

HEALTH CARE REFORM: WHAT ARE PCORI FEES? THE PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE

One of the aims of the Affordable Care Act (ACA) is to provide a resource to assist patients, clinicians, purchasers, and policy-makers in making informed health decisions. The ACA created a private, nonprofit corporation known as the Patient-Centered Outcomes Research Institute (PCORI). PCORI intends to achieve this goal by creating and managing a wide variety of effectiveness studies regarding the delivery of health care.

Money to pay for these studies will be raised by a PCORI fee. The PCORI fee was first assessed upon health insurers and plan sponsors of self-insured plans in 2012. These fees will go into a trust to fund PCORI.

WHO MUST PAY THE PCORI FEE?

Plan sponsors of self-insured plans are responsible for paying the PCORI fee. For fully-insured plans, the issuer must calculate and pay the fee.

HOW MUCH IS THE PCORI FEE?

The fee is an annual fee of \$1.00 per covered life for plan years (policy year) ending on or after October 1, 2012 and before October 1, 2013. It is \$2.00 per covered life under each policy or plan for the plan year ending on or after October 1, 2013 and before October 1, 2014. For plan years and policy years ending on or after October 1, 2014, the fee is increased based on a formula reflecting the increase in the projected per capita amount of National Health Expenditures for the Federal Fiscal Year.

HOW MANY YEARS WILL THE EMPLOYER HAVE TO PAY THE FEE?

The PCORI fee is imposed for policy years and plan years ending on or after October 1, 2012 and before October 1, 2019.

WHEN IS THE PCORI FEE DUE AND HOW IS IT PAID?

The fee must be reported and paid no later than July 31st of the calendar year immediately following the last day of the plan year to which the fee applies. For plan years ending on or after October 1, 2012 through December 31, 2012, the initial payment of the fee must be made no later than July 31, 2013 using Internal Revenue Service (IRS) Form 720.

For plan years ending on or after January 1, 2013 through September 30, 2013, the initial payment of the fee must be made by July 31, 2014. For example, a plan with its year ending January 31, 2013 would owe the first PCORI fee no later than July 31, 2014.

For more information, please visit the PCORI Web site at <http://www.pcori.org/>, the Keenan Health Care Reform web page at <http://www.keenan.com/health-care-reform/pcori/> or contact your Keenan Representative.

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