



**Oca**

Office of  
Compliant  
Administration

Healthcare Update

## PCORI FEE NOTICE HRAs AND HEALTHCARE REFORM

The Affordable Care Act imposed a fee on applicable self-insured health plans (i.e. HRA plans) to help fund the Patient-Centered Outcomes Research Institute (PCORI). The fee, known as the "PCORI Fee" was initially applied to plan years starting in 2012 and was set to end in 2019. However, the Further Consolidated Appropriations Act, 2020, enacted on Dec. 20, 2019, extends the PCORI fees through 2029. As a result, the PCORI fee, which is to be reported only once a year on the second quarter Form 720, is now due again by this July 31, 2020.

To help alleviate additional work, OCA has already taken steps to calculate the PCORI fee for applicable employers. In addition, we've put together a helpful PCORI Fee FAQ (see below) that explains who's responsible to pay it, how much is the fee, and how is it paid.

OCA will be sending "client specific" emails to each applicable employer this week (week of June 1st) with the calculated fee amount owed by July 31st.

### Additional PCORI Fee FAQs

#### Identifying which "Plan Years" Who Owe the PCORI Fee by July 31, 2020

Policy or Plan Ending Date in month of:	File return no later than:	Applicable rate
Jan - 2019	July 31, 2020	\$2.45
Feb - 2019	July 31, 2020	\$2.45

March - 2019	July 31, 2020	\$2.45
April - 2019	July 31, 2020	\$2.45
May - 2019	July 31, 2020	\$2.45
June - 2019	July 31, 2020	\$2.45
July - 2019	July 31, 2020	\$2.45
Aug. - 2019	July 31, 2020	\$2.45
Sep - 2019	July 31, 2020	\$2.45
Oct - 2019	July 31, 2020	\$2.45
Nov - 2019	July 31, 2020	\$2.45
Dec - 2019	July 31, 2020	\$2.45

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

### Who Pays the PCORI Fee?

For HRAs, the Plan Sponsor (the employer) must pay a fee for each covered HRA employee (dependents and any other beneficiaries can be ignored). 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. For more information on e-file, visit the IRS website at [IRS.gov/eFILE](http://IRS.gov/eFILE).

### Mailing Address:

Department of the Treasury  
Internal Revenue Service  
Ogden, UT 84201-0009

[Click here to access IRS Form 720 \(OCA Tips Included\)](#)

**If enrolled with Members Health Plan (MHP):** OCA and Members Health Plan have interpreted the rules that the employer does not need to pay a separate PCORI fee under the HRA since MHP is already paying it. However, it's a very complicated interpretation. Some counsel have suggested otherwise, which is why we recommend the employer look to their own counsel for guidance if they choose. With all that said, the fee is so minimal that it may just be safer to pay it separately.

[How does OCA recommend calculating the PCORI fee?](#)

Generally, plan sponsors of applicable self-insured health plans must use one of three methods to determine the average number of lives covered under a plan for the plan year. If running the report on your own, OCA recommends using the Snapshot Count Method. The snapshot count method is based on the total number of lives covered on one date 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. So, if the first day of each quarter is used as the designated date, then the average is determined by adding the number of lives covered on the first day of each quarter and dividing by four.

**Example HRA PCORI Fee Calculation:**

ABC Company HRA Enrollment Count on the 1st day of each quarter in 2019.

- January 1, 2019- 20 Enrolled
- April 1, 2019- 22 Enrolled
- July 1, 2019- 24 Enrolled
- October 1, 2019- 26 Enrolled

Using the Snapshot method the average number of lives is 23 lives (20+22+24+26/4). Then multiple 23 average lives X the PCORI fee of \$2.45. **The PCORI fee is \$56.35 (23 lives X \$2.45)**

As a reminder, OCA cannot remit and pay the PCORI fee on behalf of the employer. However, in addition to calculating the fee amount we have also created a PCORI report that can be generated under the employer portal. Additionally, we have created a video link below that will walk you through running the report and then calculating the fee amount.



Running PCORI Report

For a detailed FAQ on the PCORI, please visit the IRS website by [clicking here](#).

**We're here to help!**

Stay safe,  
OCA

**Still have Questions?**

Call: 609-514-0777  
Visit our refreshed website: [www.oca125.com](http://www.oca125.com)

## Benefit Administration Done Right

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