



PCORI Reference Guide

Welcome to TASC PCORI.

The Patient-Centered Outcomes Research Institute (PCORI) was established by the Patient Protection & Affordable Care Act (PPACA) to evaluate the quality of various medicines and treatments. A private, nonprofit corporation, this Institute conducts comparative clinical effectiveness research and is funded in part by plan sponsors (i.e., employers) of self-insured health plans. This Guide will walk you through the PCORI process, how to calculate the number of eligible employees, how to file an IRS Form 720, and how to remit your PCORI payment. Please retain this Guide for future reference.

If you have additional questions, log in to MyTASC and select Contact Us or call Customer Care at 1-800-422-4661.

Here's what you'll find inside:

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TASC PCORI

Employers/plan sponsors with self-insured health plans (including non-excepted Health Reimbursement Arrangements and non-excepted Health Flexible Spending Arrangements) are required to file IRS Form 720 and remit Patient-Centered Outcomes Research Institute (PCORI) fees to the Treasury Department on an annual basis. Fees are payable on a seven rolling schedule for Plan Years beginning on or after October 1, 2012 through Plan Years ending September 30, 2029. Fees are due on July 31st of each year for Plan Years that ended during the prior calendar year. Initially this fee is \$1 per each covered life, it will then increase to \$2 after the first year and in subsequent years will be adjusted based on medical inflation rates.

The Internal Revenue Service (IRS) has updated Form 720, Quarterly Federal Excise Tax Return, to include two new lines for reporting and paying the PCORI fee. Although the form is titled Quarterly, and is typically used for quarterly payments of certain excise taxes, the PCORI fee is only paid annually.

General Instructions

Generally, references to taxes on Form 720 include this fee. For issuers of specified health insurance policies, the fee is calculated by multiplying the average number of lives covered under the policy for that policy year by the per covered lives fee. To determine the average number of lives covered under a policy for a policy year specified health insurance policies must use one of the following four alternative methods:

1. **Actual Count** – Count the total number of covered lives for each day of the policy year and divide by the number of days in a year.
2. **Snapshot Method** – Count the number of members on a single day (or days if consistent for each quarter) during a quarter and divide the total by the number of dates on which a count was made. The date used for each quarter must be the same (i.e., the first day, the last day).
3. **NAIC Member Months Method** – The issuer determines the average number of covered lives based on member months reported to the National Association of Insurance Commissioners (NAIC) on the Supplemental

Health Care Exhibit for the calendar year. The average number of lives in effect for the calendar year equals member months divided by 12.

4. **State Form Method** – This method is for issuers that are not required to file the NAIC Exhibit. These issuers may determine the number of covered lives using a form that is filed with the issuer's state of domicile, if the form reports the number of covered lives in the same manner as the NAIC Supplemental Exhibit.

Reporting The Fee

File Form 720 annually to report and pay the fee no later than July 31 of the calendar year immediately following the last day of the policy year or plan year to which the fee applies. If you file Form 720 only to report the fee, do not file Form 720 for the first, third, or fourth quarters of the year. If you file Form 720 to report quarterly excise tax liability for the first, third, or fourth quarter of the year (for example, filers reporting the foreign insurance tax (IRS No. 30)), do not make an entry on the line for IRS No. 133 on those filings.

Paying Your PCORI Fee

An IRS Form 720 was sent to you as part of this TASC PCORI kit. Follow these steps to complete and submit your IRS Form 720 and payment.

- 1) **Complete Your Employer Information.** Type your employer name, address (including suite, room, or other unit number), and the quarter ending date (month and year, i.e., June 2013). Provide a P.O. box if the post office does not deliver mail to the street address.
- 2) **Enter your current Employer Identification Number (EIN).**
- 3) **Complete Your PCORI Fee Information (Page 2, Part II, IRS Form 133) On 2nd line labeled "Applicable self-insured health plans":**
 - In box labeled "(a) "Avg. number of lives covered" enter your number of lives covered.
 - In box labeled "Col. (a) X Col. (b)" enter the applicable dollar amount provided to you by TASC.

