

# FYI<sup>®</sup>

## For Your Information<sup>®</sup>

### **IRS provides updated PCORI fee amount – payment due by July 31**

The IRS has announced that the amount used to calculate the PCORI fee for plan years ending on or after October 1, 2019, but before October 1, 2020, including 2019 calendar year plans, is \$2.54 per covered life. Sponsors of self-insured health plans should prepare to report and pay the fee by July 31, 2020.

Volume 43

Issue 32

June 10, 2020

#### **Authors**

Richard Stover, FSA,  
MAAA

Leslye Laderman, JD, LLM

### **Background**

The Affordable Care Act (ACA) imposed a fee on health insurers and plan sponsors of self-insured group health plans to help fund the Patient-Centered Outcomes Research Institute (PCORI). The PCORI fee was first assessed for plan years ending after September 30, 2012. The fee for the first plan year was \$1 per covered life, increasing to \$2 per covered life in the second year, and then indexed in subsequent years based on the increase in national health expenditures. (We've included a [table](#) below summarizing the ACA indexed dollar limits for 2020 and prior years.) Insurers and plan sponsors were required to remit the PCORI fee by July 31 of the calendar year immediately following the last day of the plan year.

The law provided that the PCORI fee would not be assessed for plan years ending after September 30, 2019. Thus, for calendar year plans, 2018 was the last plan year subject to assessment, and the final PCORI fee payment was due by July 31, 2019.

Legislation passed late last year extended the PCORI fee for an additional 10 years. (See our [December 20, 2019 FYI](#).) It wasn't clear at that time what the amount of the PCORI fee would be for calendar year plans and other plans with plan years that ended between October 1, 2019 and December 31, 2019.

## Updated PCORI fee

The IRS announced in [Notice 2020-44](#) that the amount used to calculate the PCORI fee payable for plan years ending on or after October 1, 2019, but before October 1, 2020, is \$2.54 per covered life.

The fee for plan years ending in 2019 is due by July 31, 2020. While all plan sponsors of self-insured group health plans will pay the PCORI fee in 2020, the amount upon which the fee is based depends on when the plan year ends as described in the following table.

Plan year ending in 2019	Fee per covered life for July 31, 2020 payment
Plan years ending on or after October 1, 2019, through December 31, 2019, including calendar year plans	\$2.54
Plan years ending on or after January 1, 2019, through September 30, 2019	\$2.45

## Counting covered lives

Under prior IRS guidance, plan sponsors of self-insured plans have three methods for calculating the number of covered lives to determine the total fee: the actual count method, the snapshot method and the Form 5500 method. Recognizing that some plan sponsors may not have anticipated the need to determine the number of covered lives due to the extension of the PCORI fee, the guidance provides transition relief by also allowing plan sponsors to use any reasonable method for calculating the number of covered lives for plan years ending on or after October 1, 2019, and before October 1, 2020.

## In closing

Plan sponsors should use [Form 720](#) to pay the fee.

## ACA indexed dollar amounts

The table below summarizes the ACA indexed dollar limits for 2020 and prior years.

ACA indexed dollar amounts							
	Out-of-pocket maximums <sup>(1,9)</sup>		PCORI fee <sup>(2,5)</sup>	Health FSA salary reduction cap <sup>(3,8)</sup>	Employer shared responsibility annual assessments <sup>(1,4,6,7)</sup>		
	Self-only	Other than self-only			4980H(a) – Failure to offer coverage	4980H(b) – Failure to offer affordable, minimum value coverage	Affordability threshold under 4980H(b)
2020	\$8,150	\$16,300	n/a	\$2,750	\$2,570	\$3,860	9.78%
2019	\$7,900	\$15,800	\$2.54	\$2,700	\$2,500	\$3,750	9.86%
2018	\$7,350	\$14,700	\$2.45	\$2,650	\$2,320	\$3,480	9.56%
2017	\$7,150	\$14,300	\$2.39	\$2,600	\$2,260	\$3,390	9.69%
2016	\$6,850	\$13,700	\$2.26	\$2,550	\$2,160	\$3,240	9.66%
2015	\$6,600	\$13,200	\$2.17	\$2,550	\$2,080	\$3,120	9.56%
2014	\$6,350	\$12,700	\$2.08	\$2,500	\$2,000	\$3,000	9.50%
2013	n/a	n/a	\$2.00	\$2,500	n/a	n/a	n/a
2012	n/a	n/a	\$1.00	n/a	n/a	n/a	n/a

**Notes:**

- (1) Indexed to increase in average per capita premium for U.S. health insurance coverage in prior calendar year; out-of-pocket maximum does not apply to grandfathered plans or retiree-only plans
- (2) Indexed to increases in national health expenditures
- (3) Indexed for CPI-U
- (4) One-twelfth of annual amount assessed on monthly basis; no assessments for 2014
- (5) Applicable dollar amount affected by when plan year ends; no assessment for plan years ending on and after October 1, 2029
- (6) Applies on a calendar year basis
- (7) Affordability threshold adjusted consistent with Code Section 36B(b)(3)(A)(i)
- (8) Applies on a plan year basis
- n/a Not available

**Produced by the Compliance Consulting Practice**

The Compliance Consulting Practice is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, training, and knowledge management. For more information, please contact your account executive.

You are welcome to distribute *FYI*® publications in their entireties. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.