



ACA COMPLIANCE BULLETIN

PCORI FEES DUE JULY 31, 2019

OVERVIEW

The Affordable Care Act (ACA) requires health insurance issuers and self-insured plan sponsors to pay Patient-Centered Outcomes Research Institute fees (PCORI fees). The fees are reported and paid annually using [IRS Form 720](#) (Quarterly Federal Excise Tax Return). The PCORI fees do not apply for plan years ending on or after Oct. 1, 2019. Therefore, **the 2018 plan year was the last plan year that these fees were effective.**

Issuers and plan sponsors are generally required to pay the PCORI fees annually by July 31 of each year. As a result, the final PCORI fee payment for plan years ending in 2018 is due **July 31, 2019**. However, for non-calendar year plans ending between Jan. 1, 2019, and Sept. 30, 2019, a final PCORI fee payment will be due July 31, 2020.

ACTION STEPS

To assess their compliance obligations, employers should:

- ✓ Determine which plans are subject to the research fees;
- ✓ Assess plan funding to determine whether the issuer or the employer is responsible for the fees; and
- ✓ For self-insured plans, select an approach for calculating average covered lives.

HIGHLIGHTS

- The ACA imposes PCORI fees on health insurance issuers and self-insured plan sponsors.
- The final PCORI fees for plan years ending in 2018 are due by July 31, 2019.
- For non-calendar year plans ending between Jan. 1, 2019, and Sept. 30, 2019, a final PCORI fee payment will be due July 31, 2020.

IMPORTANT DATES

July 31, 2019

The PCORI fees for plan years ending in 2018 are due.

July 31, 2020

For non-calendar year plans ending between Jan. 1, 2019, and Sept. 30, 2019, a final PCORI fee payment will be due July 31, 2020.

Provided By:

Kinloch Consulting Group, Inc.

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Overview of PCORI Fees

The PCORI fees apply for plan years ending on or after Oct. 1, 2012, but do not apply for plan years ending on or after Oct. 1, 2019. For calendar year plans, the fees will be effective for the 2012 through 2018 plan years. **Therefore, the 2018 plan year is the last plan year that these fees will be effective, for calendar year plans.**

Issuers and plan sponsors must pay PCORI fees annually on IRS [Form 720](#) by July 31 of each year. The fee generally covers plan years that end during the preceding calendar year. **For plans ending in 2018, the final PCORI fees are due by July 31, 2019.**

Because the PCORI fees do not apply for plan years ending on or after Oct. 1, 2019, these are the final PCORI fees that will be due for plans ending in 2018. However, a final PCORI fee payment will be due July 31, 2020, for non-calendar year plans ending between Jan. 1, 2019, and Sept. 30, 2019.

Reporting and Paying PCORI Fees on Form 720

In general, the PCORI fees are assessed, collected and enforced like taxes under the Internal Revenue Code. Issuers and plan sponsors must report and pay the research fees annually on [IRS Form 720](#) (Quarterly Federal Excise Tax Return). The PCORI fee applies separately to “specified health insurance policies” and “applicable self-insured health plans,” and is based on the average number of lives covered under the plan or policy.

Using Part II, Number 133 of Form 720, issuers and plan sponsors are required to report the average number of lives covered under the plan separately for specified health insurance policies and applicable self-insured health plans. That number is then multiplied by the applicable rate for that tax year, as follows:

- ✓ **\$1** for plan years ending before Oct. 1, 2013 (that is, 2012 for calendar year plans).
- ✓ **\$2** for plan years ending on or after Oct. 1, 2013, and before Oct. 1, 2014.
- ✓ **\$2.08** for plan years ending on or after Oct. 1, 2014, and before Oct. 1, 2015 (see [Notice 2014-56](#)).
- ✓ **\$2.17** for plan years ending on or after Oct. 1, 2015, and before Oct. 1, 2016 (see [Notice 2015-60](#)).
- ✓ **\$2.26** for plan years ending on or after Oct. 1, 2016, and before Oct. 1, 2017 (see [Notice 2016-64](#)).
- ✓ **\$2.39** for plan years ending on or after Oct. 1, 2017, and before Oct. 1, 2018 (see [Notice 2017-61](#)).
- ✓ **\$2.45** for plan years ending on or after Oct. 1, 2018, and before Oct. 1, 2019 (see [Notice 2018-85](#)).

The fees for specified health insurance policies and applicable self-insured health plans are then combined to equal the total tax owed. Issuers or plan sponsors that file Form 720 only to report the PCORI fee will not need to file Form 720 for the first, third or fourth quarter of the year. Issuers or plan sponsors that file Form 720 to report quarterly excise tax liability for the first, third or fourth quarter of the year (for example, to report the foreign insurance tax) should not make an entry on the line for the PCORI tax on those filings.