

Patient-Centered Outcomes Research Institute (PCORI)

Calculating the Fee: <https://www.irs.gov/newsroom/patient-centered-outcomes-research-institute-fee>

Calculating the Average Number of Lives in a Self-Insured Health Plan

The number of covered lives or plan participants will fluctuate throughout the plan year, therefore the IRS has provided several counting methods to help plan sponsors determine the average number of covered lives. Plan sponsors of applicable self-insured health plans may use any of the following methods to calculate the average number of lives covered under the plans:

1. The Actual Count Method (calculate the sum of the lives covered for each day of the plan year and divide the sum by the number of days in the plan year)

2. The Snapshot Methods (add the total number of lives covered on a date in each quarter of the plan year, or an equal number of dates for each quarter, then divide the total by the number of dates on which a count was made). There are two methods to determine the number of lives covered on a designated date:

- **Snapshot Factor** (under this method, the number of lives covered on a date is equal to the sum of (i) the number of participants with self-only coverage on that date plus (ii) the number of participants with coverage other than self-only coverage on that date multiplied by 2.35).
- **Snapshot Count** (under this method, the number of lives covered on a date equals the actual number of lives covered on the designated date).

3. The 5500 Method (use a formula that includes the number of participants actually reported on the Form 5500 for the plan year). The 5500 method is only available when the 5500 is filed no later than the due date for the PCOR fee for that plan year.

- Plan sponsors may only use one method in each year, but do not have to use the same method from year to year.
- If a plan sponsor only maintains a health FSA or HRA then the plan sponsor may treat each participant's health FSA or HRA as covering a single life (spouses, dependents or other beneficiaries are not counted).

If a health FSA or HRA that is an applicable self-insured health plan has the same plan sponsor and plan year as another applicable self-insured health plan other than a health FSA or HRA, the two arrangements may be treated as a single plan. However, the



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participants in a health FSA or HRA that participate in another applicable self-insured health plan will be subject to the actual, snapshot or 5500 counting rules. There is a special rule for lives covered solely by the fully insured options under an applicable self-insured plan. If a self-insured plan provides coverage through fully insured and self-funded options, the plan sponsor can disregard the lives covered solely under the fully insured option when determining the average number of lives covered under the plan.

Plan assets cannot be used to pay the PCOR fee, but it may be deductible as a business expense for the plan sponsor/employer under [Section 162 of the Internal Revenue Code](#).



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