

Fees on Health Insurance Policies and Self-Insured Plans for the Patient-Centered Outcomes Research Trust Fund

Q *What is the purpose of these fees?*

A The 2010 health care reform legislation, commonly referred to by one of two acronyms, “ACA,” or “PPACA,” created a new entity called the Patient-Centered Outcomes Research Institute to evaluate and compare the health outcomes and clinical effectiveness, risks and benefits of medical treatments, services, procedures, and drugs. A portion of the Institute’s funding will come from temporary fees imposed on group health plans. Also known as the Comparative Effectiveness Fee or “PCORI Fee,” this fee applies to plans ending in years 2013 through 2019 (October 1, 2012 through September 30, 2019). In the case of an insured plan, the health insurance company providing the coverage must pay the fee. If the plan is a Health Reimbursement Arrangement (HRA), Medical Expense Reimbursement Plan (MERP) or other self-insured plan, the employer that sponsors the plan must pay.

Q *Do the fees apply to plans maintained by all types of employers?*

A Yes. The fees even apply to plans sponsored by governmental entities and church organizations.

Q *How are the fees paid?*

A Fees are paid once a year. A plan sponsor will send its annual payment to the Internal Revenue Service along with a completed Form 720 (Quarterly Federal Excise Tax Return Form) indicating how the payment amount was determined. Although Form 720 is labeled Quarterly Federal Excise Tax Return Form, this fee will occur on an annual basis. Please note that the IRS is currently updating the instructions for Form 720 to provide plan sponsors with more details on the payment and reporting process for this fee.

Q *When are the fees due?*

A The Form 720 and accompanying payment will be due by July 31 of the following plan year.

Q *Are TPAs allowed to file the Forms 720 for the HRAs and MERPs sponsored by their client companies?*

A No. The law explicitly states that this must be done by the plan sponsors.

Additional Resources

You can obtain Form 720 by clicking here: <http://www.irs.gov/pub/irs-pdf/f720.pdf>. For more information on the Patient-Centered Outcomes Research Institute please visit www.pcori.org.

PLAN YEARS	PCORI FEE (PER COVERED LIFE)	FILE DUE DATE
February 1, 2015 - January 31, 2016	\$2.17	July 31, 2017
March 1, 2015 - February 28, 2016	\$2.17	July 31, 2017
April 1, 2015 - March 31, 2016	\$2.17	July 31, 2017
May 1, 2015 - April 30, 2016	\$2.17	July 31, 2017
June 1, 2015 - May 31, 2016	\$2.17	July 31, 2017
July 1, 2015 - June 30, 2016	\$2.17	July 31, 2017
August 1, 2015 - July 31, 2016	\$2.17	July 31, 2017
September 1, 2015 - August 31, 2016	\$2.17	July 31, 2017
October 1, 2015 - September 30, 2016	\$2.17	July 31, 2017
November 1, 2015 - October 31, 2016	\$2.26	July 31, 2017
December 1, 2015 - November 30, 2016	\$2.26	July 31, 2017
January 1, 2016 - December 31, 2016	\$2.26	July 31, 2017
February 1, 2016 - January 31, 2017	\$2.26	July 31, 2018
March 1, 2016 - February 28, 2017	\$2.26	July 31, 2018
April 1, 2016 - March 31, 2017	\$2.26	July 31, 2018
May 1, 2016 - April 30, 2017	\$2.26	July 31, 2018
June 1, 2016 - May 31, 2017	\$2.26	July 31, 2018
July 1, 2016 - June 30, 2017	\$2.26	July 31, 2018
August 1, 2016 - July 31, 2017	\$2.26	July 31, 2018
September 1, 2016 - August 31, 2017	\$2.26	July 31, 2018
October 1, 2016 - September 30, 2017	\$2.26	July 31, 2018