

ACA OVERVIEW

Provided by AHT Insurance

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 AHT Insurance 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](#)

This ACA Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

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).

AHT
INSURANCE

ACA OVERVIEW

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	<ul style="list-style-type: none"> • The issuer, if insured • The plan sponsor, if self-insured
Retiree-only health or major medical coverage	Yes	<ul style="list-style-type: none"> • The issuer, if insured • The plan sponsor, if self-insured
Health or major medical coverage under multiple policies or plans	Yes	<ul style="list-style-type: none"> • Each issuer or plan sponsor • See below for special rules for coverage under multiple applicable self-insured health plans
COBRA coverage	Yes	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The issuer, if insured • The plan sponsor, if self-insured
Stand-alone dental or vision coverage	No	N/A
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), disease management programs or wellness programs	No, provided the program does not provide significant benefits in the nature of medical care or treatment	N/A
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

SPECIAL RULE FOR COVERAGE UNDER MULTIPLE APPLICABLE SELF-INSURED HEALTH PLANS

Generally, separate fees apply for lives covered by each specified health insurance policy or applicable self-insured health plan. However, two or more applicable self-insured health plans may be combined and treated as a single applicable self-insured health plan for purposes of calculating the PCORI fee if the plans have the same plan sponsor and the same plan year.

For example, if amounts in an HRA may be used to pay deductibles and copays under a specified health insurance policy, the HRA and the insurance policy would be subject to separate PCORI fees. However, an HRA that may be used to pay deductibles and copays under an applicable self-insured health plan is not subject to a separate fee if both the HRA and the applicable self-insured health plan have the same plan sponsor and the same plan year.

There is no similar rule for lives covered by more than one insurance policy subject to the PCORI fee.

SPECIAL COUNTING RULE FOR HRAS AND FSAS

Plan sponsors are permitted to assume one covered life for each employee with an HRA, even if the HRA can reimburse expenses of the employee's family members. Similarly, plan sponsors are permitted to assume one covered life for each employee with an FSA.

QUALIFIED SMALL EMPLOYER HRA (QSEHRA)

Plan sponsors of applicable self-insured health plans must file Form 720 annually to report and pay the PCORI fee; a QSEHRA is an applicable self-insured health plan for this purpose.