

Compliance Alert



Final Transitional Reinsurance Program Fee Filing Deadline - November 15, 2016

October 19, 2016 - Karen Hooper, Employee Benefits

Believe it or not, the end is near. For employers with self-insured medical plans, 2016 is the last year they will need to calculate, prepare, and file the [transitional reinsurance program \("TRP"\) fee](#). This final filing deadline is November 15, 2016.

More good news: The 2016 TRP fee is the lowest of the three years. The TRP fee was \$63 per covered life in 2014, \$44 per covered life in 2015, and is down to **\$27 per covered life for the 2016 calendar year**.

What is the Transitional Reinsurance Program Fee?

This TRP fee is essentially a tax on health plans designed to stabilize premiums in the individual market (primarily on the exchange). Think of the fee as reinsurance for the insurance carriers to prevent large losses on the exchange in the first three years of operation. This fee applies for the 2014, 2015, and 2016 calendar years.

Who is Responsible for Paying the TRP Fee?

- **Fully Insured Medical Plan: No Action Necessary**
For plan sponsors of a fully insured medical plan, the insurance carrier will pay the TRP fee. This has already been factored into the premium.
- **Self-Insured Medical Plan: Employer Must File and Pay**
If the medical plan is self-insured, the employer is responsible for filing and paying the TRP fee.
- **Health Reimbursement Arrangement (HRA) Exception from the TRP Fee**
HRAs are considered to be self-insured medical plans. [Under the PCORI rules](#), employers that offer a HRA along with fully insured medical coverage must pay the PCORI fee for the HRA (even though the major medical is fully insured).

Fortunately, the TRP fee rules treat HRAs differently. Essentially all HRAs are not subject to the TRP fee. This means that employers with a HRA and a fully insured medical plan do not pay the TRP fee.

What are the Next Steps for Self-Insured Medical Plans?

1. Calculate the number of covered lives. Self-insured plans can use the actual count method, the snapshot method (including the snapshot factor method), or the Form 5500 method. These methods are described in the [2016 Transitional Reinsurance Program Operational Guidance](#) posted by CMS. The count is based on the calendar year rather than the plan year, and only the first 9 months of the calendar year are used (note that these are both different from the PCORI fee).

2. Complete the form. Use the [2016 ACA Transitional Reinsurance Program Annual Enrollment Contributions Submission Form](#) to enter the annual enrollment count and calculate the payment due. Please note the form is specific for each year, so the 2014 or 2015 form will not be accepted.

3. File the form. The form is due no later than November 15, 2016, and schedule your payment(s). The fee for 2016 is \$27 per covered life, and employers have two payment options:

Date	Activity	Contribution Amount
To Make a Full Contribution in One Payment (Combined Collection) for the 2016 BY:		
File no later than November 15, 2016	Submit the Form and schedule payment	
Remit no later than January 17, 2017	Pay full contribution amount due (one payment)	\$27.00 per covered life
	TOTAL	\$27.00
OR		
To Make a Full Contribution in Two Payments (First and Second Collection) for the 2016 BY:		
File no later than November 15, 2016	Submit the Form and schedule payment of first collection contribution and duplicate the Form and schedule payment of second collection	
Remit no later than January 17, 2017	Pay first contribution amount due	\$21.60 per covered life
Remit no later than November 15, 2017	Pay second contribution amount due	\$5.40 per covered life
	TOTAL	\$27.00

More Useful Resources

- [CMS 2016 Benefit Year Page](#)
- [2016 Transitional Reinsurance Quick Start Guide](#)
- [2016 Reinsurance Contributions Form Completion](#)

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