

June 14, 2018

REMINDER: 2018 PCORI Filing Due Soon

Summer means PCORI season! Under the Affordable Care Act, the PCORI fee is imposed for plan years ending on or after Oct. 1, 2012 and before Oct. 1, 2019. Carriers pay the PCORI fee on behalf of fully-insured plans, but employers sponsoring self-funded plans (this includes “level” self-funded plans) must report and pay the PCORI fee on behalf of the self-funded plan. The deadline for paying the PCORI fee is coming up – plans must report and pay PCORI by July 31 of the calendar year following the close of the plan year. For plan years ending in 2017, the fee is due by July 31, 2018.

As plan sponsors may recall, PCORI fees are reported and paid using the IRS Form 720, Quarterly Federal Excise Tax Return, for the second quarter of the calendar year. Plan sponsors and insurers subject to PCORI fees but not to other types of excise taxes should file Form 720 only for the second quarter; no filings are needed for the other quarters. The PCORI fee can be paid electronically or mailed to the IRS with the Form 720 using a Form 720-V payment voucher for the second quarter. According to the IRS, the fee is tax-deductible as a business expense.

If you are a self-funded plan, and your plan year ended between January 1, 2017 and September 30, 2017, the fee is \$2.26 per covered life. If your plan year ended between October 1, 2017 and December 31, 2017, (calendar year plans fall into this category), the fee is \$2.39 per covered life. This chart below summarizes the fee schedule based on the plan year end and shows the Form 720 due date. It also contains the quarter ending date that should be reported on the first page of the Form 720 (month and year only, per IRS instructions). The plan year end date is not reported on the Form 720. There are three methods a self-funded plan may use to determine the average number of covered lives. For more information on these methods, please contact your Moreton & Company representative.

Plan Year End	PCORI Fee	Form 720 Due Date	Form 720 Ending Quarter
Plan years ending in January 2017 through September 2017	\$2.26 per Covered Life	July 31, 2018	June 2018
Plan years ending in October, November or December 2017	\$2.39 per Covered Life	July 31, 2018	June 2018

Remember, if you maintain a Health Reimbursement Account (HRA) in conjunction with an insured plan, your HRA component is a self-funded plan and requires the annual PCORI reporting and payment. (If your HRA coordinates with a self-funded health plan, your health plan PCORI reporting and payment also covers the HRA).

You can find more information here: <https://www.irs.gov/affordable-care-act/patient-centered-outcomes-research-trust-fund-fee-questions-and-answers>

Please visit www.moreton.com/category/compliance-updates/ for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, Moreton & Company’s in-house corporate counsel who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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