



PCORI Letter

The passage of the Patient Protection & Affordable Care Act (PPACA) extends many rights and protections to employees. Established by the PPACA, the Patient-Centered Outcomes Research Institute (PCORI) is charged with examining the “relative health outcomes, clinical effectiveness, and appropriateness” of different medical treatments. The Institute will evaluate existing studies and conduct its own, with funding in part by employer- paid fees.

Initial mandates include a new fee imposed on employers and insurance carriers for seven years, with fee amounts expected to change during that time. Due each July 31st, this fee is now set to affect clients with plan years ending 2012 through 2019 (this time frame may change, of course). While this July the amount due equals the average number of plan participants multiplied by \$1, the PCORI fee multiplier will increase to \$2 in 2014. For subsequent plan years ending before October 1, 2019, the fee will be adjusted for projected increases in national health expenditures.

Sponsors of HRA (Health Reimbursement Accounts) plans with plan years that began between October 2, 2011 and December 31, 2011 must make their initial payment of the PCORI fees by July 31, 2013. Any plan years that began after January 1, 2012 but prior to October 2, 2012 will have to report and pay the PCORI fee by July 31, 2014. The fees must be paid annually using Tax Form 720 (Quarterly Federal Excise Tax Return Form) and generally will be due by July 31 of the calendar year immediately following the last day of the policy or plan year. The final regulations also confirm that third parties cannot report or remit the fees on behalf of plan sponsors.

What HR Knowledge will do for you is work with your HRA vendor and secure the correct number that you will need to enter on IRS Form 720. If you already file this form, you will simply be filling out one more section (Page 2, Part II, IRS No. 133) for your 2nd Quarter return. For the 1st, 3rd and 4th Quarters leave this section blank. If you currently do not file an IRS Form 720, we will send you one with instructions on filling in this section, or you can download it from the [IRS website](#).

For more information please [click here](#).

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