



Oca

Office of
Compliant
Administration

Healthcare Update

PCORI FEE NOTICE. HRAs AND HEALTHCARE REFORM

Dear Friends,

Please read this email in its entirety. Below is a quick synopsis on the PCORI fee, who's responsible to pay it, how much is the fee, how is it paid, and how will OCA be assisting our clients in this process. OCA will be sending out the below notice to employers tomorrow and additional communication in the weeks to come.

What is the Patient-Centered Outcomes Research Trust Fund fee?

PCORI, or Patient-Centered Outcomes Research Institute, was created by the Patient Protection Affordable Care Act (ObamaCare) to support clinical effectiveness and is funded in part by fees paid by health insurance carriers and health plan sponsors such as employers who provide an HRA. For a detailed FAQ on the PCORI, please visit the IRS website by [clicking here](#).

Who Pays the PCORI Fee?

For HRAs, the Plan Sponsor (the employer) must pay a fee for each covered HRA employee. This fee is due July 31st of the calendar year following the end of the plan year being reported. The fee is remitted using IRS Form 720, the Quarterly Federal Excise Tax Return.

Each applicable employer will have to make a check payable to the "United States Treasury Department" and mail to the below address.

[Click here to open the IRS Form 720](#)

Mailing Address:

Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0009

What is OCA doing to assist your organization?

Legally, OCA cannot remit and pay the PCORI fee on behalf of the employer. As a result, as a value added service OCA will determine (every year) the fee amount each employer owes. The fee can be determined using calculation methods offered by the IRS. **OCA will issue a report by mid June of each year identifying the amount owed. Employers should consult with their tax consultant to review the IRS Form 720.**

How will employers receive the OCA PCORI fee report?

Employers will receive an email notification that the PCORI report is now available to view on the myRSC employer portal. The PCORI report will also be mailed via USPS to the employer address listed on file. Remember, since OCA cannot legally pay this fee on behalf of the employer, the report OCA provides is simply identifying the PCORI fee owed by this July 31st. It is the employers responsibility to complete the IRS form 720 and remit payment to the United States Treasury Department.

How much is the fee?

Policy or Plan Ending Date in month of:	File return no later than:	Applicable rate
Jan - 2017	July 31, 2018	\$2.26
Feb - 2017	July 31, 2018	\$2.26
March - 2017	July 31, 2018	\$2.26
April - 2017	July 31, 2018	\$2.26
May - 2017	July 31, 2018	\$2.26
June - 2017	July 31, 2018	\$2.26
July - 2017	July 31, 2018	\$2.26
Aug. - 2017	July 31, 2018	\$2.26
Sep - 2017	July 31, 2018	\$2.26
Oct - 2017	July 31, 2018	\$2.39
Nov - 2017	July 31, 2018	\$2.39
Dec - 2017	July 31, 2018	\$2.39

To see a complete listing of the fee schedule, please [click here](#).

Which individuals are taken into account for determining the lives covered under a applicable self-insured health plan (HRA)?

Under the HRA, the fee calculation is determined based on the number of participants enrolled in the HRA. This means that dependents and any other beneficiaries can be ignored.

How will OCA be calculating your fee?

OCA used the "Actual Count Method" to determine the fee for each applicable employer. Remember, the fee is only for the participant. It does not factor in any dependents. 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.

Example HRA PCORI Fee Calculation:

ABC company has 20 enrolled HRA Participants (each have family Coverage), which consist of a total life count of 50 lives. The HRA plan ended on 12/31/17. The employer PCORI fee would be $(20 \text{ Employees} \times \$2.39) = \$47.80$. This is based on the 20 participants life count. Again, under the HRA, the dependents and beneficiaries do not count toward the fee calculation. This fee will be due July 31, 2018.

Benefit Administration Done Right