

Compliance Alert Update

June 3, 2019

2018 PCORI Fees Due by July 31, 2019

It's that time of year again; the annual Patient-Centered Outcomes Research Institute (PCORI) funding fee is due by the end of July.

For self-funded plans, the self-insured employer/plan sponsor is responsible for submitting the fee and accompanying paperwork to the IRS. Employers subject to the fee must submit it by July 31st of the year following the last day of the plan year. For the coming year, self-insured health plan sponsors should use [Form 720](#) for the second calendar quarter to report and pay the PCORI fee by July 31, 2019.

Although the fee is paid annually, employers should indicate on the Payment Voucher (720-V) — located at the end of Form 720 — that the tax period for the fee is the 2nd Quarter. Failure to properly designate '2nd Quarter' on the voucher can result in the IRS's software generating a tardy filing notice.

Fully-insured plan sponsors *will not need to file*.

There are specific rules for Special Arrangements such as HSA or HRA accounts. An HRA is not subject to a separate PCORI fee if the plan sponsor also maintains a separate applicable self-insured health plan within the same plan year. In such circumstance, the plan sponsor is permitted to treat the HRA and the other plan as a single applicable self-insured health plan and pay the PCORI fee once with respect to each life covered under the HRA and other plan.

However, the regulation *does not permit* a plan sponsor to treat the HRA and fully insured plan as a single plan, for purposes of the fee. An HSA is generally not considered a plan sponsored by an employer, so should not be considered an applicable self-insured health plan that is subject to the fee. However, high-deductible health plans are subject to the fee.

Note: the regulations provide a special rule which permits a plan sponsor to assume one covered life for each employee with an HRA and for each employee with an FSA that is not an excepted benefit.

Fees for 2019 are listed below:

For plans ending between January 1 and September 30, 2018, the applicable rate is \$2.39 per covered life. For plans ending between October 1 thru December 31, 2018, the applicable rate is \$2.45 per covered life. Plans ending between January 1, 2019 and September 30, 2019 will file their PCORI fees in July 2020. Plans ending on October 1, 2019 and beyond will no longer file a PCORI fee.

<https://www.irs.gov/affordable-care-act/patient-centered-outreach-research-institute-filing-due-dates-and-applicable-rates>

If you have any questions, please contact your HRWS Advisory Team at 866-691-7757 or Support@HRWorkplaceServices.com.