- In box labeled “Tax” enter the amount of the tax you owe. If the PCORI tax is the only tax you are required to report on the IRS Form 720, this dollar amount will be the amount provided to you by TASC. If you are required to report other items on Form 720, add the PCORI tax to the total with the other items.

3) Sign Form (Bottom of Page 2)

After a careful review to ensure you have completed all fields complete the Sign Here section. Note: IRS Form 720 must be signed by a person authorized by your entity to sign this return.

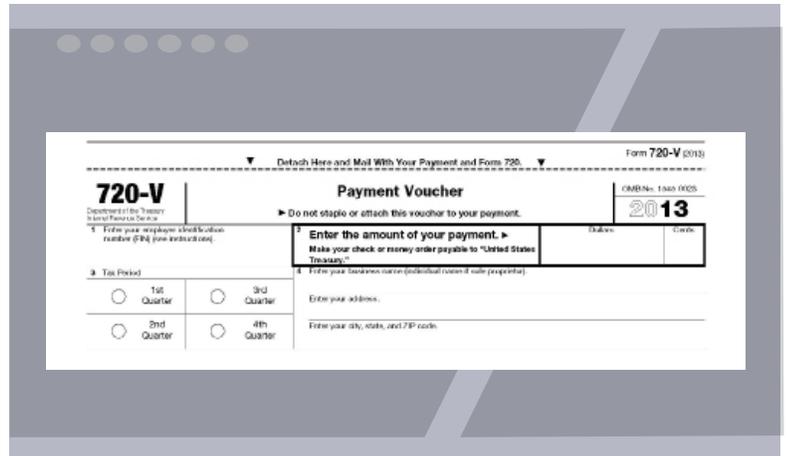
4) Complete Payment Voucher (720 V) (Bottom of Page 7)

- For Item 3 “Tax Period” darken the circle labeled “2nd Quarter.”
- Remit Payment—Must be postmarked no later than July 31 of the applicable year.
- Mail the payment voucher along with the IRS Form 720 and your check or money order made payable to United States Treasury to: Department of the Treasury, Internal Revenue Services, Cincinnati, OH 45999-0009.
- Be sure to enter your EIN and the tax period (second Quarter) on your check or money order.
- Do not send cash.
- Do not staple the voucher or your payment to the return (or to each other).
- Make and retain a copy of the metered or stamped envelope.

Important Notes:

- Retain copies of your tax return and records to show that the correct tax has been paid. Retain records to support your remittance at least four years from the date the tax became due or the date you paid, whichever is the latest.

- If you already file an IRS Tax Form 720, please ask your tax preparer to include the PCORI calculation and fee on your form submission.
- TASC is a service provider and does not prepare tax filings or provide tax advice regarding the payment of taxes. Any questions regarding the preparation and filing of any tax return should be directed to a qualified tax professional.



- All Clients are obliged to maintain up-to-date contact information in MyTASC; this includes email and mailing addresses, and phone numbers. TASC periodically sends important Plan notifications (regarding balances, deadlines, and/or Plan changes). We are not responsible for any consequences resulting from communications not received due to inaccurate contact information.

Annual Plan Renewal

Near the end of the Plan Year, the you will have the opportunity to re-enroll for the upcoming Plan Year.

TASC Invoicing Practices

TASC’s Invoicing Practices aim to communicate expectations to all Clients and Providers, ensuring compliance to TASC Plans and services, creating consistency between all of TASC’s divisions, and ensuring the continuation of services.

Philosophy

To ensure that TASC operations continue to run smoothly, various actions need to occur in a timely manner, including the payment of TASC administrative fees. Paying in advance demonstrates that the Plan is for the benefit of employees, provides further evidence that the Plan has been established on a pre-thought basis, and ensures coverage under TASC's Audit Guarantees. TASC invoices in advance for two additional reasons:

1. TASC requires a commitment in advance of the business being processed, and
2. TASC requires a payment history for its Clients, so as to determine the Clients' status of good standing.

