

July 2020

### Reminder: PCORI Fees Reinstated Through 2029

Under the new [law](#), the PCORI fees will now apply for the 2020-2029 fiscal years. The PCORI fee is calculated based on the average number of lives covered under the policy or plan. The fee amount is set by the IRS each year and is \$2.54 per covered life for plan years ending on or after October 1, 2019.

#### Paying PCORI Fees

PCORI fees are reported and paid annually using [IRS Form 720](#) (Quarterly Federal Excise Tax Return). These fees are due each year by July 31 of the year following the last day of the plan year. It will generally cover plan years that end during the preceding calendar year.

For plan years ending in 2018, the PCORI fees were due by July 31, 2019. For plan years ending in 2019, the next PCORI fee payment will be due **July 31, 2020**. The [IRS instructions](#) for filing form 720 include information on reporting and paying the PCORI fees.

#### Reporting the PCORI Fee on Form 720

Issuers and plan sponsors will file Form 720 annually to report and pay the PCORI fee, no later than July 31 of the calendar year following the policy or plan year to which the fee applies. 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 will be 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](#)).
- \$2.54 for plan years ending on or after Oct. 1, 2019, and before Oct. 1, 2020 (see [Notice 2020-44](#)).

The fees for specified health insurance policies and applicable self-insured health plans are then combined to equal the total tax owed.

#### Employer Action

*Fees are due by **July 31, 2020**. For any self-insured plans, select an approach (actual count, snapshot, member months, or state form) for calculating average covered lives or contact a Bolton consultant today to discuss the timely reporting and payment of your PCORI fees.*