

Comparative Effectiveness Research Fee **FACT SHEET**

This Fact Sheet reflects the Final Rule published by the Internal Revenue Service (IRS) on December 5, 2012.

BACKGROUND

PPACA established the Patient-Centered Outcomes Research Institute* (the Institute) to evaluate and compare health outcomes and the clinical effectiveness, risks and benefits of a variety of services that treat, manage, diagnose or prevent illness or injury. The work of the Institute is partially funded by a fee on health insurers and self-insured group health plans.

OVERVIEW OF THE COMPARATIVE EFFECTIVENESS RESEARCH FEE

What	<ul style="list-style-type: none"> Annual fee on insured and self-insured health plans
Who pays	<ul style="list-style-type: none"> Insurers pay for insured plans – fee is built into rates Employers pay for self-insured plans – insurers are not allowed to pay or calculate the fee
When	<ul style="list-style-type: none"> Applies for plan years beginning on or after 10/2/11 First payments are due July 31, 2013 Fee continues through 2019
How much	<ul style="list-style-type: none"> Initial annual fee begins at \$1 per participant, including dependents Increases to \$2 for plan years beginning on or after 10/2/2012 Amount for future years is indexed to national health expenditures
How paid	Tax is self-reported on Excise Tax Form 720

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FEE APPLIES TO	FEE DOES NOT APPLY TO
<ul style="list-style-type: none"> • Fully insured medical plans, including minimum premium plans • Self-insured group medical plans • Individual/family plans • Stand-alone behavioral health plans • Limited medical plans (also known as Voluntary plans) • Individuals on a temporary U.S. Visa who live in the U.S. • Medicare Surround and Medicare Expand policies • Retiree-only plans • Health Reimbursement Accounts (HRAs) • Flexible Spending Accounts (FSAs) if the employer contribution is > \$500 and it is more than the employee contribution 	<ul style="list-style-type: none"> • Expatriate coverage provided primarily for employees who work and reside outside the U.S. • U.S.-based “trailing dependents” of expatriate employees who live overseas • Exempt FSA plans • Medicare Parts A-D coverage • Medicaid coverage • Health Savings Accounts (HSAs) • Stand-alone dental plans • Stand-alone vision plans • Employee Assistance Plans (EAPs)

IMPORTANT INFORMATION FOR OUR FULLY INSURED CLIENTS

How the fee is paid	The fee is built into your insurance premiums
How the fee is determined	<p>Cigna pays your fee using the “Snapshot Method” to determine average covered lives</p> <ul style="list-style-type: none"> • We will add the total lives covered on one or more dates in each quarter of the policy year and divide by number of dates on which a count was made
How HRAs/FSAs are treated	<ul style="list-style-type: none"> • HRAs/FSAs are considered self-insured group health plans • Insurer pays one fee for the medical policy • Employer pays a separate fee for the HRA/FSA

CIGNA REPORTING FOR FULLY INSURED CLIENTS

- At no additional cost, we will provide information on your HRA/FSA covered lives via self-service reporting, based on your eligibility as of the 15th of each month
- You will have the option of using this data or your own data for calculating the fee payable for HRAs and FSAs
- Eligibility information available for you on the Client Resource Portal (CRP) and the CignaAccess.com portal in February 2013

IMPORTANT INFORMATION FOR OUR SELF-INSURED CLIENTS

How the fee is paid	The employer is responsible for paying the fee
How the fee is determined	Upon request Cigna will provide reporting to help you determine average covered lives, or you can determine using your own records
How HRAs/FSAs are treated	<ul style="list-style-type: none">• If the medical plan and the HRA or FSA have the same plan year, the employer pays one fee• If they have different plan years, an annual fee is due on each

CIGNA REPORTING FOR SELF-INSURED CLIENTS

- At no additional cost, we will provide information on your covered lives via self-service reporting, based on the eligibility data as of the 15th of each month
- You will be able to access a report for: Medical, Pharmacy, Behavioral, FSAs, HRAs and Medicare Surround and Expand
- Available for you on the Client Resource Portal (CRP) and the CignaAccess.com portal in February 2013
- You will be able to request reports for your self-insured stand-alone Cigna Behavioral Health and Cigna Global Health Benefit plans



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