

# Patient-Centered Outcomes Research Institute Fee (PCORI)

June 16, 2022

Presented by:  
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# What is a PCORI Fee?

- Also known as the Comparative Effectiveness Research Fee (CERF)
- Patient-Centered Outcomes Research Institute Fee (PCORI) is one of many different fees that go towards the funding of the Patient Protection and Affordable Care Act (PPACA).
- IRS defines PCORI as “a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans that helps to fund the Patient-Centered Outcomes Research Institute(PCORI).”
- PCORI was recently extended another ten years and will be imposed through 2029.

# Who Pays the PCORI Fees?

## Fully Insured

- Insurance carriers will pay the IRS if a fully insured plan is in place, and those payments will then be placed into premiums.
- Carriers will pay fees for insured plans with HRA and FSAs (Flexible Spending Accounts) for only the underlying medical plans.
- Fees for HRA and FSAs not included in underlying medical plans will fall to the client.



# Who Pays the PCORI Fees? Self-Insured/Partially Self-Funded

- Employers will pay the fee to the IRS if either a self-funded or a level-funded plan is in use.
- Employers will also pay the IRS if an HRA is used.
- However, if an HRA is limited, then participants can opt out of the HRA; if this occurs, the HRA is no longer subject to the PCORI Fee.
- If the HRA is required by the employer, then the PCORI fee is applied.
- FSAs are exempted from the fee if both the employer's contribution does not exceed that of the employee and the employer offers health insurance.



# What is the PCORI Fee?

- Payees must be specific and calculate accurately; PCORI fee overpayment does not carry over into the following year.
- For plan years ending on or after October 1, 2020 and before October 1, 2021, the tax is equal to \$2.66 times the number of covered individuals.
- For plan years ending on or after October 1, 2021 and before October 1, 2022, the tax is equal to \$2.79 times the number of covered individuals.

# When Are PCORI Fees Due?

- Issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans must annually file [Form 720](#) (Quarterly Federal Excise Tax Return).
- The fees will be due on **July 31 (August 1 in 2022)** of the year following the last day of the policy year or plan year. **Form 720 and the fee must be submitted on the same date.** For convenience's sake, there is an electronic option through the IRS, and no deposit is necessary for payment.
- Issuers and plan sponsors will only be required to file Form 720 once a year. Per the IRS, "Issuers and plan sponsors who are required to pay the PCORI fee as well as other liabilities on a Form 720 will use their Form 720 for the 2nd quarter to report and pay the PCORI fee that is due July 31. Only one Form 720 should be filed for each quarter."
- For a short-term year, the PCORI fee is due on July 31 of the following year.

# How Do You Pay The PCORI Fee?

- Form 720 through the IRS will be used to file payments. All individuals must be included when calculating payment by an employer; this includes dependents of employees.
- Form 720 can be corrected by a plan sponsor or policy issuer by filing Form 720-X available on IRS.gov.
- There are **several methods** to calculating PCORI fees.



# How Do You Pay The PCORI Fee?

## Actual count method

- The total number of lives covered (employees and their covered family members or only employees if HRA or FSA) on each day of the plan year, divided by the total number of days in the plan year.

# How Do You Pay The PCORI Fee?

## Snapshot method

- At least one date during each month of each quarter. Dates in each quarter must be within three days of the dates for corresponding quarters. More than one date per month may be used, but the number of dates sampled from each quarter must be the same for all quarters.
  - **A. Snapshot actual method** – The total number of lives covered (employees and their covered family members or only employees if HRA or FSA) on each selected date, divided by the number of dates used.
  - **B. Snapshot factor method** – Instead of counting the number of lives, the lives may be calculated as the number of participants with self-only coverage plus 2.35 times the number of participants with other than self-only coverage. (Do not use this method for HRA or FSA plans.)

# How Do You Pay The PCORI Fee?

## Form 5500 method

- **A. Plan with only self-only coverage** – Add the total number of participants at the beginning to the active participants at the end of the plan year, as reported on the Form 5500 for that plan for that year and divide by 2 to get the average for the year.
- **B. Plan with self-only and other than self-only coverage** – Use the sum of the total number of participants (employees only) at the beginning and the end of the plan year, as reported on the Form 5500 for that plan for that year. The sum of the starting and ending number of participating employees approximates the total number of lives covered based on the theory that families with more than 2 covered lives will average out with those who have self-only coverage. (Do not use this method for HRA or FSA plans.)



