



## PCORI Fees Due July 31

If your organization had a Health Reimbursement Arrangement (HRA) plan that **ended in 2015**, you are required to file IRS Form 720, Quarterly Federal Excise Tax Return, and pay the accompanying fee by July 31, 2016.

### Background

Authorized by Congress as part of the Affordable Care Act, PCORI (Patient-Centered Outcomes Research Institute) performs medical research designed to lead to better health care conditions and, ultimately, to improved patient outcomes. Funding for this research is provided, in part, by this annual fee.

### Who are covered participants?

Any active or former employee covered under an HRA is considered a covered participant. This also includes retirees and COBRA-qualified beneficiaries.

### How do I pay the fee?

The regulations do not permit a third party to file and/or pay the fee. Plan sponsors must pay the fee by filing IRS Form 720 by July 31, 2016, for the average number of participants in the 2015 plan. The latest revision of this form was issued by the IRS in January 2016. However, you should check the IRS website before filing Form 720 to make sure you have the latest version. The IRS also provides instructions on its website for completing the form.

### To calculate the fee, multiply the “Average Participation” by the “Fee Per Participant”

If you are an HR Knowledge client, we will work with your HRA vendor to obtain the number you need to enter for the average participation (listed on the form as “average number of lives covered.”)

Regarding the fee per participant, for a plan year that ended between January 1 and September 30, 2015, the fee is \$2.08. For a plan year that ended between October 1 and December 31, 2015, the fee is \$2.17.

If you already filed this form, you will simply be filling out one more section (Page 2, Part II, IRS No. 133) for your 2nd Quarter return. For the 1<sup>st</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> Quarters, leave this section blank. If you currently do not file an IRS Form 720, we will send you this form with instructions on filling in this section, or you can download the [form](#) and the [instructions](#) from the IRS website.

The PCORI Fee section is located on the second page of the form under “Part II Patient-Centered Outcomes Research Fee.” Since HRAs are considered self-insured health plans, complete the section labelled “Applicable self-insured health plans.” If you are filing Form 720 for the purpose of the PCORI Fee, enter the “Quarter Ending” at the top of the form as “6/30/2016,” and check the “2nd Quarter” box on the Payment Voucher, located on page 8. Form 720 is a quarterly tax form, but reporting the PCORI Fee is only an annual requirement.

Further information can be found [here](#).



If you have any questions regarding the PCORI fees, policy, or compliance, please contact us at 508.339.1300 or email Cristy LaCasse at [cristy@hrknowledge.com](mailto:cristy@hrknowledge.com).

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