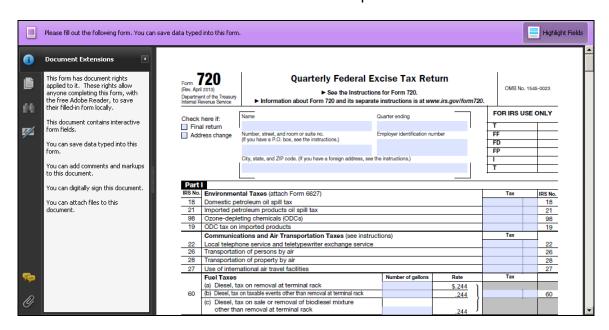
## PCORI Fees IRS Form 720 and Instructions

The Affordable Care Act imposes fees on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fees, required to be reported annually on the 2nd quarter Form 720 and paid by its due date, July 31st, are based on the average number of lives covered under the policy or plan. The fees apply to policy or plan years ending on or after October 1, 2012, and before October 1, 2019.

The IRS recently released the revised Form 720 that insurers and sponsors of self-insured plans will use to pay the Patient-Centered Outcomes Research Institute (PCORI) fee. Sponsors of calendar year plans must pay the 2012 fee by July 31, 2013. Plan sponsors can now complete their planning for payment of this fee. The IRS has also confirmed health insurers and self-insured health plan sponsors can deduct PCORI fees as ordinary and necessary business expenses.

The types of plans that must pay the PCORI Fees by July 31, 2013 include:

- Health/accident plans
- HRAs with a plan year that began 1/1/2012 that are not an excepted benefit (Employer contribution is greater than \$500)
- Health FSAs with a plan year that began 1/1/2012 that are not an excepted benefit (Plan has employer contributions with the maximum reimbursement greater than two times an employee's salary reduction election or employer contribution is greater than \$500)
- Retiree plans
- IRS Form 720 can be accessed at <a href="http://www.irs.gov/pub/irs-pdf/f720.pdf">http://www.irs.gov/pub/irs-pdf/f720.pdf</a> which is an interactive document so that can be completed on line.



• The PCORI fees are entered on line 133 for the appropriate plans. See pages 8 and 9 of the IRS Instructions for completing these fields. Instructions can be found at <a href="http://www.irs.gov/pub/irs-pdf/i720.pdf">http://www.irs.gov/pub/irs-pdf/i720.pdf</a>.

1	1 Total. Add all amounts in Part I. Complete Schedule A unless one-time filing					
Part II						
IRS No.	Patient-Centered Outcomes Research Fee (see instructions)	(a) Avg. number of lives covered		Col. (a) x Col. (b)	Tax	IRS No.
133	Specified health insurance policies		\$1.00	)		
	Applicable self-insured health plans		\$1.00	J		133

 Complete the fields on page 7 and make your check or money order payable to "United States Treasury"

