



ALERT: Immediate Release

AssuredPartners
COMPLIANCE OBSERVER

June 11, 2018

PCORI Fees are Due Soon

Applies to: Self-Insured Health Plans, including HRAs & FSAs

Employers who sponsor self-insured health plans must pay their annual PCORI fees **by July 31st!**

PCORI fees are reported and paid annually using IRS Form 720 (Quarterly Federal Excise Tax Return). The applicable PCORI fee you pay this year, by July 31, 2018, is based on your plan year end date in 2017.

- **\$2.26 for plan years ending between January 1, 2017 – September 30, 2017**
- **\$2.39 for plan years ending between October 1, 2017 – December 31, 2017**

As a reminder, the ***PCORI fees are based on the average number of covered lives*** under the plan or policy. This ordinarily includes employees and their enrolled spouses and dependents. Individuals who are receiving continuation coverage (such as COBRA coverage) must also be included in the number of covered lives under the plan in calculating the fee. Plan sponsors of self-insured health plans must use one of the following three methods to determine the average number of lives covered under a plan for the plan year:

1. **Actual Count Method:** A plan sponsor may determine the average number of lives covered under a plan for a plan year by adding the totals of lives covered for each day of the plan year and dividing that total by the total number of days in the plan year.
2. **Snapshot Method:** A plan sponsor may determine the average number of lives covered under an applicable self-insured health plan for a plan year based on the total number of lives covered on one date (or more dates if an equal number of dates is used in each quarter) during the first, second or third month of each quarter, and dividing that total by the number of dates on which a count was made.
3. **Form 5500 Method:** An eligible plan sponsor may determine the average number of lives covered under a plan for a plan year based on the number of participants reported on the Form 5500, Annual Return/Report of Employee Benefit Plan, or the Form 5500-SF, Short Form Annual Return/Report of Small Employee Benefit Plan.



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HRAs and Health FSAs

HRAs and health FSAs are not completely excluded from the obligation to pay PCORI fees. However, two special rules apply for plan sponsors that provide an HRA or health FSA. Under these special rules:

1. If a plan sponsor maintains only an HRA or health FSA (and no other applicable self-insured health plan), the plan sponsor may treat each participant's account as covering a single life. This means that the plan sponsor is not required to count spouses or other dependents.
2. An HRA is not subject to a separate research fee if it is integrated with another self-insured plan providing major medical coverage, provided the HRA and the plan are established and maintained by the same plan sponsor and have the same plan year. This rule allows the sponsor to pay the PCORI fee only once with respect to each life covered under the HRA and other plan. However, if an HRA is integrated with an insured group health plan, the plan sponsor of the HRA and the issuer of the insured plan will both be subject to the research fees, even though the HRA and insured group health plan are maintained by the same plan sponsor.

The same analysis applies to health FSAs that do not qualify as excepted benefits.

Please see the following IRS resources for more information on the ACA's PCORI fees:

[Final regulations](#) on the PCORI fees

[PCORI Fee Overview Page](#)

[PCORI Fee: Questions and Answers](#)

[IRS Form 720 and instructions](#)

[PCORI Fee Due Dates and Applicable Rates](#)

[Chart of Health Coverage and Arrangements subject to PCORI Fee](#)

Should you have any questions or concerns please contact a member of the AssuredPartners' Employee Benefits Team

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