



REFORM UPDATE

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INDEXED PATIENT-CENTERED OUTCOMES RESEARCH (PCOR) FEE

The Internal Revenue Service (IRS) recently released the annually adjusted PCOR fee. The PCOR fee is assessed against group health plans, but insurance carriers are responsible for submitting the fee on behalf of their insured clients. Employers need to pay the fee directly for their self-funded plans by submitting a Form 720.

The annual PCOR fee is based on the average number of covered lives enrolled in the 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 2015-60 confirms that the fee has increased. It is important to understand that the applicable fee amount is based on the **last day of the end of the plan year**:

1. 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.
2. If the plan year ends on or after October 1, 2015, but before October 1, 2016, the fee amount per covered life is \$2.17 for that plan year.

The PCOR fees are used to fund comparative effectiveness research studies. These studies evaluate the most effective treatment for chronic and catastrophic health conditions, with cancer treatments being a key focus.

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

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