



The Harrison Group, Inc.

COMPLIANCE UPDATE:

Patient-Centered Outcomes Research Institute (PCORI) Fees for HRAs and Certain Healthcare FSAs

The Harrison Group Inc. has received several calls and emails from brokers and clients with questions pertaining to client responsibilities with regard to the PCORI fees for HRAs and certain Healthcare FSAs. We've prepared the following Q & A for your benefit. This isn't meant to be a comprehensive compliance guide, merely information which hopefully makes your life a little easier. We have included a completed sample [Form 720](#) (for only the PCORI fee) as well as a portion of the instructions for preparing the form. Please let the [Harrison Group](#) know if you have any questions.

Q.

How much is the fee?

A.

For purposes of this summary the fee is \$1 per covered person. There are some exceptions. Please refer to the Form 720 instructions. You can determine the number of total covered persons using one of the acceptable methods described in the instructions. The simplest method might be to add the number of participants at the end of the plan year to the number of participants at the beginning of the plan year and divide that total by 2. Then multiply the average by \$1.

<i>For example:</i>	Participants on 1/1/12	70
	Participants on 12/31/12	80
	Average	75

The fee would then be \$75

Q.

Who must pay the fee?

A.

Plan sponsors of applicable self-insured health plans, such as Health Reimbursement Arrangements and certain Healthcare Flexible Spending Accounts.

Q.

What return must be filed?

A.

[Form 720](#) - Quarterly Federal Excise Tax Return

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Q.

When is Form 720 due?

A.

- For Plan Years ending between October 1, 2012 and December 31, 2012, the return is due July 31, 2013
- For plan years ending during 2013, the return is due by July 31, 2014

Q.

Where should you file Form 720?

A.

Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0009

Q.

To whom should the check be made payable:

A.

United States Treasury

Q.

Can you request an extension of time to file Form 720?

A.

Not at this time

Q.

Does the employer have to pay a fee for participants in a Healthcare FSA?

A.

No....as long as the following **two** conditions are met:

- The employer's contribution to the plan does not exceed the employee's contribution
- The employer offers a group medical insurance plan

Accordingly, most Healthcare FSAs will be exempt from the fee.

The Harrison Group will automatically provide clients with a completed [Form 720](#) if we are administering their Health Reimbursement Arrangement (HRA). If we are not, there will be a \$150 fee to prepare Form 720 for your client.

As always, please do not hesitate to contact The Harrison Group President, **Rich Miller** at **610-853-9075** or rmiller@theharrisingrouponline.com if you have any further questions or concerns about the PCORI fees in conjunction with Form 720.

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July 12, 2013