required to file Form 8963 and provide direct premiums

written for health insurance of U.S. health risks and any other information required by this form.

Generally, if the entity files an SHCE and/or an MLR form, enter the direct premiums written as reported for the data year on the SHCE (SHCE, Part 2, line 1.1, columns 1–10 plus 12) and/or MLR (MLR form, Part 2, comparable lines and columns, amounts from the “Total as of 12/31/Data Year” columns **only**).



*References to the SHCE and the MLR form in these instructions are solely for your convenience in identifying the premium information required for this report and are subject to change.*

Only include direct premiums written for health insurance of U.S. health risks. Exclude from direct premiums written any premiums for coverage that is not health insurance for U.S. health risks. For more information, see the definitions of [Health insurance](#) and [U.S. health risk](#), earlier.

For any covered entity that files the SHCE with the NAIC, the entire amount reported on the SHCE as direct premiums written will be considered to be for health insurance of U.S. health risks (subject to any applicable exclusions for amounts that are not health insurance) unless the covered entity can demonstrate otherwise.

If the entity does not file an SHCE with NAIC or an MLR form with CCIIO, or those forms do not contain the relevant data for determining all of the direct premiums written for health insurance for U.S. health risks of an entity (or member), enter comparable direct premiums written information from any equivalent form required by state or federal law.

If no single form contains all of the relevant data for determining all of the direct premiums written for health insurance for U.S. health risks of an entity (or member), then direct premiums written must be determined using aggregated data from multiple forms. Please include a reconciliation with the premiums you reported on the SHCE, MLR form, or equivalent form required by state or federal law.

See [IRS.gov/ACA9010](https://www.irs.gov/aca9010) for the treatment of expatriate health plans.

**(g) MLR rebates.** Enter MLR rebates as you reported for the 2019 calendar year to: NAIC on SHCE; CCIIO on the MLR form; or any other regulatory authority that specifically requires MLR rebates for other than commercial markets (Medicare Part D, Medicare Advantage, Medicaid, FEHBP, etc.).

Figure the MLR rebates (current year accrual), as below.

1. Rebates paid . . . . .	\$ _____
2. Less estimated rebates unpaid-prior year . . . . .	\$ (_____)
3. Plus estimated rebates unpaid-current year . . . . .	\$ _____
4. MLR rebates (current year accrual). Enter this net amount in column (g). Place a minus sign in front of amounts to indicate negative amounts. . . . .	\$ _____

**(h) Stand-alone dental or vision direct premiums written.** Enter the amount of stand-alone dental or vision direct premiums written as reported to the NAIC on the SHCE. If you do not file an SHCE, include direct premiums written for policies providing for dental only or vision only coverage issued as a stand-alone dental or vision policy, or as a rider to a medical policy through deductibles or out-of-pocket limits.

**(i) Net premiums written.** Enter the total of column (f) minus column (g) plus column (h) in column (i).

$$(f) - (g) + (h) = (i)$$

This is 100% of the amount of net premiums written for health insurance of U.S. health risks for the calendar year. The IRS will compute net premiums written taken into account (in accordance with Regulations section 57.4(a)(4)). If negative, enter “-0-”. Any negative amounts will be treated as zero for fee calculation purposes.

**(j) Amount in column (i) attributable to section 501(c)(3), 501(c)(4), 501(c)(26), or 501(c)(29) entities.** All designated entities or controlled group members who enter an amount in box j must be organized as a tax-exempt entity under section 501(c)(3), 501(c)(4), 501(c)(26), or 501(c)(29).

**Box 1 (or drop down menu).** Enter the section 501(c) paragraph number for each entity that qualifies for the partial exclusion, if applicable. Allowable selections are 3, 4, 26, or 29. The entity must be one of these types of entities in order for it to qualify. If you file Form 8963 electronically, select the number of the paragraph from the drop down box.

**Box 2.** Enter the portion of net premiums written included in the total reported in column (i) for health insurance premiums that are attributable to certain exempt activities of a covered entity qualifying under section 501(c)(3), 501(c)(4), 501(c)(26), or 501(c)(29) (ACA section 9010(b)(2)(B), partial exclusion for certain exempt activities).

Enter 100% of the premiums that qualify for the exclusion and the IRS will apply the 50% reduction after application of the percentage of net premiums written (see *(j) Net premiums written*, earlier). If the amount entered is greater than the net premiums written reported in column (i), it will be limited to the amount of column (i) for that controlled group member for fee calculation purposes.

### Error Correction Process

Each fee year, the IRS will send a preliminary fee notification to each covered entity. If the entity believes there is an error in the notification, the entity must submit a corrected Form 8963 in the time and manner specified in the notification.

**Note.** If you submit a corrected Form 8963 by *e-file*, you should receive an electronic acknowledgement when you complete the transaction. If you use another method specified in the notification, the IRS will mail an acknowledgement to the address indicated on the corrected Form 8963. If you do not receive an acknowledgement within 10 days of submission, please

contact the IRS by phone at 616-365-4617 (not a toll-free number), by fax at 877-797-0235, or by email at [LBI.IPF@irs.gov](mailto:LBI.IPF@irs.gov).

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**Disclosure and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right fee.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

**Public disclosure, open to public inspection.** Although, generally, returns and return information are confidential, as required by section 6103, the information on this form is not confidential and is not subject to section 6103 pursuant to ACA section 9010, as amended. All information

on this form is subject to public disclosure. Do not include personal information other than that required to be disclosed.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 5 hr., 30 min.
- Learning about the law or the form** . . . . . 53 min.
- Preparing the form** . . . . . 1 hr., 01 min.

**Comments.** If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send the form to this office.

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