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Final PCOR Fee Regulations

Yesterday the IRS released final regulations regarding the PCOR fee that applies to insured and self-insured health coverage. The PCOR fee is intended to fund research and other grants. The final regulations adopted the proposed regulations, but the final regulations do provide additional details on certain types of questions, including the following –

- COBRA coverage is included in determining the PCOR fee.
- A self-insured plan can exclude coverage provided through insured options in calculating the fee.
- Only US residents are included in the PCOR fee, who are persons with a place of abode in the United States.
- Special calculation rules for covered lives apply to a plan year beginning before July 11, 2012 and ending on or after October 1, 2012.
- Employers (and not TPAs) are required to report and pay the PCOR fee.
- Retiree-only plans are subject to the PCOR fee.

The final regulations also adopted the following exclusions for certain types of coverage, based on the proposed regulations –

- Employee assistance programs, wellness programs and disease management programs are excluded, if those programs do not provide significant medical benefits.
- Stand-alone dental and vision benefits are excluded.
- Health FSAs are excluded, if the health FSA is a HIPAA excepted benefit.

Special rules also exist for counting covered lives when a plan offers more than one self-insured medical option, separate prescription drug coverage, and for HRAs.