



ACA Out-of-Pocket Limit and PCORI Fee Announced

HHS and IRS have announced inflation-adjusted out-of-pocket (“OOP”) limits that will apply to non-grandfathered health plans for plan years beginning in 2021, and the indexed PCORI fee. The OOP limit includes the plan’s deductible and cost-sharing amounts for benefits that are considered essential health benefits (“EHBs”) under the Affordable Care Act (“ACA”).

OOP Limits

In general, the ACA requires non-grandfathered plans to apply an embedded OOP limit for everyone enrolled in coverage other than self-only coverage. Accordingly, each enrollee must have his or her own individual OOP limit on EHBs that is not higher than the maximum self-only OOP limit. For example, if an individual enrolled under family coverage reaches the applicable ACA OOP limit for self-only coverage, that individual cannot incur additional OOP costs for EHBs, even if the family OOP limit has not been met.

For 2021, the ACA OOP limit for self-only coverage will increase to \$8,550 (from the current 2020 limit of \$8,150), and \$17,100 for family coverage (from the current 2020 limit of \$16,300). The limits apply to all OOP costs for in-network EHBs provided by non-grandfathered plans.

PCORI Fees

The Patient-Centered Outcomes Research Institute (“PCORI”) was established under the ACA to conduct research to evaluate the effectiveness of medical treatments, procedures and strategies that treat, diagnose, manage or prevent illness or injury. The PCORI fee requires insurers, and employers with self-funded group health plans, to pay an annual fee to fund PCORI research. The fee was originally designed to expire for plan and policy years ending after September 30, 2019. However, the Further Consolidated Appropriations Act subsequently extended the PCORI fee for 10 years, meaning that insurers and employers will have to continue to pay this fee until 2029 or 2030, depending on their plan year.

The IRS has released an advance version of Notice 2020-44 announcing that the dollar amount to be used for purposes of determining the PCORI fee for policy years and plan years that end on or after October 1, 2019, and before October 1, 2020, is \$2.54.

Notice 2020-44 is available for review at: <https://www.irs.gov/pub/irs-drop/n-20-44.pdf>

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