Q&A from Assurex Global Webinar "Calculating the ACA PCORI and Reinsurance Fees"	April 24, 2014
Question	**Answer**
Q: Are churches responsible for paying the PCORI fee? Q: Are non-profit organizations responsible for paying the PCORI fee?	A: YES Generally, all group health plans are subject to the PCORI fee if they provide coverage to U.S. residents. The PCORI fee does not apply to exempt governmental programs (such as Medicare, Medicaid, CHIP) and any federal programs providing medical care (other than through insurance policies) to members of the Armed Forces, veterans and members of Indian tribes. In addition, excepted benefits, EAPs, disease management and wellness programs, and stop-loss and reinsurance policies are generally exempt.
Q: Are critical illness and accident counted as health plans for the reinsurance fee	A: Generally NO The reinsurance fee applies to major medical coverage that provides minimum value (as defined by the ACA) and does not apply to plans that are considered excepted benefits.
Q: Are employers also responsible for the reinsurance fee if they are fully-insured and have an HRA for the self-insured portion? Similar to PCORI fees?	A: NO The reinsurance fee applies to major medical coverage that provides minimum value. An HRA would not be considered minimum value (60% actuarial value), and therefore would not be subject to the fee.
Q: Is covered life determined by average annual monthly covered life? Q: How do you determine the number of members to pay the fee on? Is it an average of the number of members during the year or at one given date?	A: Determining average covered lives for purposes of the PCORI fee or the reinsurance fee may be done using one of three methods (for self-funded groups): • Actual Count method • Snapshot method • Form 5500 method The description of the details of each method is beyond the scope of this format. Self-funded employers should work with their Assurex Global partner firm to determine the method that is most advantageous for them.
Q: Are we required to use the same method of counting each year?	A: NO - Plan sponsors must choose and stick with one method for the entire plan year, but are allowed to change methods from year to year.
Q: I read somewhere, I believe it was in one of the IRS documents that we can use the first 9 months of the year to calculate the # of covered lives. Is this true?	A: For calculating average covered lives for the PCORI fee, data is averaged over the entire plan year. For the reinsurance fee, data is generally averaged January -September of each calendar year unless the 5500 method is being used (in which case data from the most recent 5500 filing is used).
Q: Can you give us the Reinsurance Costs one more time?	A: The reinsurance fees are $63 per covered life in 2014, $44 per covered life in 2015, and yet to be determined (but likely less than $44) in 2016.

Q: If my plan year ended July 31 2013, then for this year, my PCORI fee is only $1.00, correct?	A: Correct. PCORI fees apply to plan years ending after Sept 30, 2012 and before Oct 1, 2019, and are payable no later than July 31 of the year following the last day of the plan year. The amount of the PCORI fee is equal to the average number of lives covered during the policy year or plan year multiplied by $1 for plan years ending before Oct 1, 2013 and $2 for plan years ending after Sept 30, 2013 (the amount of the PCORI fee for later years increases based on the percentage increase in the projected per capita amount of National Health Expenditures, as published by the Treasury).
Q: If the Form 720 is filed late, is there a late filing penalty which must be self-reported on the Form 720 OR will any such penalty be billed after filing to the plan sponsor?	A: The PCORI rules do not contain a specific penalty for failure to report or pay the PCORI fee; however, since this fee is considered an excise tax (Form 720), any related penalty for failure to file a return or pay a tax would seem to apply. Code § 6651 includes the penalties for failure to file a return or pay taxes.
Q: On the 5500 method you would take your 500 plus the 498 at the end of the year making a total of 998 divide by 2 making 499 X $63 right?	A: No - for plans that cover employees and dependents when using the 5500 method, the plan sponsor would add the number of 5500 participants at the beginning of the most recent plan year to the number at the end of the plan year. In your example, the plan would pay the reinsurance fee on 998 covered lives. The sponsor would divide the total by 2 only for plans that offer only single coverage (which is very uncommon).
Q: Counting method - under snap shot method, can count be taken monthly (rather than quarterly)?	A: Yes, so long as the count is made during the same time period or on the same day each month.
Q: Regarding PCORI fee (or Reinsurance fee) if employer has self-insured medical plan and self-insured dental plan (that is not an excepted HIPAA plan) is ONLY ONE fee required for both self-insured plans (medical and dental) - for each fee? Q: What if you have self-funded medical, dental & vision. The dental & vision are non-excepted benefits. Is the PCORI fee due for all three plans or just one of the self-funded plans?	A: Typically stand-alone dental and vision are considered “excepted benefits” and are exempt; but if the dental and vision plans are not “excepted benefits”, multiple self-insured arrangements providing accident or health coverage may be combined if they have the same plan year and plan sponsor, and the covered lives across the multiple arrangements only need to be counted once.
Q: What if your company offers several different medical plans such as a PPO and a HDHP plan, are you required to pay the fee for employees that have selected the HSA plan?	A: Yes, for both PCORI and reinsurance fees, it would be necessary to count lives for those enrolled in either plan (PPO or HDHP).
Q: We will be paying fees for our plan year that ended 8/31/13. Which 5500 can we use?	A: The guidance isn’t quite as clear as we’d like… *"Using the number of lives covered for the benefit year calculated based upon the “Annual Return/Report of Employee Benefit Plan” filed with the Department of Labor (Form 5500) for the last applicable time period"* Based on this language, it appears the most recent 5500 filing should be used for data rather than data from the most recent plan year. However, if the count would be lower based on data from the most recent plan year, it may be in the employer’s best interest to file the 5500 sooner (earlier than required) to be able to use that data.

Q: What about HSAs, does the fee apply to those?	A: No, neither the PCORI fee or the reinsurance fee apply to HSAs, but applies to the high deductible health plan (HDHP) offered in conjunction with the HSA.
Q: Is the PCORI fee plan year their ERISA 5500 plan year or their Cafeteria plan year.	A: The ERISA plan year. If the cafeteria plan year is different, it is not relevant to calculating the PCORI fee.
Q: Will the PCORI Fee be due from the self funded small groups?	A: Yes, unless the self-funded group is also self-administered (which is virtually non-existent in the small group market), all self-funded groups (small and large) are required to pay the fee.
Q: PCORI due-date: if plan renewed 7/1/13, but deductible runs on Calendar year, was pmt due by 7/31/13, or will be due 7/31/14?	A: The due date for the fee is based on the plan year, not the deductible year.