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Client Alert Applies To: Self-Funded, Fully-Funded, Small Group, and Large Group

January 10th, 2020

Cadillac and Other ACA Taxes Repealed

Shortly before Christmas, Congress passed (and President Trump signed) the Further Consolidated Appropriations Act, 2020 (Act). In addition to avoiding a government shutdown, the Act repeals three Affordable Care Act (ACA) taxes and extends one ACA fee. The details are below:

Repeal of ACA Taxes

The Act repealed three ACA taxes:

1. **Cadillac Tax** - A 40% excise tax on high-cost employer health benefits.
2. **Health Insurance Provider (HIT) Fee** - A tax imposed on medical insurance carriers, but ultimately paid by consumers and health plans; and
3. **Medical Device Excise Tax** - A 2.3% tax on domestic sales of medical devices.

These changes are good news for employer group health plans.

Extension of PCORI Fee

Unfortunately, the Act also extended the Patient-Centered Outcomes Research Institute Fee through 2029. The ACA imposed the annual PCORI fee on self-funded group health plans from 2012-2019. In its first year, the PCORI fee was initially \$1.00 per covered life, but the fee rose to \$2.45 per covered life by 2019. The PCORI fee is now extended for another 10 years, which means employers sponsoring self-funded plans must continue to make a PCORI filing and payment. (**NOTE:** Employers with fully insured health plans do not file and pay PCORI unless the employer also maintains an HRA.)

Please visit www.moreton.com/news-events/ for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, Moreton & Company's in-house corporate counsel who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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