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## Health Care Reform Patient-Centered Outcomes Research Fee

The Department of Treasury issued final regulations on a new fee that will be imposed on self-funded group health plan sponsors to fund the Patient-Centered Outcomes Research Trust. These regulations provide guidance on how to calculate and report this fee.

Self-funded group health plan sponsors will be required to file an annual return with the Internal Revenue Service to remit this new fee. For calendar year plans, the first return and payment will be due on **July 31, 2013**.

**Background.** Health Care Reform imposes an annual fee on self-funded group health plan sponsors for each plan year ending after September 30, 2012 and before October 1, 2019. For calendar year plans, the fee applies to the 2012-2018 plan years.

**Affected Plans.** All self-funded group health plans, including those covering only former employees or retirees, are subject to the fee except for:

- Plans providing only excepted benefits, such as stand-alone dental and vision plans; and
- Employee assistance plans, wellness plans and disease management plans that do not provide significant medical benefits.

**Annual Return.** Each year, plan sponsors are required to calculate the amount of the fee and file a Form 720, Quarterly Federal Excise Tax Return, with the applicable fee. This return is due by July 31 following the plan year for which the fee is being paid.

**Calculating the Fee.** The amount of the fee is equal to an "Applicable Dollar Amount" multiplied by the "Average Lives" covered by the plan.

- **Applicable Dollar Amount.** The Applicable Dollar Amount is \$1 for the first affected plan year and \$2 for the second affected plan year. It is subject to additional adjustments in later plan years.
- **Average Lives.** The regulations provide several methods by which plan sponsors may calculate the number of Average Lives. For example, in

most cases, a plan sponsor can use the average of the number of participants covered at the beginning and end of the plan year as reported on the plan's Form 5500.

**Contact Information.** For more information from Mazursky Constantine, please contact Amy Heppner (404.888.8825), Kelly Meyers (404.888.8838), Carl Lammers (404.888.8872) or Jessica Gallegos (404.888.8849). For more information from VCG Consultants, please contact Leslie Schneider (770.863.3617).

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