# How Do You Pay The PCORI Fee?

If an individual on an employer's insurance program has more than one plan, there are three methods of calculation.

- 1. HRA and insured plan:** Not treated as a single plan, so the employer/plan sponsor pays the fees for the HRA and the carrier pays the fees for insured plan. However, the employer/plan sponsor may count just employees as covered lives in the HRA and disregard covered dependents.
- 2. HRA and other self-insured plan:** Treated as a single plan for purposes of calculating the fee, so each participant (including dependents) is only counted once.
- 3. Multiple HRAs and an insured plan:** The carrier still pays the fees for the insured plan. The HRAs may be treated as a single plan for purposes of calculating the fee, so each participant (disregarding covered dependents) is only counted once.

What You  
Need  
to Know

## The 2022 PCORI Fee Filing – It's That Time of the Year Again

### What is a PCORI Fee?

Also known as the Comparative Effectiveness Research Fee (CERF), the Patient-Centered Outcomes Research Institute Fee (PCORI) is one of many different fees that go towards the funding of the Patient Protection and Affordable Care Act. More specifically, the IRS defines PCORI as “a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans that helps to fund the Patient-Centered Outcomes Research Institute (PCORI).” PCORI was recently extended another ten years and will be imposed through 2029.

### Who pays the fees?

Insurance carriers will pay the IRS if a fully insured plan is in place, and those payments will then be placed into premiums. Carriers will pay fees for insured plans with HRA and FSAs (Flexible Spending Accounts) for only the underlying medical plans. Fees for HRA and FSAs not included in underlying medical plans will fall to the client.

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Payees must be specific and calculate accurately, PCORI fee overpayment does not carry over into the following year. For plan years ending on or after October 1, 2020 and before October 1, 2021, the tax is equal to \$2.66 times the number of covered individuals. For plan years ending on or after October 1, 2021 and before October 1, 2022, the tax is equal to \$2.79 times the number of covered individuals.

### When are fees due?

Issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans must annually file [Form 720](#) (Quarterly Federal Excise Tax Return). Form 720 is the proper channel to file and report PCORI fees. The fees will be due on July 31 of the year following the last day of the policy year or plan year. Form 720 and the fee must be submitted on the same date. For convenience's sake, there is an electronic option through the IRS, and no deposit is necessary for payment.

Issuers and plan sponsors will only be required to file Form 720 once a year. Per the IRS, “Issuers and plan sponsors who are required to pay the PCORI fee as well as other liabilities on a Form 720 will use their Form 720 for the 2nd quarter to report and pay the PCORI fee that is due July 31. Only one Form 720 should be filed for each quarter.”

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## 2022 PCORI Fee Filing

### How to pay?

As stated previously, Form 720 through the IRS will be used to file payments. All individuals must be included when calculating payment by an employer; this includes dependents of employees. Form 720 can be corrected by a plan sponsor or policy issuer by filing Form 720-X available on IRS.gov. There are several methods to calculating PCORI fees.

- **Actual count method** – The total number of lives covered (employees and their covered family members or only employees if HRA or FSA) on each day of the plan year, divided by the total number of days in the plan year.

- **Snapshot method** – At least one date during each month of each quarter. Dates in each quarter must be within three days of the dates for corresponding quarters. More than one date per month may be used, but the number of dates sampled from each quarter must be the same for all quarters.

- A. **Snapshot actual method** – The total number of lives covered (employees and their covered family members or only employees if HRA or FSA) on each selected date, divided by the number of dates used.

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- **Form 5500 method** –

- A. **Plan with only self-only coverage** – Add the total number of participants at the beginning to the active participants at the end of the plan year, as reported on the Form 5500 for that plan for that year and divide by 2 to get the average for the year.

