

Health Care Reform Implementation PCORI Fee Due Date Approaching

July 6, 2017

The PCORI fee funds the **Patient-Centered Outcomes Research Institute**, a private, non-profit corporation intended to advance informed health decision-making and to support clinical effectiveness research. The fee is effective for plan years ending after **September 30, 2012** and before **October 1, 2019**.

The PCORI fee:

- Applies to **Fully Insured** and **Self-Funded Plans**, including retiree-only & mini-med plans. Fee applies for active employees, former employees (qualified beneficiaries under COBRA continuation coverage).
- Reported / paid once a year & due **no later than July 31** of the year following the last day of the plan year on **IRS Form 720** (Quarterly Federal Excise Tax Return).
- Does **NOT** apply to HIPAA excepted benefit plans (e.g., stand-alone dental & vision plans), long-term care, home care (if offered separately from medical plans), disease/illness coverage, accident coverage, disability coverage, and workers' compensation. Stop-Loss & reinsurance policies are **NOT** subject to the PCORI fee.
 - **Fully Insured Plans:** Insurer files and pays the fee to the IRS and no action is required by employers.
 - **Self-Funded Plans:** Plan sponsors must pay the fee directly to the IRS. Third Party Administrators (TPAs) cannot pay the fee on behalf of the plan. Self-Funded Plans cannot pay the fee from plan assets; cannot be part of employee contributions.

Payment & Reporting:

- Fee applies to policy or plan years ending after October 1, 2012 and **before October 1, 2019**, i.e., seven plan years.
- Fee for plan years ending in January – September 2016: **\$2.17** per covered life, including spouses and dependents.
- Fee for plan year ending October – December 2016: **\$2.26** per covered life, including spouses and dependents.

Disclaimer: Materials are solely for informational purposes as an educational resource. Please contact counsel to obtain advice with respect to any specific issue.