

compliance ALERT

Reminder: Sixth Year of PCOR Fees are Due July 31, 2018

June 7, 2018

Healthcare Reform established the Patient-Centered Outcomes Research (PCOR) Institute to study the effectiveness of various medical treatments. The Institute is supported by the PCOR fee, which is paid on an annual basis. The due date, July 31, 2018, is just around the corner.

How Does This Affect You as an Employer?

Responsibility for payment of the PCOR fee depends on the health plan's funding method.

FULLY-INSURED PLANS—the insurance carrier is responsible for calculating and paying the PCOR fee for fully-insured group health plans, but may pass the amount of tax paid to the employer group as a line item on annual renewals. Additionally, even if the group health plan is fully-insured, the employer may still have the responsibility to make a PCOR payment if a health reimbursement arrangement (HRA) is offered in conjunction with the fully-insured health plan.

SELF-INSURED PLANS—the plan sponsor (generally, the employer) is responsible for calculating and paying the PCOR fee using one of the approved methods (discussed below). If the same employer has another applicable self-insured health plan with the same plan year as the medical, then each person covered by both plans is only counted *once*.

SPECIAL RULES FOR HRAs—HRAs (including retiree-only HRAs) are *self-insured plans* for purposes of these rules, and therefore, are subject to the PCOR fee. Where an employer has a fully-insured medical plan and an HRA, the employer generally must pay the PCOR fee, but only with respect to the average number of lives that are covered by the HRA (*i.e.*, plan sponsors are allowed to assume one covered life for each employee with an HRA, and do not need to count spouses and dependents).

How Much is the PCOR Fee?

The PCOR fee is equal to the average number of lives covered by the plan during the plan year multiplied by the applicable dollar amount for the year. For plan years ending between January through September of 2017, the applicable dollar amount is \$2.26 per covered life. For plan years ending

between October through December of 2017, the applicable dollar amount is \$2.39 per covered life.

What Should I Do Next?

Determine the party responsible for paying the PCOR fee, calculate the amount of the PCOR fee due, and make payment by filing [IRS Form 720](#). The payment can also be paid through the [Electronic Federal Tax Payment System](#) (EFTPS). The payment, if paid through the EFTPS, should be applied to the second quarter (in EFTPS, select "Q2" for the Quarter under "Tax Period" on the "Business Tax Payment" page).

The PCOR fee is based on the **average number of covered individuals** (employees and all dependents with the exception of payment for an HRA as explained above), not just covered employees. COBRA participants and covered retirees must also be included in determining this average.

How are the average numbers of covered individuals determined?

Actual count method—determined by calculating the total number of covered lives each day of the plan year and dividing the sum by the number of days in that plan year.

Snap-shot method—determined by adding the total number of covered lives on one day in each quarter, or an equal number of dates for each quarter, and dividing the total by the number of dates on which the count was made.

Form 5500 method—for plans that offer family coverage, this count is determined by adding the participant counts at the beginning and ending of the plan year. For plans that offer employee-only coverage, the count is determined by adding the participants counts at the beginning and ending of the plan year and dividing by 2.

The fee per covered life is based on the plan year of the self-insured benefit and the amount is determined by the IRS on a yearly basis.

[For filing due dates and applicable rates, please refer to the chart on the next page.](#)

The PCORI fee is equal to the average number of lives covered by the plan during the plan year multiplied by the applicable dollar amount for the year.

**PATIENT-CENTERED OUTREACH RESEARCH INSTITUTE
FILING DUE DATES AND APPLICABLE RATES**

Policy or plan ending date in month of:	File return no later than:	Applicable rate:
October 2016	July 31, 2017	\$2.26
November 2016	July 31, 2017	\$2.26
December 2016	July 31, 2017	\$2.26
January 2017	July 31, 2018	\$2.26
February 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
August 2017	July 31, 2018	\$2.26
September 2017	July 31, 2018	\$2.26
October 2017	July 31, 2018	\$2.39
November 2017	July 31, 2018	\$2.39
December 2017	July 31, 2018	\$2.39
January 2018	July 31, 2019	\$2.39
February 2018	July 31, 2019	\$2.39
March 2018	July 31, 2019	\$2.39
April 2018	July 31, 2019	\$2.39
May 2018	July 31, 2019	\$2.39
June 2018	July 31, 2019	\$2.39
July 2018	July 31, 2019	\$2.39
August 2018	July 31, 2019	\$2.39
September 2018	July 31, 2019	\$2.39
October 2018	July 31, 2019	\$2.39 + inflation
November 2018	July 31, 2019	\$2.39 + inflation
December 2018	July 31, 2019	\$2.39 + inflation

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