

PCORI Fee Amount Adjusted for 2020

The Affordable Care Act (ACA) imposes a fee on health insurance issuers and self-insured plan sponsors in order to fund comparative effectiveness research. These fees are widely known as Patient-Centered Outcomes Research Institute (PCORI) fees, and were originally scheduled to expire for plan or policy 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, on June 8, 2020, the Internal Revenue Service (IRS) issued [Notice 2020-44](#), which increases the PCORI fee amount for plan years ending on or after Oct. 1, 2019, and before Oct. 1, 2020, to **\$2.54** multiplied by the average number of lives covered under the plan. It also provides **transition relief** for calculating the average number of lives covered under the plan or policy (which is what the PCORI fee is based on).

Transition Relief

Because of the anticipated termination of the PCORI fee prior to its extension, issuers and plan sponsors may not have anticipated the need to identify the number of covered lives for plan years ending on or after Oct. 1, 2019, and before Oct. 1, 2020. Thus, IRS Notice 2020-44 provides transition relief for this period.

Specifically, issuers and plan sponsors may use **any reasonable method** for calculating the average number of covered lives for this period, in addition to [existing methods](#), so long as it is **applied consistently for the duration of the plan year**.

Form 720

PCORI fees are required to be paid annually on IRS [Form 720](#) by July 31 of each year. For plans ending in 2019, the next PCORI fee payment will be due **July 31, 2020**. Form 720 has not yet been updated for plan years ending on or after Oct. 1, 2019.