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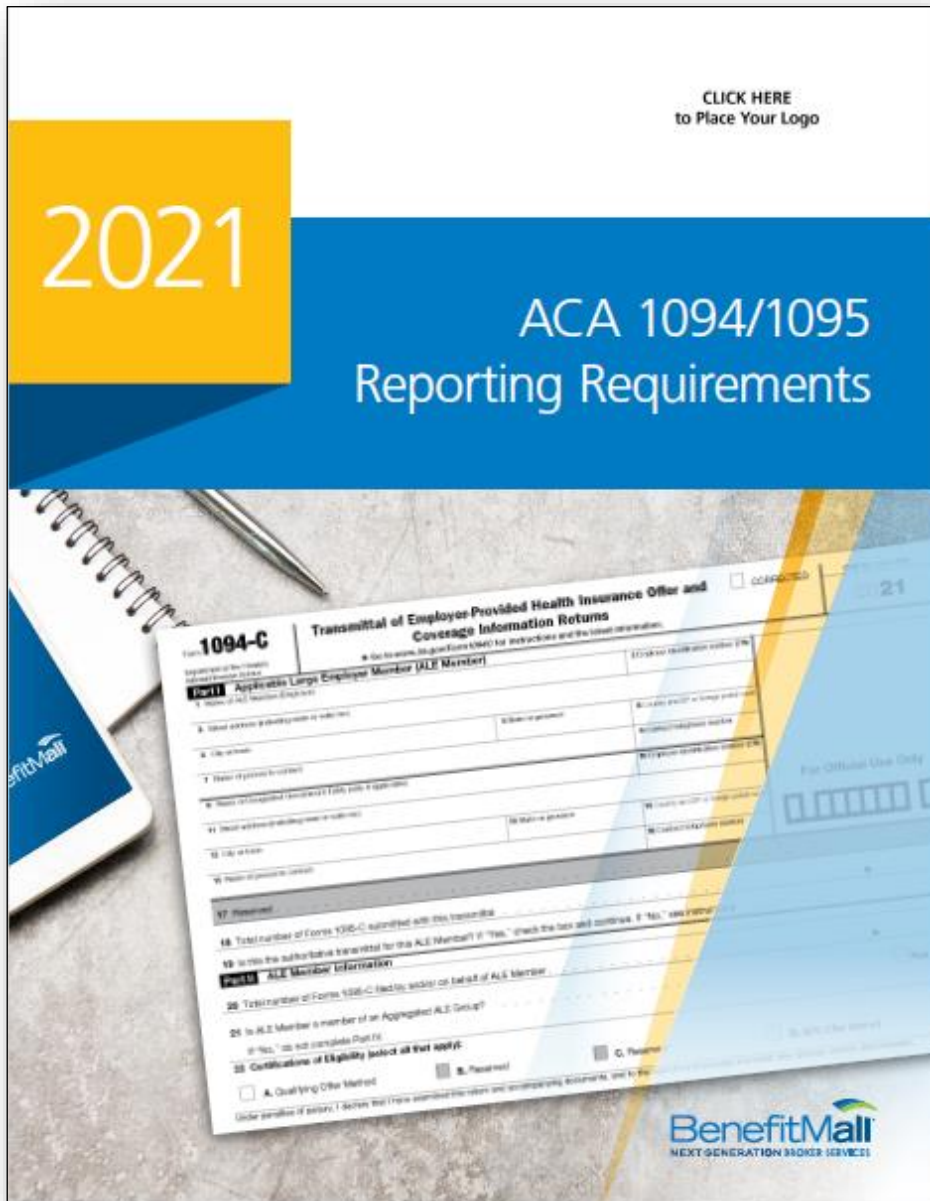
*For more detailed information please consult the [irs.gov website](#).*

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# What Are We Watching For July?

- Roe vs. Wade
  - How will it impact employer plans?
  - How to talk to your employer groups about the options?
- Transparency Rules
- Family Glitch
- NAHU Annual Convention Wrap Up





- White Label document so you can add your agency logo and provide to your clients

[Paid Family Leave Guide](#)

[Compliance Guide for Small Employers](#)

[Compliance Guide for Large Employers](#)

[State Continuation Reference Guide](#)

[Key ERISA Notices & Filings](#)

[Form 5500 Reference Guide](#)

- Email [sam.dale@benefitmall.com](mailto:sam.dale@benefitmall.com) for these resources

# Podcasts

Available on Spotify, Apple Podcasts and Amazon Music



- Welcome to **BenefitMall's Compliance Café**, where we serve up a hot cup of regulatory and legislative happenings to brokers and their clients.
- Sit back with your favorite cup of joe and listen to BenefitMall's compliance team discuss federal and state legislation and how it affects brokers and their clients.

# BenefitMall's Compliance & Legislative Team

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# Questions?

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