



06.29.20

## PCORI Fees Due by July 31, 2020

### 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.

As part of the Further Consolidated Appropriations Act of 2020 signed by the Trump Administration, PCORI fees were extended through September 30, 2029.

### Summary

If your organization had a Health Reimbursement Arrangement (HRA) plan that ended in 2019, you are required to file IRS Form 720, Quarterly Federal Excise Tax Return, and pay the accompanying fee by July 31, 2020.

For plan years ending after Sept. 30, 2018, and before Oct. 1, 2019, the applicable fee is \$2.45. This content is provided with the understanding that HR Knowledge is not rendering legal advice. While every effort is made to provide current information, the law changes regularly and laws may vary depending on the state or municipality. The material is made available for informational purposes only and is not a substitute for legal advice or your professional judgment. You should review applicable laws in your jurisdiction and consult experienced counsel for legal advice. If you have any questions regarding this content, please contact [HR Knowledge](#).

per person.

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

## Employer Next Steps

- 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, 2020, for the average number of participants in the 2019 plan. 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.”)
  - For plan years ending after Sept. 30, 2018, and before Oct. 1, 2019, the applicable PCORI fee is \$2.45 per person covered for payments due July 31, 2020.
  - 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 1st, 3rd, and 4th Quarters, leave this section blank. 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 “6/30/2020,” 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.
- If you have any questions regarding the PCORI fees, policy, or compliance, please contact us at (508) 339-1300 or email [benefitsupport@hrknowledge.com](mailto:benefitsupport@hrknowledge.com).

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