

## IRS Announces Increase in PCORI Fees

The IRS has announced the annual increase in Patient-Centered Outcomes Research Institute (PCORI) fees paid by health insurers and self-insured health plan sponsors, as well as transition relief for counting the average number of covered lives. [IRS Notice 2020-44](#)

PCORI fees were created by the Affordable Care Act (ACA) to support clinical effectiveness research. Under the original ACA provision, PCORI fees were collected for plan years ending before October 1, 2019. However, 2019 legislation reinstated the PCORI provision and continued the fee requirements through plan years ending before October 1, 2029.

### Updated PCORI Fees

The adjusted applicable dollar amount for PCORI fees for plan and policy years ending on or after October 1, 2019, and before October 1, 2020, is \$2.54. This is a \$0.09 increase from the amount in effect for plan and policy years ending on or after October 1, 2018, and before October 1, 2019.

### How PCORI Fees Are Calculated

PCORI fees are calculated as the average number of lives covered during the policy year or plan year multiplied by the applicable dollar amount for the year.

### Transition Relief

Since PCORI fees were anticipated to be terminated, insurers and self-insured health plan sponsors may not have calculated the number of covered lives for policy or plan years ending on or after October 1, 2019, and before October 1, 2020.

Transition relief provides that in addition to existing methods to calculate the average number of covered lives, insurers and plan sponsors may use any reasonable method for calculating the average number of covered lives for this period as long as it is applied consistently for the full year.

### Additional Information

PCORI fees are required to be paid annually on [IRS Form 720](#) by July 31 of each year. The next fee payment will be due July 31, 2020.