

Comparative Effectiveness Research Plan Fee

The Affordable Care Act has established the Patient-Centered Outcomes Research Institute (PCORI) to explore the effectiveness, risks and benefits of medical treatments. This study is also known as the comparative effectiveness research (CER). PCORI is a nonprofit, nongovernmental organization that is financed in part by fees charged to certain health plans. The fees will be collected for plan years and policy years that end after September 30, 2012 and before October 1, 2019.

Fee Amounts		
Plan/policy years ending October 1, 2012, through September 30, 2013	Plan/policy years ending October 1, 2013, through September 30, 2014	Plan/policy years ending October 1, 2014, through September 30, 2019
\$1 multiplied by the average number of covered lives (\$1 per year)	\$2 multiplied by the average number of covered lives (\$2 per year)	\$2 multiplied by the average number of covered lives (adjusted for medical inflation each year)

Frequently Asked Questions

How Is the PCORI Fee Calculated for Self-Insured Plans?

- ▶ *Self-funded plans have the choice to use any of the following three methods:*
 - 1. Actual Count Method** — The average number of covered lives can be calculated under the plan for the plan year by calculating the sum of the lives covered for each day of the plan year and dividing that sum by the number of days in the plan year.
 - 2. Snapshot Method** — The average number of covered lives is calculated by adding the totals of lives covered on one date in each quarter, or an equal number of dates for each quarter, and dividing the total by the number of dates on which a count was made.
 - 3. Form 5500 Method** — The average number of covered lives is calculated based on a formula that includes the number of participants actually reported on the Form 5500 for the plan year. Under this method, the total number of lives is determined by adding the participant counts at the beginning and end of the year.

Which Health Plans Are Subject to the Fee?

- ▶ Self-insured health and accident plans.
- ▶ Fully-insured health and accident policies (including a policy under a group health plan).
- ▶ Governmental entities, except for exempt governmental programs (insurance and medical assistance programs under the Social Security Act, and programs under federal law providing medical care to individuals in the armed services or members of Indian tribes).

Who Is Responsible for the Fee?

- ▶ The plan sponsor of a self-funded plan is responsible for payment of the fee. For multi-employer plans, the joint board of trustees is the plan sponsor (and responsible for payment).

How Is the PCORI Fee Paid?

- ▶ Fees are to be reported and paid once a year, even though they are reported on IRS Form 720 (Quarterly Federal Excise Tax Return). HealthSmart is committed to ensuring your plan's compliance with this mandate, as well as providing assistance in calculating the fee.