Comparison of PCORI and TRF

Updated November 2016

This chart compares the Patient-Centered Outcomes/Comparative Effectiveness (PCORI) fee and the Transitional Reinsurance Fee (TRF).

	PCORI	TRF
Fee period start date	Policy years ending on or after Oct. 1, 2012	Jan. 1, 2014
Fee period end date	Policy years ending before Oct. 1, 2019	Dec. 31, 2016
Measuring period	Plan year	Calendar year
Who calculates the fee	Insurer for insured benefits Plan sponsor for self-funded benefits (TPA may do on its behalf)	Insurer if only have insured major medical benefits Plan sponsor for self-funded major medical benefits (TPA may do on its behalf)
Who is responsible to pay the fee	Insurer for insured plans Plan sponsor for self-funded plans (even if integrated with insured plan) – TPA may not file on sponsor's behalf	Insurer for insured major medical Plan sponsor for self-funded major medical (TPA may do on its behalf)
Report due date	July 31	Nov. 15 – covered lives report (report is due Nov. 15, 2014, Nov. 15, 2015, and Nov. 15, 2016)
Reporting form	IRS Form 720	Form not yet available; will file at www.pay.gov
Filing method	Paper or electronic	Electronic only

	PCORI	TRF
Fee due date	July 31 of the calendar year immediately following the end of the plan year	Jan. 15 for reinsurance portion of the fee and Nov. 15 for the treasury portion of the fee (both parts of the fee are due 30 days after billed). Reinsurance fee will be due Jan. 15, 2015, Jan. 15, 2016, and Jan. 15, 2017. Treasury fee installment will be due Nov. 15, 2015, Nov. 15, 2016, and Nov. 15, 2017 based on the covered lives report for the coverage year. Fee will be paid at www.pay.gov.
Applies to grandfathered plans	Yes	Yes
Covered plans	Insured/HMO and self-funded medical (including HRAs)	Insured/HMO and self-funded major medical that provides minimum value, and catastrophic plans, only
Excluded plans	• Standalone dental and vision • Hospital indemnity • Accident only • Specified illness • Health savings accounts • Health FSAs, as long as major medical is also offered to the employee and any employer contribution is $500 or less • EAP, wellness, and disease management programs unless they provide significant medical care or treatment • Stop loss or indemnity reinsurance • Long-term care • Short- and long-term disability • Expatriate (designed and issued to cover employees living and working outside the U.S.)	• Standalone dental and vision • Hospital indemnity • Accident only • Specified illness • Medical plans that are below minimum value • Health savings accounts • Health FSAs, if major medical is also offered to the employee and any employer contribution is $500 or less • EAP, wellness, and disease management programs unless they provide major medical coverage • Stop loss or indemnity reinsurance • Long-term care • Short- and long-term disability • Expatriate (designed and issued to cover employees living and working outside the U.S.) • HRA (unless it provides major medical coverage) • Self-funded prescription drug plans • Coverage that is secondary to Medicare • Coverage that is secondary to other major medical coverage

	PCORI	TRF
Covered lives	Participants are: • Active employees • Retirees (even in retiree-only plans) • COBRA participants Dependents are: • Spouse • Children • Domestic partner • Do not count dependents for HRA or any included health FSA	Participants are: • Active employees • Retirees if plan is primary to Medicare • COBRA participants Dependents are (assuming plan is primary): • Spouse • Children • Domestic partner
Excludable lives	Residing outside U.S. (based on address on file with employer)	Residing in a U.S. territory
Calculation period	Plan year	First 9 months of calendar year
Calculation method #1 May be used by insured and self-funded plans	Actual count: Add the total lives (participants and dependents – see the Covered Lives section) covered for each day of the plan year and divide that total by the number of days in the plan year.	Actual count: Add the total lives (participants and dependents – see the Covered Lives section) covered for each day of the first 9 months of the calendar year and divide that total by the number of days in the first 9 months of the year.
Calculation Method #2 May be used by insured and self-funded plans	Snapshot count: Determine the number of covered lives on the same day (plus or minus three days) of each quarter or month of the plan year, and average the result.	Snapshot count: Determine the number of covered lives on the same day (or another day within the same week as used during the first quarter) in the corresponding month of each of the first three quarters of the year (or more dates if the same number of dates are used each quarter) and average the result.
Calculation Method #3 May only be used by self-funded plans	Snapshot factor: Determine the number of participants – see the Covered Lives section – on the same day (plus or minus three days) of each quarter or month of the plan year who have self-only coverage. Also determine the number of participants who have other than self-only coverage and multiply that number by 2.35 (to approximate the number of covered dependents). Add the numbers together and average the result.	Snapshot factor: During the first 9 months of the calendar year, on the same day (or another day within the same week as used during the first quarter) in the corresponding month of each quarter (or more dates if the same number of dates are used each quarter) add (1) the number of participants – see the Covered Lives section – who have self-only coverage and (2) the number of participants who do not have self-only coverage times 2.35 (the estimated number of dependents), and average the result.

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Calculation Method #4 May only be used by self-funded plans	Form 5500: Determine the number of participants at the beginning and end of year as reported on the prior year's Form 5500. If dependents are covered, add the participant count for the start and the end of the plan year. If dependents are not covered, add the participant count for the start and the end of the plan year and average the result. Form 5500 must be filed by July 31 to use this option.	Form 5500: Using the most recent Form 5500, determine the number of participants at the beginning and end of year as reported on the Form 5500. If dependents are covered, add the participant count for the start and the end of the plan year. If dependents are not covered, add the participant count for the start and the end of the plan year and average the result.
Calculation Method #5 May only be used by insured plans	Member months/state form: Add the total lives covered on pre-specified days each month in the calendar year as reported on the NAIC Supplemental Health Care Exhibit for that calendar year and divide by 12 (if NAIC annual form is not filed, a similar form filed in the insurer's home state may be used).	Member months/state form: Multiply the average number of policies in effect during the first 9 months of the calendar year by the ratio of covered lives per policy using the prior NAIC Supplemental Health Care Exhibit (if NAIC annual form is not filed, a similar form filed in the insurer's home state may be used).
Aggregating plans/avoiding duplication	Self-funded plans may be aggregated if they collectively provide medical coverage for the same covered lives (e.g., PPO and HDHP; HDHP and HRA) and have the same plan year and plan sponsor. Note: If person is covered under both an insured and self-funded plan, they will be reported twice, once by the insurer and once by the sponsor.	If the same major medical plan options cover the same individuals, the plan that provides primary major medical coverage does the reporting.
Changing the calculation method	May change each reporting year	Not addressed

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Fee amount	$1/covered life during first plan/policy year the fee is in effect $2/covered life during second plan/policy year the fee is in effect $2, indexed/covered life during the third through seventh year the fee is in effect For plan years that end on or after October 1 2014, and before October 1, 2015, the indexed fee is $2.08 For plan years that end on or after October 1, 2015, and before October 1, 2016, the indexed fee is $2.17 For plan years that end on or after October 1, 2016, and before October 1, 2017, the indexed fee is $2.26	• $5.25/covered life/month in 2014; • $3.67/covered life/month in 2015; and • $2.25/covered life/month in 2016
Payable from plan assets	No (unless plan sponsor has no identity apart from plan – such as multiemployer plan trustees)	Yes
Tax deductible	Ordinary and necessary business expense	Ordinary and necessary business expense
Multiple participating employers	Each must file separately unless the plan document designates one as the plan sponsor	Not addressed

11/10/2016