

Anchin Compensation and Benefits Services Group

July 1, 2014

Does Your Firm Sponsor a Self-Insured Health Plan? If so, there is a fee to be remitted to the IRS by July 31

To our Clients and Friends:

The Patient Protection and Affordable Care Act of 2010 (“ACA”) created a fee that is imposed on most health plans. The Patient-Centered Outcomes Research Institute (PCORI) fee is submitted with a completed IRS Form 720, which is due annually on July 31. If you have an insured health plan, the insurer is responsible for calculating and remitting the fee.

However, if you have a self-insured plan that offers accident or health coverage, including a Health Reimbursement Arrangement (HRA) or in some cases an employer-funded Flexible Spending Account (FSA), **you must calculate the fee, prepare Form 720, and submit both by July 31.**

The fee is \$2 per “covered life” (plan participant) for policy years ending on or after October 1, 2013 (otherwise \$1). The IRS offers several methods of calculating the number of covered lives. Tip: If your self-insured plan has over 100 participants, you file Form 5500 annually with the Department of Labor. The IRS permits you to calculate the number of covered lives by simply averaging the number of plan participants disclosed on Form 5500 at the beginning and the end of 2013. The regulations provide other alternative methods to calculate the number of covered lives, as explained in the instructions to Form 720.

If you are not working with an insurer, the best way to learn how to meet the new filing requirement is to download Form 720 and its instructions from the IRS website. The fee appears on Part II of the form, and is thoroughly explained in Part II of the instructions. To download Form 720 and the instructions, follow these steps:

1. Go to www.irs.gov
2. Click on “Forms and Pubs”
3. Click on “Current Forms and Pubs”
4. Type “720” into the “find” box, then click on “Find”
5. Click on “Form 720” to download the form for printing
6. Hit the “back” arrow to return to the previous page
7. Click on “Inst 720” to download the instructions for printing
8. Exit the website

If you are unsure of whether your particular self-insured plan is subject to the fee, please contact your Anchin Relationship Partner, Deborah de Vries or Clarence Kehoe, Co-Practice Leaders of Anchin’s Compensation and Benefits Services Group, at 212.840.3456.



Anchin, Block & Anchin LLP
Accountants and Advisors
212.840.3456 • www.anchin.com

Anchin Alert, Copyright © 2014 Anchin Block & Anchin LLP. The Anchin Alert is published periodically by Anchin, Block & Anchin LLP, Accountants & Advisors. The Alert contains articles which are general in nature and based on sources which are believed to be authoritative. Specific applications would require consideration of all facts and circumstances by qualified professionals familiar with a taxpayer and therefore we are not liable for the application of any information contained herein. No part of this correspondence may be reproduced or utilized in any form or by any means without written permission from Anchin, Block & Anchin LLP.