

Bolton

Insight

July 2021

Legal Update: PCORI Fees Due Aug. 2, 2021

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).

Issuers and plan sponsors are generally required to pay the PCORI fees annually by July 31 of each year. However, the PCORI fee payment for plan years ending in 2020 is due Aug. 2, 2021, since July 31, 2021, is a Saturday. Issuers or plan sponsors that file Form 720 only to report the PCORI fee do not need to file Form 720 for the first, third or fourth quarter of the year.

Overview of the PCORI Fees

The PCORI fees were scheduled to expire for plan years ending on or after Oct. 1, 2019. However, a federal spending bill enacted at the end of 2019 extended the PCORI fees for an additional 10 years. As a result, these fees will continue to apply for the 2020-2029 fiscal years.

Calculating the PCORI Fee Payment

In general, the PCORI fees are assessed, collected and enforced like taxes. 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 (\$2.54 for plan years ending on or after Oct. 1, 2019, and before Oct. 1, 2020). The fees for specified health insurance policies and applicable self-insured health plans are then combined to equal the total tax owed.

Employer Action

Ensure the timely filing of Form 720 and payment of the PCORI fees ahead of the Aug. 2, 2021 deadline. Contact a Bolton Consultant for further assistance.

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