

Patient-Centered Outcomes Research Institute (PCORI) Fee

Information for Employers



ABOUT PCORI

The Affordable Care Act (ACA) established the Patient-Centered Outcome Research Institute (PCORI) to evaluate and compare health outcomes and the clinical effectiveness, risks and benefits of a variety of services that treat, manage, diagnose or prevent illness or injury. The work of this Institute is partially funded by a fee on health insurers, self-insured group health plans, most HRAs, and some FSAs*.

PCORI FEE OVERVIEW*	
WHAT	<ul style="list-style-type: none"> Annual fee on insured and self insured health plans.
WHO PAYS	<ul style="list-style-type: none"> Fully insured medical - health plan pays; fee is built into rates. Self funded medical - employer or sponsor pays. HRA integrated with fully insured medical – employer pays for HRA and health plan pays for medical plan. HRA integrated with self funded medical – employer pays for HRA if medical plan and HRA have different plan years; HRA is not subject to a separate research fee if the medical plan and HRA have the same plan year. HRA only (no medical plan) – employer pays based on the average number of covered lives under the HRA.
WHEN	<ul style="list-style-type: none"> Applies for plan years ending on or after October 1, 2012 and before October 1, 2019.
HOW	<ul style="list-style-type: none"> Fee is reported using Form 720, "Quarterly Federal Excise Tax Return," and paid directly to the IRS.
FEE	<ul style="list-style-type: none"> Initial annual fee begins at \$1 per member from October 1, 2012 through September 30, 2013. Increases to \$2 per member for plan years ending on or after October 1, 2013 and before October 1, 2019. Amount for future years is indexed to national health expenditures.
ESTIMATED COST	<ul style="list-style-type: none"> Estimated cost impact to medical plan approximately \$0.17 per member per month.

April 22, 2013

*Please consult with your own legal and tax advisors for specific advice regarding the PCORI fee and how it may apply to your business. While every attempt has been made to ensure the accuracy of this information as of the publication date, federal and state rules and interpretations of the ACA continue to evolve, and every employer's circumstances are unique.