

A Small Bit of Good News on the Transitional Reinsurance Fees

By: Lyndsey Barnett on November 3, 2014 on graydon.law

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Many plan sponsors that I have spoken to would argue that there is no good news when it comes to having to pay the transitional reinsurance fees for their group health plans. As you likely already know, these fees for 2014 are \$63 per covered life in your group health plan. However, the IRS did confirm one bit of good news last week. In an [FAQ](#), the IRS stated that sponsors self-insured plans may deduct the transitional reinsurance fee as an ordinary and necessary business expense. This is true even if the fees are paid using a TPA or funded through a VEBA. So while you are unlikely unhappy about paying the fees, at least they are tax deductible.

Don't forget that **November 15th** is the deadline for submitting the required information and scheduling your transitional reinsurance payment. This submission must be done electronically at pay.gov.