



COMMISSIONERS COURT COMMUNICATION

REFERENCE NUMBER _____

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DATE: 07/18/2023

SUBJECT: APPROVAL OF THE FILING OF INTERNAL REVENUE SERVICE FORM 720 WITH PAYMENT FOR THE PATIENT-CENTERED OUTCOMES RESEARCH INSTITUTE FEE APPLICABLE TO PLAN YEAR 2022 SELF-INSURED EMPLOYEE HEALTH CARE BENEFIT PLANS

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court approve the filing of Internal Revenue Service (IRS) Form 720 with payment for the Patient-Centered Outcomes Research Institute (PCORI) fee applicable to Plan Year (PY) 2022 self-insured employee health care benefit plans.

BACKGROUND

The Affordable Care Act imposes a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans to help fund the PCORI. The institute was established to assist patients, clinicians, purchasers and policymakers in making informed health decisions by advancing the quality and relevance of evidence-based medicine. The fee associated with this program was applicable for policy/plan years ending on or after October 1, 2012 and before October 1, 2022. The Bipartisan Budget Act of 2019 reinstated the annual filing and fees for an additional ten (10) years through 2029. This fee applies to medical plans (health insurance policy/self-insured health plans) and to health Flexible Spending Accounts (FSA) where the employer contributes \$500.00 or more.

Although the liability amounts are characterized as “fees”, payments are collected in the same manner as taxes. Liability for the fee imposed by plan year must be reported annually to the IRS using a second-quarter filing of IRS Form 720. The deadline for filing Form 720 is July 31st of the year following the calendar year in which the applicable policy/plan year ended. As the plan sponsor of self-funded employee/retiree health care benefit plans, Tarrant County was required to file Form 720 beginning with PY 2012, the plan year ending December 31, 2012. The fee at that time was \$1.00 based on the average number of lives enrolled in the plan. The fee increased to \$2.00 for PY 2013, \$2.08 for PY 2014, \$2.17 for PY 2015, \$2.26 for PY 2016, \$2.39 for PY 2017, \$2.45 for PY 2018, \$2.54 for PY 2019, \$2.66 for PY 2020, \$2.79 for PY 2021 and \$3.00 for PY 2022.

The Public Employee Benefits Cooperative (PEBC) has reviewed eligibility data specific to the self-funded medical plans (PPO/HDP) and determined that 8,003 is the average number of lives to report for the plan year ending December 31, 2023. At a rate of \$3.00 per covered life, the PCORI fee for PY 2022 is \$24,009.00. Accordingly, the Auditor’s Office has completed Form 720 reporting a liability of \$24,009.00 for PY 2022 (Reference: Form 720 – Page 2 IRS No. 133).

FISCAL IMPACT

Funds in the amount of \$24,009.00 are available in account 579025/65100-2023/1914100000.

SUBMITTED BY:	Human Resources	PREPARED BY: APPROVED BY:	Maila Dumaup Anjanie Ramnarine
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