

CLIENT ALERT



November 10th, 2016

IRS Releases Adjusted Dollar Amount For Patient-Centered Outcomes Research Institute Fee

In a Notice, the IRS has provided the adjusted applicable dollar amount to be multiplied by the average number of covered lives for purposes of the Patient-Centered Outcomes Research Institute fee imposed under the Affordable Care Act (ACA) for policy and plan years that end on or after Oct. 1, 2016 and before Oct. 1, 2017.

Background. The Patient-Centered Outcomes Research Institute (PCORI) was established by the ACA to assist patients, clinicians, purchasers, and policy-makers in making informed health decisions by advancing comparative clinical effectiveness research. The PCORI is to be funded through a fee imposed on health insurers and sponsors of self-funded health plans. The PCORI fee was first assessed for plan years ending after September 30, 2012. The fee for the first plan year was \$1 per covered life,

increasing to \$2 per covered life in the second year, and then indexed in subsequent years based on the increase in national health expenditures. The PCORI fee will not be assessed for plan years ending after September 30, 2019, which means that for a calendar year plan, the last year for assessment is the 2018 calendar year.

Notice 2016-64. The IRS announced in Notice 2016-64 that the PCORI fee for plan years ending on or after October 1, 2016 and before October 1, 2017, including 2016 calendar plans, is \$2.26. Plan sponsors must pay the PCORI fee by July 31 of the calendar year immediately following the last day of the plan year. All self-funded plan sponsors will pay the PCORI fee in 2017, but the amount of the fee will vary based on the plan year:

Plan Year Ending in 2016	Fee per Covered Life for July 31, 2017 Payment
Plan years ending on or after October 1, 2016 through December 31, 2016, including calendar year plans.	\$2.26
Plan years ending on or after January 1, 2016 through September 30, 2016	\$2.17

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