

June 7, 2019

Affordable Care Act PCORI Fee Due July 31

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As a reminder, the ACA developed the Patient-Centered Outcomes Research Institute (PCORI), whose mandate is to improve the quality and relevance of evidence available to help patients, clinicians, caregivers, employers, insurers, and policy makers make informed health decisions. In order to fund the comparative effectiveness research, the ACA imposes an annual fee, which is paid to the IRS. This year the due date is July 31, 2019.



If a plan is fully insured, then the health insurer is responsible for paying the fee. For self-insured plans, the plan sponsor (generally the employer) is responsible for paying the PCORI fee.

For self-insured health plans, the fee is calculated using the average number of total lives covered by the plan (both employees and dependents). The requirement for calculating the total fee is to use one of the following three calculation methods:

- Actual count method
- Snapshot method
- Form 5500 method

Plan Sponsors should review all three methods to determine the lowest amount to be paid. The amount to pay depends on the plan year end as outlined below:

- Plan years ended 1/1/2018 – 9/30/2018: \$2.39 per covered life (including spouses and children)
- Plan years ended 10/1/2018 – 12/31/2018: \$2.45 per covered life (including spouses and children)

The PCORI fee is set to expire for plan years that end before October 1, 2019, therefore this will be the final PCORI filing for calendar year-end plans.

The PCORI fee is filed using IRS Form 720 (<https://www.irs.gov/pub/irs-pdf/i720.pdf>). The payment voucher (720-V) should indicate that the tax period for the fee is the “second quarter” to avoid the IRS’s software system marking this as a tardy filing notice.

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