

IRS Releases Proposed Regulations on the Comparable Effectiveness Fee

April 25, 2012

The Internal Revenue Service (IRS) released proposed regulations regarding the comparable effectiveness fee applicable to certain health insurers and plan sponsors of self-insured health plans under PPACA. The comparable effectiveness fee will assist in financing the Patient-Centered Outcomes Research Institute (the Institute) 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 (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 proposed regulations address the health insurers and plan sponsors which will be subject to this fee and explain how to calculate the average number of covered lives to calculate the total fee. Comments are requested on the proposed regulations by July 16, 2012. The proposed regulations can be found [here](#).