

Compliance Alert

PCORI Fee Increase

Issue Date: September 2014

In Notice 2014-56, the IRS provided the amount for the Patient-Centered Outcomes Research (PCORI) fees for plan years ending after Sept 30, 2014 and before Oct 1, 2015. The fee for such plan years is \$2.08 (up from \$2) multiplied by the average covered lives for the plan year. The carriers/insurers will pay the fee on behalf of fully-insured plans, but self-funded plans are responsible for paying the fee on behalf of any applicable group health plans.

Background

The Affordable Care Act (ACA) created a new nonprofit corporation, the Patient-Centered Outcomes Research Institute (PCORI) to support clinical effectiveness research. It is funded in part by fees paid by health insurers and sponsors of self-funded health plans (PCORI fees).

PCORI fees apply to plan years ending after Sept 30, 2012 and before Oct 1, 2019. The fee is paid using quarterly Form 720 and must be paid no later than July 31 of the calendar year following the last day of the plan year.

The PCORI fee generally applies to all group health plans, but not to excepted benefits.

See DOL chart - <http://www.irs.gov/uac/Application-of-the-Patient-Centered-Outcomes-Research-Trust-Fund-Fee-to-Common-Types-of-Health-Coverage-or-Arrangements>

The amount of the fee differs based on plan year. The applicable fee for the year is multiplied by the average number of covered lives for the plan. Self-funded group health plans may determine the average number of covered lives using one of the following 3 methods:

1. Actual Count Method
2. Snapshot Method
3. Form 5500 Method

Applicable Fee Amount

The applicable fee is:

- \$1 for plan years ending before October 1, 2013
- \$2 for plan years ending after September 30, 2013 and before October 1, 2014
- Thereafter the fee increases based on the percentage increase in the projected per capita amount of National Health Expenditures, as published by the Treasury each year

IRS has set the fee for plan years ending after September 30, 2014 and before October 1, 2015 at \$2.08. Further guidance will be provided indicating the fee for future plan years ending after September 30, 2015.

Additional details on calculating amount of the fee due were described in our earlier issue brief on this topic, '[Details on Paying the ACA Research Fee.](#)'

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