REMINDER: PCORI Fees Due July 31
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Employers who sponsored self-funded medical plans ending sometime during 2018 must report and pay the ACA Patient-Centered Outcomes Research Institute (PCORI) fees no later than July 31, 2019. PCORI fees apply to plan years ending after Sept 30, 2012 and before Oct 1, 2019 (including short plan years), so for plan years ending in October, November or December, this is the last year of PCORI fees.

Background
The PCORI fee applies to most group health plans, but not to excepted benefits. The IRS published a chart that describes the different types of plans subject to the fee here - https://www.irs.gov/newsroom/application-of-the-patient-centered-outcomes-research-trust-fund-fee-to-common-types-of-health-coverage-or-arrangements.

General summary information regarding PCORI fees can be found at https://www.irs.gov/newsroom/patient-centered-outcomes-research-institute-fee.

The fee is paid using quarterly excise tax Form 720 and must be paid no later than July 31 of the year following the last day of the plan year. If any corrections need to be made for prior years, use Form 720X.

Health insurance carriers pay the fee directly in the case of fully-insured plans, so employers offering only fully-insured group health plans do not have to do anything. However, employers are responsible for reporting and paying the fee for any self-funded group health plans, including HRAs.

Amount of Fee
Payment amounts due in 2019 differ based on the employer's plan year. The IRS put together a chart showing applicable fee amounts depending on the plan year end date at https://www.irs.gov/affordable-care-act/patient-centered-outreach-research-institute-filing-due-dates-and-applicable-rates.

- $2.39 per covered life for plan years ending in January – September 2018.
- $2.45 per covered life for plan years ending in October – December 2018.

Calculating the Average Covered Lives
Self-funded plans may use one of three methods to determine the average covered lives. Plan sponsors must stick with one method for the entire plan year, but are allowed to change from year to year.

1. Actual Count Method – Calculate the lives covered for each day of the plan year and divide by the number of days in the plan year.
2. Snapshot Method – Add the lives covered on a date during the first, second, or third month in each quarter, or an equal number of dates for each quarter, and divide the total by the number of dates on which a count was made. There are two methods for counting family members:
   (a) Count the actual lives covered on the designated date; or
   (b) Count the participants with self-only coverage on the designated date, plus the participants with coverage other than self-only coverage on the designated date multiplied by 2.35.
3. Form 5500 Method – Use the participants actually reported on the Form 5500 for the plan year (this method may be used only if the Form 5500 is filed no later than the due date for the fee imposed for that plan year). Total number of lives is determined by adding the participant counts at the beginning and the end of the plan year. Note—if a plan offers only single coverage, the final result is divided by 2.

Special rules for counting covered lives:

- Multiple Self-Funded Plans – If one plan sponsor maintains more than one self-funded health plan with the same plan year, the arrangements can be treated as a single plan for purposes of the fee.
- Health Reimbursement Accounts (HRAs) – An employer who sponsors an HRA *integrated* with a fully-insured medical plan is required to pay the fee only with respect to each HRA participant/employee (employers are not required to count dependents or beneficiaries).

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