PCORI Fee Due By End of July • June, 2015

Fee on Medical Plans: One of healthcare reform's fees, the PCORI fee, must be paid to the Federal government by the end of July each year. Under the regulations, a "medical plan" includes fully-insured and self-funded health medical plans, Health Reimbursement Arrangements, and some Flexible Spending Accounts.

Who needs to pay this fee? For fully-insured health coverage, your insurance carrier is required to remit payment to the government. But for these other three types of plans, the employer must pay the fee directly to Uncle Sam.

PCORI

Healthcare reform (specifically, the Patient Protection and Affordable Care Act) established the Patient-Centered Outcomes Research Institute (PCORI). The institute will compile and distribute comparative clinical effectiveness research findings, with a goal of assisting patients, clinicians, purchasers and policy-makers in making informed health decisions. Funding for this program is provided through a fee charged to every medical plan.

Plans Affected

The PCORI fee applies to all medical plans, including fully-insured and self-funded plans, as well as health reimbursement arrangements and some flexible spending accounts.

Insurance carriers will remit fees for fully-insured medical plans directly to the government. However, the employer must remit this fee (along with Form 720) if they provide:

- A self-funded medical program*
- A Health Reimbursement Arrangement*
- A Flexible Spending Accounts where the employer contributes over a certain level to employees' accounts**

* If you offer a self-funded medical program and an HRA, and they have the same plan year, you only need to pay the self-funded medical program PCORI fee.

** This would apply to plans where employers contribute more than the greater of 1) 2x the participant's Health FSA election or 2) $500 plus the amount of the participant's Health FSA election.

Deadline and Amount

The PCORI fee changes annually, and is based on the health plan's year-end date. For example, for a policy that renewed on 7/1/2014, the policy year-end date for the prior policy year was 6/30/2014. This year's fees are:

Policy End Date	Amount to Pay	Deadline to Pay
01.01.2014 – 09.30.2014	$2.00 per member per year	07.31.2015
10.01.2014 – 12.31.2014	$2.08 per member per year	07.31.2015

Number of Members

Under medical plans, every employee, spouse, domestic partner, and child is counted as a separate member. Be sure to include retirees under age 65 and COBRA members.
Under HRA and FSA plans, you count every employee only (you do not need to include every dependent in your total).

Calculation Methods

There are three different methods for calculating your average number of members: actual count, snapshot, and Form 5500. We recommend the snapshot method; it requires you to choose the same "date" in each of the first three quarters of 2014. For example, January 15, April 15, July 15.

You can then either 1) take the number of members each of these days and divide by three or 2) take the number of single-only enrollees plus 2.35 times the number of non-single enrollees and divide by three. (When calculating your number under a self-funded medical plan, it is better to use method #2 if you have a high average of dependents enrolled.)