

HEALTH CARE REFORM FEES



The Affordable Care Act (ACA) made a variety of changes which have an impact on health reimbursement arrangements (HRAs). To cover the cost of these changes, ACA has imposed a fee called Patient-Centered Outcomes Research Institute fees (PCORI fees) for self-insured health plans.

This fee is calculated on the average sum of covered lives under the plan. For plan sponsors that maintain multiple self-insured arrangements (such as an HRA in addition to major medical coverage), this could have resulted in having to pay each fee twice for each covered life. To avoid doubling the amount of these fees, in December of 2012, the Internal Revenue Service issued final regulations regarding how both PCORI fees and Reinsurance fees apply to HRAs. They are as follows:

PCORI FEES FOR HRAs: Although the IRS did not provide an overall exemption from the research fees for HRAs, the final regulations outline a special rule for HRAs that are integrated with another self-insured plan providing major medical coverage (please see Special Rule for HRAs in the chart below*).

PCORI FEE SUMMARY	
Applies To:	Health insurance issuers and sponsors of self-insured plans. Does not apply to coverage that consists solely of “excepted benefits” under HIPAA such as stand-alone dental or vision plans.
Effective Date:	Plan years ending on or after October 1, 2012 , and before October 1, 2019 . For calendar year plans, fees will be effective for the 2012 through 2018 plan years. The first possible payment will be due on July 31, 2013.
Amount:	Calculated as follows: <ul style="list-style-type: none"> • \$1 per covered life♦ for plan years ending before October 1, 2013. • \$2 per covered life♦ for plan years ending on or after October 1, 2013 and before October 1, 2014. • For plan years ending on or after October 1, 2014, the fee amount will grow based on increases in the projected per capita amount of National Health Expenditures.
Form Submission/Payment	Plan Sponsors must file IRS Form 720 to report the fee by July 31 of the year following the calendar year in which the applicable plan year ended. Payment must be made with the filing.
Special Rule for HRAs*:	<p>HRA Integrated with Self-insured Plan:</p> <p>The HRA is <i>not</i> subject to a separate research fee, as long as the HRA and the plan:</p> <ul style="list-style-type: none"> • Are established and maintained by the same plan sponsor; and • Have the same plan year. <p>HRA Integrated with Fully-insured Plan:</p> <p>The plan sponsor of the HRA and the issuer of the insurance plan will <i>both</i> be subject to the research fees, even though the HRA and insured group health plan are maintained by the same plan sponsor.</p>

♦ **Special Counting Rules for HRAs:**

HRAs integrated with insured coverage: If a plan sponsor has other coverage, but that coverage is fully insured, the plan sponsor must pay the fee with respect to the average number of lives covered by the HRA in addition to the fees that will be paid for the insured plan. (The policy issuer is responsible for the fees on a specific health insurance policy.) **The HRA’s covered lives will be determined using the one life per participant rule (each employee with an HRA).**

HRAs integrated with self-funded coverage: If the same plan sponsor has another applicable self-insured health plan with the same plan year, then each person covered by both plans is only counted once. The individuals covered by both plans are counted using the counting method for the other plan (so the one life per participant rule does not apply to them). If the HRA covers anyone who is not also covered under the other plan, the sponsor must pay the fee for those individuals using the one life per participant rule.

**For more information please visit the Department of Labor
Frequently Asked Questions: <http://www.dol.gov/ebsa/faqs/faq-aca.html>**