

## EMPLOYMENT SERVICES ALERT

6/28/13

### The Affordable Care Act: PCORI Fee Due July 31, 2013

As we described in our [Alert](#) of March 14, 2013, the Affordable Care Act (“ACA”) imposes a fee on sponsors of self-funded plans and issuers of individual and group health insurance policies to pay for the research conducted by the Patient-Centered Outcomes Research Institute (“PCORI”) to compare the effectiveness of medical treatments. The PCORI fee applies to both grandfathered and non-grandfathered plans.

The PCORI fee is due by July 31 of the calendar year following the close of the plan year. For plan years ended October 1, 2012, through December 31, 2012, the fee for the first year is due by July 31, 2013. The PCORI fee for this first year is \$1 per covered life (including covered employees and covered dependents). The PCORI fee increases to \$2 per covered life for subsequent years.

The IRS has proposed several methods for determining the average number of lives. For self-funded plans, an employer may use an actual count method, a snapshot method, or the Form 5500 method, which is calculated by adding the total number of reported participants at the beginning of the plan year to the total number of participants at the end of the plan year and dividing by two. If an employer is covered by a fully insured product, that employer should verify that the carrier is paying the PCORI fee.

The PCORI fee is reported and paid using IRS Form 720. Under Part II of Form 720, the number of covered lives is reported in column a and this number is multiplied by the first year rate of \$1. The total should be included at the bottom of Part II. The form and payment should be sent to Department of the Treasury, Internal Revenue Service, Cincinnati, OH 45999-0009.

Employers should be gathering the information to complete the form.

Roetzel remains ready and able to assist you with all of your ACA compliance issues. For additional information, please contact any of the following attorneys:

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