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IRS Releases Final Regulations on the Comparable Effectiveness Fee

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The U.S. Internal Revenue Service (?ÃÂ£IRS?ÃÂ¥) recently released final regulations regarding the ?ÃÂ£comparable effectiveness fee?ÃÂ¥ applicable to certain health insurers and to plan sponsors of self-insured health plans under the Patient Protection and Affordable Care Act (?ÃÂ£PPACA?ÃÂ¥). The comparable effectiveness fee will assist with financing the Patient-Centered Outcomes Research Institute (the ?ÃÂ£Institute?ÃÂ¥) which was established under PPACA to fund research of the clinical effectiveness of medical treatments, procedures and drugs. PPACA imposes the comparable effectiveness fee on an applicable issuer or plan sponsor for each plan or policy year ending on or after October 1, 2012, and before October 1, 2019, to support the Institute. The fee is $2.00 multiplied by the average number of lives covered under the plan or policy. (For plan or policy years ending before October 1, 2013, the fee is $1.00 multiplied by the average number of lives covered under the plan or policy.) The fees for a plan or policy year are due by July 31 of the year following the last day of the policy or plan year (e.g., for plan years ending December 31, 2012, the fee must be paid by July 31, 2013). The final regulations confirm that the fee will apply to retiree-only plans and that COBRA continuation coverage must be taken into account in determining the fee. The final regulations also provide rules for counting lives for individuals covered under multiple policies or plans. The final regulations are effective December 6, 2012, and can be found **here**.