Administrative Fees

Because your TASC PCORI service begins before the Plan start date, TASC PCORI invoices forty-five (45) calendar days prior to the Plan start date. For example, for Plans with a January 1 start date, the first invoice is mailed on November 15 and is due seven (7) calendar days from the invoice date. TASC PCORI fees are calculated on the number of known employees at the time the invoice is generated, and Clients are charged a minimum administrative fee.

Types of Payments for Administrative Fees

- Check
 - Clients may pay by check.
- E-Pay
 - Clients may pay administrative fees electronically as long as they use E-Pay, and as long as these fees are debited seven (7) calendar days prior to the service period start date. Therefore, if a service period begins January 1, Clients will be debited on December 23.
- ACH Credit
 - Clients may pay administrative fees via an electronic ACH Credit transfer. A \$40 per transaction Service Charge will be assessed. Clients should contact their Provider for details.

- ACH Debit
 - Clients may pay administrative fees via an electronic ACH Debit transfer. There is no Service Charge for this method.

Types of Invoices

- Administrative Fee
 - Generated annually for TASC Services that are provided during the service period.
- Premium Services Fee
 - Generated when a Client has elected a Premium Service.

Standard Invoicing Procedures

- Invoice
 - Generated and sent forty-five (45) calendar days prior to the Service Period start.
- Due Date
 - Seven (7) calendar days from the date the invoice was generated (invoice date).
- Service Charge Date
 - An additional \$20 fee will be assessed sixty (60) calendar days from the original invoice date if the invoice is not paid by the Service Charge due date, and the account will be placed on hold.
- Statement
 - A Statement (second notice) of unpaid invoices will be mailed fifteen (15) calendar days prior to the start of the Service Period.
- Past Due E-mail Notification
 - On the first day of the Service Period or forty-five (45) calendar days after the original invoice date (whichever comes first), an email will be sent to any account with unpaid invoices older than forty (40) calendar days. This e-mail will inform the Client that the account will be put on hold and that a \$20 service fee will be charged if the invoice is not paid within sixty (60) calendar days of the original invoice issue date.
- Final Notice Statement
 - A Final Notice Statement (third notice) will be mailed out fifteen (15) calendar days into the Service Period, with a Service Charge of \$20.00, a notice of "default" status, and an additional notice that all account services have been placed on hold.

- Collections
 - The account will be placed in Collections forty-five (45) calendar days into the Service Period start, or ninety (90) calendar days after the original invoice date, whichever comes first.
- Plan Termination
 - The account will be terminated one hundred four (104) calendar days into the Service Period start. Letters will be sent to each Client being terminated.

Client Responsibilities

- Please make your checks payable to TASC Administration. Checks incorrectly payable to TASC PCORI can cause some confusion and may delay the administration of your Plan.
- Mail invoices and payments in the envelope provided (goldenrod color) to: TASC, 2302 International Lane, Madison, WI 53704-7098.
 - All invoice payments must be submitted separately from all other payments and transactions.
 - All invoice payments must be made separately (i.e. one check with one invoice).
- Notify TASC of any disputes or any changes.

Contacting TASC PCORI

Technical and Customer Service Support - TASC PCORI has a team of employee benefit experts to assist you with your Plan. Our experts can give you guidance and expertise to help ensure you stay compliant with PCORI. You may call toll-free (from 8am-5 pm weekdays except Wednesdays 9am-5pm) to address questions regarding TASC PCORI compliance, technical issues, or other questions relevant to PCORI.

For Your Benefit

TASC PCORI also distributes For Your Benefit, a bi-annual newsletter that includes Plan updates and a calendar of important dates, along with information about other TASC Plans and guidance for managing and developing your business.

News Updates

Stay informed about important news regarding your Plan. Visit the TASC Client news site at www.tasctracker.com and subscribe to receive news updates via email.

