



Client Alert Applies To: Self-Funded

June 11th, 2019

Reminder: 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. While insurers pay the PCORI fee for fully-insured plans, 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. Self-funded 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 2018, the fee is due by July 31, 2019. Happily, the PCORI fee expires this year for calendar year plans and November 1 or December 1 non-calendar year plans. Non-calendar year plans whose plan years end January 1 – September 30 will have to file and pay PCORI one final time in 2020.

PCORI fees are reported and paid using the IRS Form 720, for the second quarter of the calendar year. Plan sponsors and insurers subject to PCORI fees but not 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.

The chart below shows the applicable PCORI fee and 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). 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 2018 through September 2018.	\$2.39 Per Covered Life	July 31, 2019	June 2019
Plan years ending in October, November or December 2018.	\$2.45 Per Covered Life	July 31, 2019	June 2019

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 cover 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/news-events/ 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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