

REFORM *Update*

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The Internal Revenue Service (IRS) recently released the adjusted Patient-Centered Outcomes Research (PCOR) fee. The PCOR fee is assessed against group health plans. Insurance carriers are responsible for submitting the fee on behalf of their insured clients. Employers need to pay the fee for their self-funded plans. Self-funded employers pay the fee by submitting a Form 720.

The PCOR fees will be used to fund comparative effectiveness research studies. These studies will evaluate the most effective treatment for chronic and catastrophic health conditions. A key focus of these studies will be cancer treatments.

The annual PCOR fee is based on the average covered lives enrolled on a health plan. More details on the PCOR fee can be found in our *Reform Update* at http://www.mcgrawwentworth.com/Reform_Update/2013/Reform_Update_58.pdf.

The PCOR fee is annually indexed. IRS Notice 2014-56 confirms the fee amount for the next two years. The fee amount is determined by the **date of the end of plan year**:

1. If the plan year ends on or after October 1, 2013, but before October 1, 2014, the fee amount per covered life is \$2.00 for that plan year.
2. If the plan year ends on or after October 1, 2014, but before October 1, 2015, the fee amount per covered life is \$2.08.

The PCOR fee is temporary. The fee is expected to end in 2019 for most plans.

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