Provided by Cottingham & Butler

Coverage Subject to PCORI Fees

The Affordable Care Act (ACA) imposes a fee on health insurance issuers and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee, called the Patient-Centered Outcomes Research Institute (PCORI) fee, is calculated based on the average number of lives covered under the policy or plan.

The fee applies to **policy or plan years ending on or after Oct. 1, 2012, and before Oct. 1, 2019**. The PCORI fee is filed using IRS Form 720, *Quarterly Federal Excise Tax Return*. Although Form 720 is a quarterly return, for PCORI fees, Form 720 must be filed annually only, by **July 31 of each year**.

This ACA Overview includes a chart issued by the Internal Revenue Service (IRS) on the application of the PCORI fee to common types of health coverage or arrangements. Please contact Cottingham & Butler for more information on the PCORI fee.

LINKS AND RESOURCES

Please see the following IRS resources for more information on the ACA's PCORI fees:

- PCORI Fee Overview Page
- PCORI Fee: Questions and Answers
- IRS Form 720 and instructions
- PCORI Fee Due Dates and Applicable Rates

HIGHLIGHTS

PCORI FEES

The ACA imposes PCORI fees on health insurers and self-insured plan sponsors.

The fee applies to policy or plan years ending on or after **Oct. 1, 2012, and before Oct. 1, 2019**.

REPORTING & PAYING THE FEE

The IRS' instructions for filing Form 720 include information on reporting and paying the PCORI fees.

The payment, paid through the Electronic Federal Tax Payment System (EFTPS), should be applied to the second quarter (in EFTPS, select "Q2" for the Quarter under Tax Period on the "Business Tax Payment" page).

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TYPE OF COVERAGE OR ARRANGEMENT	SUBJECT TO THE FEE?	PERSON RESPONSIBLE FOR REPORTING & PAYING THE FEE
Accident and health coverage or major medical insurance coverage	Yes	• The issuer, if insured • The plan sponsor, if self-insured
Retiree-only health or major medical coverage	Yes	• The issuer, if insured • The plan sponsor, if self-insured
Health or major medical coverage under multiple policies or plans	Yes	• Each issuer or plan sponsor • See below for special rules for coverage under multiple applicable self-insured health plans
COBRA coverage	Yes	• The issuer, if insured • The plan sponsor, if self-insured
Health Reimbursement Arrangement (HRA), including a premium-only HRA	Yes, unless the arrangement qualifies as an excepted benefit	• The plan sponsor • See below for special rules for coverage under multiple applicable self-insured health plans and special counting rules for HRAs
Flexible Spending Arrangement (FSA)	Yes, unless the arrangement qualifies as an excepted benefit	• The plan sponsor • See below for special counting rules for FSAs
State and local government health or major medical plans for employees and/or retirees	Yes	• The issuer, if insured • The plan sponsor, if self-insured
Stand-alone dental or vision coverage	No	N/A

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Group insurance policy designed and issued specifically to cover primarily employees working and residing outside the United States	No	N/A
Self-insured health plan designed specifically to cover primarily employees who are working and residing outside the United States	No	N/A
Medicare	No	N/A
Medicaid	No	N/A
Children's Health Insurance Program (CHIP)	No	N/A
Military health plans	No	N/A
Certain Indian tribal government health plans (as defined in Section 4(d) of the Indian Health Care Improvement Act)	No	N/A
Health Savings Arrangements (HSAs)	No	N/A
Archer Medical Savings Accounts (MSAs)	No	N/A
Hospital indemnity or specified illness benefits	No	N/A
Stop-loss or indemnity reinsurance	No	N/A
Employee assistance programs (EAPs),	No, provided the	N/A

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disease management programs or wellness programs	program does not provide significant benefits in the nature of medical care or treatment	
Accident-only coverage (including accidental death and dismemberment)	No	N/A
Disability income coverage	No	N/A
Automobile medical payment coverage	No	N/A
Workers' compensation or similar coverage	No	N/A
On-site medical clinic	No	N/A

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