

# Legal Update

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## PCORI Fee Amount Adjusted for 2021

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 [pending bill](#) enacted at the end of 2019 **extended the PCORI fees for an additional 10 years.**

As a result, the Internal Revenue Service (IRS) issued [Notice 2020-84](#) to increase the PCORI fee amount for plan years ending on or after Oct. 1, 2020, and before Oct. 1, 2021, to **\$2.66** multiplied by the average number of lives covered under the plan.

### Form 720

PCORI fees are reported and paid annually on 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. For plans ending in 2020, the next PCORI fee payment will be due **Aug. 2, 2021**, since July 31, 2021, is a Saturday. Covered employers should have reported and paid PCORI fees for 2019 by July 31, 2020.

### No Transition Relief Applies for 2021

The IRS provided transition relief related to the 2020 PCORI fee calculation, due to the anticipated termination of the PCORI fee prior to its extension. This transition relief allowed issuers and plan sponsors to use any reasonable method for calculating the average number of covered lives for this period, in addition to [existing methods](#), so long as it was applied consistently for the duration of the plan year.

However, this transition relief was not extended for the 2021 plan year. As a result, plans and issuers must use one of the existing methods for calculating the PCORI fee for 2021.

## Important Dates

### Oct. 1, 2019

PCORI fees were scheduled to expire for plan or policy years ending on or after Oct. 1, 2019.

### 2020-2029 Fiscal Years

PCORI fees now apply for the 2020-2029 fiscal years.

### Aug. 2, 2021

PCORI fees are due for plan years ending in 2020.

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***For plan years ending on or after Oct. 1, 2020, and before Oct. 1, 2021, the PCORI fee amount was increased to \$2.66 per covered life.***