

Sections 4375 & 4376 – Insured and Self-Insured Health Plans

Adjusted Applicable Dollar Amount for Fee Imposed by Sections 4375 and 4376

Notice 2022-4

I. PURPOSE

This notice provides the adjusted applicable dollar amount to be multiplied by the average number of covered lives for purposes of calculating the fee imposed by sections 4375 and 4376 of the Internal Revenue Code for policy years and plan years that end on or after October 1, 2021, and before October 1, 2022.

II. BACKGROUND

Section 4375 imposes a fee on the issuer of a specified health insurance policy for each policy year ending after September 30, 2012, and before October 1, 2029.

Section 4376 imposes a fee on the plan sponsor of an applicable self-insured health plan for each plan year ending after September 30, 2012, and before October 1, 2029.

The fee imposed by sections 4375 and 4376 helps to fund the Patient-Centered Outcomes Research Trust Fund (PCORTF) and is calculated using the average number of lives covered under the policy or plan and the applicable dollar amount for that policy year or plan year. Under sections 4375(a) and 4376(a), the applicable dollar amount is \$2 for policy and plan years ending on or after October 1, 2013, and before October 1, 2014.¹ See Treas. Reg. §§ 46.4375-1(c)(4) and 46.4376-1(c)(3).

¹ The applicable dollar amount is \$1 for policy and plan years ending before October 1, 2013.

Under sections 4375(d) and 4376(d) and §§ 46.4375-1(c)(4) and 46.4376-1(c)(3), the applicable dollar amount for policy years and plan years ending in any Federal fiscal year beginning on or after October 1, 2014, is increased based on increases in the projected per capita amount of National Health Expenditures.

Specifically, the applicable dollar amount is the sum of—

- (i) The applicable dollar amount for the policy year or plan year ending in the previous Federal fiscal year; plus
- (ii) The amount equal to the product of—
 - (A) The applicable dollar amount for the policy year or plan year ending in the previous Federal fiscal year; and
 - (B) The percentage increase in the projected per capita amount of the National Health Expenditures, as most recently released by the Department of Health and Human Services (HHS) before the beginning of the Federal fiscal year.

Notice 2020-84, 2020-51 IRB 1645, provides that the adjusted applicable dollar amount for policy years and plan years that end on or after October 1, 2020, and before October 1, 2021 is \$2.66.

III. ADJUSTED APPLICABLE DOLLAR AMOUNT

The applicable dollar amount that must be used to calculate the fee imposed by sections 4375 and 4376 for policy years and plan years that end on or after October 1, 2021, and before October 1, 2022, is \$2.79. Because HHS did not publish updated National Health Expenditures tables for fiscal year 2021, this year's fee is calculated using last year's projections. This is consistent with the statutory requirement under

sections 4375(d)(2) and 4376(d)(2) that the increase to the PCORI fee be determined by “the percentage increase in the projected per capita amount of National Health Expenditures, as most recently published by the Secretary before the beginning of the fiscal year.” Therefore, the increase to the PCORI fee is calculated by multiplying the adjusted applicable dollar amount for policy years and plan years ending in the previous Federal fiscal year, \$2.66, by the projected percentage increase of the projected per capita amount of National Health Expenditures for fiscal year 2021, as last published by HHS on March 19, 2020. See <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>, Table 3.

The percentage increase is calculated based on data from the same table that the prior year’s fee was based on but using data for different years.

IV. EFFECTIVE DATE

This notice is effective for policy years and plan years ending on or after October 1, 2021, and before October 1, 2022.

V. DRAFTING INFORMATION

The principal author of this notice is William Fischer of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Mr. Fischer at 202–317–5500 (not a toll-free call).