



Compliance Alert

February 21, 2012



Comparative Effectiveness Research Fee

Summary

The Patient Protection and Affordable Care Act (the Act) imposes a new comparative effectiveness research fee on plan sponsors and issuers of individual and group policies. The assessed fee contributes to the Patient-Centered Outcomes Research Trust Fund. This fund establishes a nonprofit corporation (the Patient-Centered Outcomes Research Institute) to undertake clinical effectiveness research relating to patient-centered outcomes, including research to evaluate risks and benefits of medical treatments, services, procedures, and drugs that treat, manage, diagnose or prevent illness or injury.

The Department of the Treasury and the Internal Revenue Service published a proposed regulation on the fees and requested comments from the public on several key issues. Comments were due by Sept. 6, 2011.

Who Must Comply

The Act states that the "plan sponsor" responsible for paying this fee is:

- For a plan established or maintained by a single employer: the employer
- For a plan established or maintained by an employee organization: the employee organization
- For a plan established or maintained by two-plus employers or jointly by employers/employee organizations (i.e., a multiemployer plan): the association, committee, joint board of trustees or other similar group of representatives of the parties who establish or maintain the plan
- For a plan established or maintained by a cooperative or association: the cooperative or association

Details

For policy or plan years ending after Sept. 30, 2012, issuers and employers sponsoring certain group health plans must pay a fee of \$1 per member per year. The fee increases to \$2 per member per year for policy years ending after Sept. 30, 2013. Therefore, the first policy year to which the fee applies would be a policy year that ends on Oct. 1, 2012. The fee does not apply to policy years ending after Sept. 30, 2019. If the policy or employer plan is a calendar year plan, the first fee would apply for the 2012 calendar year.

Collecting and/or Paying The Fee

There are a number of critical issues still open in the CER regulation, and the way in which we collect the fee and the frequency of payment for our customers is one of them. While our customers are ultimately responsible for paying the fee, Boon-Chapman is considering how we might assist customers with this obligation.

Additional Information

Additional information can be found on the IRS website, [IRS.gov](http://www.irs.gov), or contact your account manager.

View/download the IRS notice at http://www.irs.gov/irb/2011-25_IRB/ar08.html.

If you have questions or comments about this notice, please contact your Account Manager.

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