

PCORI Fee Deadline Quickly Approaching

By Risk Strategies Employee Benefits Practice

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For many employers, the month of July presents multiple employee benefits program compliance deadlines. For instance, if you have a calendar-year plan, you have probably spent time over the past couple of months [preparing your Form 5500 filing](#).



Another deadline you may face at this time of year is the Patient-Centered Outcomes Research Institute (PCORI) fee filing. Part of the Affordable Care Act, this requirement generally applies to health insurance issuers and plan sponsors of self-insured health plans. Employers offering a Health Reimbursement Arrangement (HRA) alongside a fully-insured health insurance plan also are generally required to comply with the PCORI fee filing requirement.

If you have any questions about what your organization may need to do to meet this compliance requirement, please reach out to a member of our Employee Benefits division. Below is a brief overview to help you understand what's involved.

- **Purpose of the Requirement:** The Affordable Care Act (ACA) imposes this fee to help fund the Patient-Centered Outcomes Research Institute (PCORI). Initially, the fee was set to expire in 2019. However, a federal spending bill that year extended the fee for an additional 10 years.
- **Filing Deadline for the PCORI fee:** Generally, the PCORI fee must be paid by July 31 each year. However, the PCORI fee payment for plan years ending in 2020 is due by August 2, 2021, since July 31, 2021, is a Saturday.
- **How is the Fee Calculated and Paid:** In general, the PCORI fee calculation is based on the average number of lives covered under a plan or policy. That number is then multiplied by the applicable rate for the given tax year. For instance, the fee for plan years ending on or after October 1, 2019, and before October 1, 2020 is \$2.54. The fee for plan years ending on or after October 1, 2020, and before October 1, 2021 is \$2.66. The PCORI fee is then filed using [IRS Form 720](#), which is known as the *Quarterly Federal Excise Tax Return* form.
- **Special Rules and Additional Resources:** The IRS has issued many guidelines and resources to help employers further understand how the PCORI fee filing may impact their business. They have

also addressed a variety of the unique situations that employers may find themselves facing in a given year. In fact, this IRS has published a helpful FAQ that answers a variety of questions you may have, including:

- *How does an issuer of a specified health insurance policy or plan sponsor of an applicable self-insured health plan determine the average number of lives covered under the policy or plan in order to calculate the PCORI fee for the year?*
- *Does the PCORI fee apply to an applicable self-insured health plan that has a short plan year?*
- *Are health insurance policies or self-insured health plans for tax-exempt organizations or governmental entities subject to the PCORI fee?*
- *Can a plan sponsor or policy issuer that overpaid the PCORI fee due July 31 reduce the PCORI fee due the following July 31 for the amount of the prior year's overpayment?*

If you have a moment, we encourage you to review the [resources provided by the IRS](#) to find answers to questions such as those.

We hope you find this brief overview regarding the PCORI fee filing requirement helpful. Please note that the Risk Strategies Employee Benefits team is here to help. Reach out to a representative today to find out how we can help you to manage the compliance requirements associated to your employee benefits program. Connect with our team today: benefits@risk-strategies.com

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