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What every HR leader should know about compliance



Patient-Centered Outcomes Research Institute (PCORI) Fee, Transitional Reinsurance Fee (TRF), and Health Insurance Providers (HIP) Fee

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2-Minute Read

The IRS and the Department of Health and Human Services have issued final regulations that provide details on several fees that will be due as part of the Patient Protection and Affordable Care Act (ACA). Self-funded plans will calculate and pay these fees directly. Insurers will calculate and pay the fees due on insured policies, although insured plans should expect these fees to be passed along.

Both the Patient-Centered Outcomes Research Institute (PCORI) fee and the Transitional Reinsurance Fee (TRF) are temporary and are based on covered lives – that is, both employees and retirees and their covered spouses and children generally must be counted. The basic methods a plan may use to count members are the same under the two fees (although a plan may use one method for one fee and a different method for the other fee if it prefers). However, because the PCORI fee is based on a plan year, the PCORI count looks at the entire plan year. (Note that although PCORI is based on the plan year, the reporting and fee due date is always July 31.) In contrast, the TRF is based on a calendar year, even for non-calendar year plans.

The PCORI fee is small and was initially in effect from 2012 through 2019. However, in December 2019, the [Further Consolidated Appropriations Act, 2020](#) extended the fee to plan/policy years ending before October 1, 2029. It was \$1 the first year, \$2 the second year, \$2.08 the third year, \$2.17 the fourth year, \$2.26 the fifth year, \$2.39 the sixth year, \$2.45 the seventh year, \$2.54 the eighth year, and \$2.66 the ninth year. It is designed to fund research into the most effective ways of treating various diseases. The IRS has not announced the fee for subsequent plan years.

The federal TRF was \$63 per covered person for the 2014 calendar year. It was \$44 per covered person for the 2015 calendar year and \$27 in 2016. The TRF fee expired after 2016. The TRF was designed to pay a portion of the cost for individuals with large claims.

The PCORI fee is reported on IRS form 720. The TRF was paid and reported through [pay.gov](https://www.pay.gov).



Health Insurance Providers Fee

The IRS issued final regulations on the Health Insurance Providers (HIP) fee. This fee will be paid by insurers, although insured plans should expect these fees to be passed along. This fee does not apply to self-funded plans. The HIP fee is permanent. The total fee that will be paid by insurers on medical, dental, and vision coverage is \$8 billion in 2014, \$11.5 billion in 2015, \$11.5 billion in 2016, and \$14.3 billion in 2018.

In 2016, omnibus legislation was signed by the President, which included a Health Insurance Provider Fee moratorium for 2017. The fee was back in effect, as scheduled, for 2018. The fee was suspended for 2019. Under [IRS Notice 2019-50](#), the fee will resume for 2020.

The insurer's fee will be based on its size, so fees will vary among insurers; one estimate available through the American Academy of Actuaries predicts the fee will increase premiums by 1 to 3 percent in 2020.

Under the [Further Consolidated Appropriations Act, 2020](#), the health insurance providers fee is repealed effective January 1, 2021.

Links to final regulations:

- [Patient-Centered Outcomes Research Fee](#)
- [Transitional Reinsurance Fee](#)
- [Health Insurance Providers Fee](#)

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