

# PCORI Fee Reminder & Updated Form 720

July 1, 2022

## Quick Facts

- Patient-Centered Outcomes Research Institute (PCORI) Fees are due annually on July 31.
- Payment amounts due in 2022 will differ based on the employer's plan year.
- The IRS updated Form 720 in June 2022 with updated dates and fees on Line 133 for reporting the PCORI fees.

## Background

General summary information for PCORI fees can be found on the [IRS website](#).

Employers that sponsored self-funded medical plans that ended sometime during 2021 are required to report and pay the Affordable Care Act (ACA) PCORI fees no later than August 1, 2022. The normal due date of July 31 is extended one day in 2022 because July 31 falls on a Sunday. The Form 720 should be filed for the 2nd quarter ending June 30th, 2022.

Health insurance carriers pay the fee on behalf of fully insured plans, but employers are responsible for reporting and paying the fee for any self-funded group health plans, including health reimbursement arrangements (HRAs). The PCORI fee applies to most group health plans, but not to excepted benefits. The IRS published a chart that describes the different types of plans subject to the fee.

The fee is paid using quarterly excise tax Form 720, Line 133, and must be paid by July 31st of the year following the last day of the plan year. Reporting the PCORI fee in the 2nd quarter of the calendar year following the end of the plan year, rather than filing sooner, is recommended to avoid any confusion for the IRS over which plan year the reporting applies to. If any corrections need to be made for prior years, use Form 720X. The IRS released a new [Form 720](#) with updated dates and fees on Line 133 for reporting the PCORI fees. You can find the form, with a revision date of June 2022 on the IRS website.

## Fee Amount

Payment amounts due in 2022 will differ based on the employer's plan year. The IRS provides a [chart](#) showing applicable fee amounts depending on the plan year end date. The fees due in July 2022 are as follows:

- \$2.66 per covered life for plan years ending in January – September 2021.
- \$2.79 per covered life for plan years ending in October – December 2021.

## Calculating the Average Covered Lives

Self-funded plans may use one of three methods to determine the average covered lives required for reporting and paying the PCORI fee: (i) the actual count method; (ii) the snapshot method; or (iii) the Form 5500 method. There are special rules that apply for employers offering multiple self-funded plans or an HRA integrated with a fully insured plan.

- Multiple Self-Funded Plans – If one plan sponsor maintains more than one self-funded health plan with the same plan year, the arrangements can be treated as a single plan for purposes of the fee.
- HRAs – An employer who sponsors an HRA integrated with a fully-insured medical plan is required to pay the fee only with respect to each HRA participant/employee (not required to count dependents or beneficiaries).

## EPIC Employee Benefits Compliance Services

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