

IRS Announces PCORI Fee Increase

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On September 18, 2014, the Internal Revenue Service (“IRS”) published [Notice 2014-56](#), announcing that the adjusted “applicable dollar amount” for the Patient-Centered Outcomes Research Institute (“PCORI”) fee imposed by §§ 4375 and 4376 of the Internal Revenue Code will increase to \$2.08 from \$2.00 for policy and plan years ending on or after October 1, 2014 and before October 1, 2015. For policy or plan years ending on or after October 1, 2015, the adjusted applicable dollar amount will be published in the Internal Revenue Bulletin’s guidance of general applicability.

The Affordable Care Act (“ACA”) imposes a fee on issuers of certain health insurance policies¹ and plan sponsors of certain self-insured health plans² to help fund PCORI, a private, nonprofit corporation whose mission is to assist individuals in making informed healthcare decisions and improve healthcare delivery and outcomes. The PCORI fee applies to policy or plan years ending on or after October 1, 2012 and before October 1, 2019 and calculated by multiplying the average number of lives covered under the relevant policy or plan by the “applicable dollar amount” for that policy or plan year. Each year, the “applicable dollar amount” is adjusted based on the projected per capita amount of the National Health Expenditures.³

To pay the fee, issuers and plan sponsors must file the second quarter Form 720 with the IRS by July 31 of the year immediately following the last day of the plan or policy year.

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¹ 26 CFR Section 46.4315-1.

² 26 CFR Section 46.4376-1.

³ See, §§ 4375(d) and 4376(d) and Treas. Reg. §§ 46.4375-1(c)(4) and 46.4376-1(c)(3).