

Health Reform

Research Fee – Filing Reminder

Laurie Bracelin | Millenium Insurance Group | (717) 354-4774 | lbracelin@millig.com



Issued date: 07/17/13

The Research Fee filing deadline is July 31, 2013 for self-funded medical plans and HRAs with the following plan years:

- **November 1, 2011 – October 31, 2012;**
- **December 1, 2011 – November 30, 2012; and**
- **January 1, 2012 – December 31, 2012.**

Self-funded medical plans and HRAs with other plan years have until July 31, 2014.

While FSAs are not specifically excluded from the Research Fee requirement, if the health FSA is considered a HIPAA-excepted benefit (and most of them are), it would not have to report or pay the Fee.

Plan sponsors are responsible for reporting and paying the Research Fee for self-funded medical plans and HRAs. Insurance carriers will report and pay the Fee for fully insured plans. If an employer has several self-insured arrangements with the same plan year, they are subject to a single fee. An HRA integrated with a self-funded plan providing major medical coverage will not incur a separate fee specific to the HRA if the HRA and plan are established or maintained by the same plan sponsor.

Typically, this is not the case – usually we see employers offer HRAs with a fully insured underlying health plan. In that case, the HRA is treated as a self-funded plan and is subject to the Research Fee, payable by the plan sponsor, while the Fee for the fully insured plan is paid by the carrier.

While several self-funded carriers have notified insureds of this impending deadline, it has come to our attention that Trustmark and Assurant may not have. It is important that you discuss this with your clients.

Form 720 is used to report the Research Fee. The form and instructions can be found at <http://www.irs.gov/uac/Form-720,-Quarterly-Federal-Excise-Tax-Return>. The information is reported in Part II.

It should be noted that Form 720 is a tax form (not an informational return form such as Form 5500). As such, the employer or an accountant would need to prepare it. Parties other than the plan sponsor such as third party administrators and insurance brokers cannot report or pay the fee.

If you have any questions, please contact your Account Executive.