

TO: Our Valued Clients and Brokers
FROM: Health Plans, Inc.
DATE: June 8, 2020
RE: PCORI Fee Payment Due from Plan Sponsors by July 31, 2020

This is an annual reminder that PCORI (Patient-Centered Outcomes Research Institute) fees, implemented under the Affordable Care Act (ACA), are due by July 31st. PCORI fees fund research to help patients, clinicians, purchasers and policymakers make informed health care decisions. The fees are due on July 31 of the calendar year following the last day of the plan year.

The fees were originally scheduled to end with final payments being due on July 31, 2020 for Plan Years ending on or before September 30, 2019. In December 2019 the funding requirement was extended for 10 additional years. To date, no further guidance has been issued by the IRS regarding the extension or the fee rate(s) going forward, and the IRS Form 720 and instructions have not yet been updated to reflect the extension.

Unlike most other assessments that Health Plans collects and pays on behalf of plan sponsors, this fee must be filed on a plan sponsor's tax Form 720 and paid directly to the IRS by the plan sponsor. Clients will want to work with their tax advisors to calculate and pay this assessment.

Please do not reply to this email. Please contact the HPI Account Service Team directly if you have questions or would like to request a quarterly census PCORI report.

Next Steps for Plan Sponsors

If your Plan Year ended between 1/1/19 and 9/30/19:

- Calculate average covered lives by either requesting quarterly census reports from the HPI Account Service Team or working with your internal records so that you can determine the amount to pay using the rate in the chart below
- Work with your tax advisor to File IRS Form 720 by July 31, 2020

If your Plan Year ended between 10/1/19 and 12/31/19:

- Calculate average covered lives by either requesting quarterly census reports from the HPI Account Service Team or working with your internal records so that you have the data available when the IRS does issue guidance with respect to the fee amount and has updated Form 720
- Consult with your tax advisor about filing Form 720

Fee payable no later than July 31, 2020

Plan Year End Date	Applicable Fee
Between 1/1/19 and 9/30/19	\$2.45 x average covered lives
Between 10/1/19 and 12/31/19	TBD when IRS issues guidance

HPI will update this information after the IRS issues guidance applicable to Plan Years ending between 10/1/19 and 12/31/19.

For more details regarding the PCORI fee and the methods of calculating the fee, please refer to the [Compliance Bulletin issued on August 17, 2012](#). Again, if you have any questions about the PCORI fee, or would like to request a quarterly census PCORI report, please contact the HPI Account Service Team directly.

Thank you.

Elizabeth Wilson

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HealthPlansInc.com



The information contained in this message is based on our current understanding of recent regulatory developments which may affect group benefit plans. It should not be construed as specific legal advice or legal opinion. The contents are for general informational purposes only and are not a substitute for the advice of legal counsel.