

June 13, 2016

## PCORI Fee Due to the IRS August 1

The Patient-Centered Outcomes Research Institute (PCORI) fee for plan years ending on and after January 1, 2015 and on and before December 31, 2015 must be remitted to the IRS by August 1, 2016. Typically, the fee is due by July 31st of the year following the last day of a plan year. However, the fee due in 2016 must be paid by Monday, August 1, 2016 since July 31st falls on a weekend this year.

### Background

The ACA created the Patient-Centered Outcomes Research Institute to help patients, clinicians, payers and the public make more informed health decisions by advancing comparative effectiveness research. The Institute's research is funded, in part, through PCORI fees paid by insurers of "specified health insurance policies" and plan sponsors of self-insured health plans. Plan sponsors of self-insured health plans are required to pay the PCORI fee for certain health coverage arrangements. Plan sponsors of fully-insured health plans are not responsible for paying the PCORI fee (the obligation rests with the insurer). For a list of insurance coverage or arrangements subject to the PCORI fee, please see the IRS chart [Application of the Patient-Centered Outcomes Research Trust Fund Fee to Common Types of Health Coverage or Arrangements](#).

The PCORI fee applies to policy or plan years ending on or after October 1, 2012 and before October 1, 2019.

### PCORI Fee Amount and Remittance

The applicable PCORI fee for the payment due by August 1, 2016 depends on the plan year end date. The fee is \$2.08 per covered life for plan years ending on and after October 1, 2014 and before October 1, 2015. The fee is \$2.17 per covered life for plan years ending on or after October 1, 2015, and before October 1, 2016. The IRS has published the [PCORI Filing Due Dates and Applicable Rates](#) chart to assist insurers and plan sponsors with determining the applicable fee and due date based on the end date of a policy/plan year.

The filing and remittance process to the IRS is largely unchanged from last year. The PCORI fee is paid using IRS Form 720 Quarterly Federal Excise Tax Return and the payment can be made through the [Electronic Federal Tax Payment System \(EFTPS\)](#). When completing the payment voucher (720-V), the tax period for the fee should indicate "2nd Quarter". This quarter designation is an essential step in the reporting processes, as failure to properly designate "2nd Quarter" on

the voucher may trigger a tardy filing notice from the IRS.

For a more detailed explanation of the PCORI fee, including information on calculating and paying the fee, please see our legislative update, [PCORI Fees – Reporting and Preparation Process](#). Detailed guidance regarding how to calculate, report, and pay the fee is also provided on the IRS PCORI fee [webpage](#).

Should you have questions about this or any other aspect of healthcare reform, please contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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