



# ACA COMPLIANCE BULLETIN

## PCORI FEE AMOUNT ADJUSTED FOR 2018

### HIGHLIGHTS

- The IRS increased the PCORI fee amount for plan years ending in 2018 to \$2.45 per covered life.
- PCORI fees for plan years ending in 2018 are due by July 31, 2019.
- The PCORI fees do not apply for plan years ending on or after Oct. 1, 2019. Therefore, this is the last plan year that these fees will be effective.

### IMPORTANT DATES

#### November 5, 2018

The IRS increased the PCORI fee amount for plan years ending on or after Oct. 2018, and before Oct. 1, 2019.

#### July 31, 2019

PCORI fees are due for plan years ending in 2018.

### OVERVIEW

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.

On Nov. 5, 2018, the Internal Revenue Service (IRS) published [Notice 2018-85](#), which increased the PCORI fee amount for plan years ending on or after Oct. 1, 2018, and before Oct. 1, 2019 (that is, 2018 for calendar year plans), to **\$2.45** multiplied by the average number of lives covered under the plan.

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

### ACTION STEPS

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. This means that, for plan years ending in 2018, the PCORI fees are due by **July 31, 2019**. Covered employers should have reported and paid PCORI fees for 2017 by July 31, 2018.

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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 will generally cover plan years that end during the preceding calendar year. **For the 2018 plan year, PCORI fees are due by July 31, 2019.**

*For plan years ending on or after Oct. 1, 2018, and before Oct. 1, 2019 (that is, 2018 for calendar year plans), the PCORI fee amount is \$2.45 multiplied by the average number of lives covered under the plan.*

## PCORI Fee Amounts

The PCORI fees are calculated by multiplying an applicable rate for each tax year by the average number of lives covered under the plan. The applicable rate for each tax year is as follows:

- ✓ \$1 for plan years ending before Oct. 1, 2013 (that is, 2012 for calendar year plans); and
- ✓ \$2 for plan years ending on or after Oct. 1, 2013, and before Oct. 1, 2014.

For plan years ending on or after Oct. 1, 2014, the IRS published the adjusted PCORI fee amount each year, which is calculated based on the percentage increase in the projected per capita amount of the national health expenditures published by the Department of Health and Human Services (HHS) each year.

- ✓ On Sept. 18, 2014, IRS [Notice 2014-56](#) adjusted the PCORI fee amount to **\$2.08** times the average number of covered lives for plan years ending on or after Oct. 1, 2014, and before Oct. 1, 2015.
- ✓ On Oct. 9, 2015, IRS [Notice 2015-60](#) adjusted the PCORI fee amount to **\$2.17** times the average number of covered lives for plan years ending on or after Oct. 1, 2015, and before Oct. 1, 2016.
- ✓ On Nov. 4, 2016, IRS [Notice 2016-64](#) adjusted the PCORI fee amount to **\$2.26** times the average number of covered lives for plan years ending on or after Oct. 1, 2016, and before Oct. 1, 2017.
- ✓ On Oct. 9, 2017, IRS [Notice 2017-61](#) adjusted the PCORI fee amount to **\$2.39** times the average number of covered lives for plan years ending on or after Oct. 1, 2017, and before Oct. 1, 2018.

Under Notice 2018-85, the adjusted PCORI fee amount for plan years ending on or after Oct. 1, 2018, and before Oct. 1, 2019, is **\$2.45** multiplied by the average number of lives covered under the plan. This amount was calculated based on the [percentage increase in the projected per capita amount of the national health expenditures](#), published by HHS on Feb. 14, 2018 (Table 3).