



June 8, 2020

PCORI Fees Due by July 31, 2020

Congress recently extended for another ten years, the **Patient-Centered Outcomes Research Institute (PCORI) fees** under IRC Sections 4375 and 4376. The fees apply to issuers of certain health insurance policies and employers that self-insure employee health coverage.

The PCORI fees, along with the PCORI trust established under IRC Section 9511, which is funded in part by the fees, were enacted under the *Affordable Care Act* in 2010. As originally enacted, the fees were applicable for policy years (insured plans) and plan years (self-insured plans) ending on dates falling on or between Oct. 1, 2012 and Sept. 30, 2019. However, the **Further Consolidated Appropriations Act, 2020**, enacted on Dec. 20, 2019, extends the PCORI fees such that applicable health insurance issuers and applicable employers continue to be subject to the fees for policy and plan years ending on dates falling on or between Oct. 1, 2019, and September 30, 2029.

Reporting and payment of PCORI fees:

PCORI fees are due on an annual basis by July 31 of the year following the policy or plan year to which the fees apply. Even though the **Form 720** is a quarterly return, those subject to the PCORI fees report and pay only once each year by the July 31 due date. **PCORI fees for policy and plan years ending in 2019 are due by July 31, 2020. The 2019 fees are \$2.45 per person for the “average number of lives covered” as calculated under permitted methodologies. The fees are adjusted for inflation.**

Reporting and payment of PCORI fees:

As a result of the extension of the PCORI fees, affected businesses now should consider two things:

- The fee has been extended. Therefore, policies and plans with years ending after Sept. 30, 2019, the prior expiration date, and before Jan. 1, 2020, must report and pay 2019 PCORI fees by July 31, 2020.
- Businesses should take into account for tax and, potentially, financial statement purposes that the fees and related reporting will continue to be paid until July 31, 2030, unless further extended.

The information contained in this memo is not intended to be legal, accounting, or other professional advice. CPN assumes no liability whatsoever in connection with its use, nor are these comments directed to specific situations. If you have questions about your specific situation, CPN recommends you obtain independent professional advice.