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IRS provides updated PCORI fee amount for payments due in 2021

The IRS has announced that the amount used to calculate the PCORI fee for plan years ending on or after October 1, 2020, but before October 1, 2021, including 2020 calendar year plans, is \$2.66 per covered life. Sponsors of self-insured health plans should prepare to report and pay the fee by July 31, 2021.

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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 2021 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.

Although, the ACA provided that the PCORI fee would not be assessed for plan years ending after September 30, 2019, legislation passed in 2019 extended the PCORI fee for an additional 10 years. (See our [December 20, 2019 FYI Alert](#).)

Updated PCORI fee

The IRS announced in [Notice 2020-84](#) that the amount used to calculate the PCORI fee payable for plan years ending on or after October 1, 2020, but before October 1, 2021, is \$2.66 per covered life.

The fee for plan years ending in 2020 is due by July 31, 2021. While all plan sponsors of self-insured group health plans will pay the PCORI fee in 2021, 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 2020 | Fee per covered life for July 31, 2021 payment |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Plan years ending on or after October 1, 2020, through December 31, 2020, including calendar year plans | \$2.66 |
| Plan years ending on or after January 1, 2020, through September 30, 2020 | \$2.54 |

ACA indexed dollar amounts

The table below summarizes the ACA indexed dollar limits for 2022 and prior years.

| ACA indexed dollar amounts | | | | | | | |
|----------------------------|-----------------------------------------|----------------------|----------------------------|--------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------|
| | Out-of-pocket maximums ^(1,8) | | PCORI fee ^(2,5) | Health FSA salary reduction cap ^(3,8) | Employer shared responsibility annual assessments ^(1,4,6,7) | | |
| | 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) |
| 2022 | \$9,100 (proposed) | \$18,200 (proposed) | Not available | Not available | \$2,880 (est.) | \$4,320 (est.) | Not available |
| 2021 | \$8,550 | \$17,100 | Not available | \$2,750 | \$2,700 | \$4,060 | 9.83% |
| 2020 | \$8,150 | \$16,300 | \$2.66 | \$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 applicable

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