



Keeping up with Health Care Reform

PCOR's *effect* on HRAs and FSAs

Patient Centered Outcomes Research (PCOR) fees, covered lives, fees and filing dates

Health Care Reform provides for a new fee applicable to group health plans. The Patient-Centered Outcomes Research fee funds research by a nonprofit institute into the effectiveness, efficiency and quality of health care. The results of this research will lead to lower costs in delivering health care and lower premiums for health care coverage.

Health reimbursement arrangements (HRAs) and some Health Care Flexible Spending Accounts (FSAs) are affected by PCOR. The fee, when applicable to an HRA or a Health Care FSA, is paid by the employer that sponsors these plans.

The total PCOR fee paid is based on the number of covered lives under an HRA or Health Care FSA. Employee Benefits Corporation produces a simple report for the EBC HRA so that clients who owe the PCOR fee can easily determine their amount. There is no report available for an affected Health Care FSA, but Employee Benefits Corporation can help clients determine if they offer a non-excepted Health Care FSA for the purpose of calculating the fee.

The following tables help you determine if PCOR fees are applicable to your plan, how covered lives are determined, when fees are paid and the due dates to file IRS Form 720.

How the PCOR fee applies to specific types of coverage

<i>Benefit</i>	<i>PCOR Fee</i>
Integrated HRA	<p>With an Integrated HRA, the employee is automatically covered by the HRA when enrolled in the employer's group health plan.</p> <p>The PCOR fee is payable separately by the HRA sponsor (employer) if the HRA is integrated with an insured health plan (when determining covered lives, double counting occurs).</p> <p>If the HRA is integrated with a self-insured health plan, the PCOR fee is paid as one plan by the self-funded health plan, not by the HRA sponsor (when determining covered lives, no double counting occurs).</p>
Non-Integrated HRA	The PCOR fee is payable by the HRA sponsor unless the HRA reimburses only dental or vision expenses.
Stand-alone dental or vision HRA	The PCOR fee is not applicable.
Retiree-only HRA	The PCOR fee applies.
(Non- Excepted) Health Care FSA	The PCOR fee applies only if the Health Care FSA is a HIPAA non-excepted benefit.
Health Savings Account (HSA)	The PCOR fee is not applicable because an HSA is not a group health plan. The PCOR fee does apply to the underlying High Deductible Health Plan (HDHP).

How covered lives are determined and when fees are paid

HRA	PCOR Fee
Determining covered lives	<p>A non-accepted Health Care FSA and an HRA follow the same process and procedure to determine covered lives:</p> <ul style="list-style-type: none"> • Actual Count: Count the number of covered employees each day and then divide by the number of days in the plan year • Snapshot Method: Count the number of covered employees starting with the same day each quarter and divide by the number of quarters in the plan year (we use the 15th of the first month of each quarter when using the Snapshot Method). For 12-month plan years, divide by 4. For short plan years, divide by the actual number of quarters in the short plan year. • Form 5500 Method: If the plan provides single and family coverage, count the number of covered employees on the first and last day of the plan year and add them together. If the plan only provides single coverage (employee only), count the number of covered employees on the first and last day of the plan year, add them together and divide by two.
Determining the PCOR fee time period	<p>A non-accepted Health Care FSA and an HRA follow the same process and procedure to determine PCOR fee time period:</p> <p>The PCOR fee initially applied to plan years ending on or after October 1, 2012 and before October 1, 2019 (calendar year plans pay for plan years 2012 through 2018).</p> <p>In December 2019, the Further Consolidated Appropriations Act, 2020 was signed extending the filing and fee for an additional 10 years and will apply for plan years ending on or after October 1, 2012 and before October 1, 2029 (calendar year plans pay for plan years 2012 through 2028).</p>
Determining the PCOR fee amount	See IRS Form 720 for the applicable fee.
How and when is fee paid	Employer pays the fee using IRS Form 720. Fee is payable by the July 31 of the year following the end of the plan year (calendar year plan pays 2012 fee by 7/31/13, etc.; Non-calendar year plan pays the fee for year ending in 2013 by 7/31/14, etc.)

Due dates for filing Form 720

IRS Form 720 is used to submit your PCOR Fee. It is an IRS form used to pay excise taxes.

Plan End Date (or anniversary end date)	PCOR Fee File Date	Plan End Date (or anniversary end date)	PCOR Fee File Date
10/01/2012 through 12/31/2012	7/31/2013	01/01/2021 through 12/31/2021	7/31/2022
01/01/2013 through 12/31/2013	7/31/2014	01/01/2022 through 12/31/2022	7/31/2023
01/01/2014 through 12/31/2014	7/31/2015	01/01/2023 through 12/31/2023	7/31/2024
01/01/2015 through 12/31/2015	7/31/2016	01/01/2024 through 12/31/2024	7/31/2025
01/01/2016 through 12/31/2016	7/31/2017	01/01/2025 through 12/31/2025	7/31/2026
01/01/2017 through 12/31/2017	7/31/2018	01/01/2026 through 12/31/2026	7/31/2027
01/01/2018 through 12/31/2018	7/31/2019	01/01/2027 through 12/31/2027	7/31/2028
01/01/2019 through 12/31/2019	7/31/2020	01/01/2028 through 12/31/2028	7/31/2029
01/01/2020 through 12/31/2020	7/31/2021	01/01/2029 through 9/30/2029	7/31/2030



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