

BEFORE FEBRUARY 2020

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Cadillac Tax and Other Key ACA Taxes Repealed

The federal [spending bill](#) signed into law at the end of 2019 repealed three taxes and fees under the Affordable Care Act (ACA):

- The Cadillac tax
- The medical devices excise tax
- The health insurance providers fee

The Cadillac Tax

The Cadillac tax is a 40% excise tax on high-cost group health coverage. Its effective date was previously delayed several times. This tax is now fully repealed, beginning with the 2020 tax year.

The Medical Devices Excise Tax

The medical devices tax is a 2.3% excise tax on the sales price of certain medical devices. This tax is fully repealed beginning in 2020.

Health Insurance Providers Fee

The health insurance providers fee is an annual fee imposed on the health insurance sector. This fee is repealed beginning with the 2021 calendar year.

Employers should be aware of the evolving applicability of existing ACA taxes and fees so they know how the ACA affects their bottom lines.

PCORI Fees Extended for 10 Years

The same spending bill that repealed the Cadillac tax, the medical devices excise tax and the health insurance providers fee reinstated the annual Patient-Centered Outcomes Research Institute (PCORI) fees for the 2020-2029 fiscal years.

As a result, specified health insurance policies and applicable self-insured health plans must continue to pay these fees through 2029.

What Are the PCORI Fees?

The PCORI fees were created to help patients, clinicians, payers and the public make informed health decisions by advancing comparative effectiveness research. Fees paid by health insurance issuers and sponsors of self-insured health plans fund the institute's research, in part.

Who Must Pay the PCORI Fees?

The entity responsible for paying the PCORI fees depends on whether the plan is insured or self-insured.

- For insured health plans, the issuer of the health insurance policy is required to pay the fees.
- For self-insured health plans, the fees are to be paid by the plan sponsor.

What's Next?

PCORI fees are reported and paid annually using IRS Form 720 (Quarterly Federal Excise Tax Return). These fees are due by July 31 of the year following the last day of the plan year. This means that, for plan years ending in 2019, the PCORI fees are due by July 31, 2020.

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