



# COMPLIANCE ALERT

## REMINDER: PCORI FEES

**Issue Date: November 2022**

In Notice 2022-59, the IRS provided the adjusted PCORI fees for plan years ending in October 2022 through September 2023. Employers who sponsored self-funded medical plans that ended sometime during 2022 are required to report and pay the ACA Patient-Centered Outcomes Research Institute (PCORI) fees no later than July 31, 2023.

### BACKGROUND

General summary information regarding PCORI fees can be found at <https://www.irs.gov/newsroom/patient-centered-outcomes-research-institute-fee>.

Health insurance carriers pay the fee directly in the case of fully-insured plans, so employers offering only fully-insured group health plans do not have to do anything. However, employers are responsible for reporting and paying the fee for any self-funded group health plans, including HRAs. The PCORI fee applies to most group health plans, but not to excepted benefits. The IRS published a chart that describes the different types of plans subject to the fee here - <https://www.irs.gov/newsroom/application-of-the-patient-centered-outcomes-research-trust-fund-fee-to-common-types-of-health-coverage-or-arrangements>.

The fee is paid using quarterly excise tax Form 720, Line 133, and must generally be paid no later than July 31st of the year following the last day of the plan year. If any corrections need to be made for prior years, use Form 720X.

### FEE AMOUNT

Payment amounts due in 2023 will differ based on the employer's plan year. The fees due in July 2023 are as follows:

- + \$2.79 per covered life for plan years ending in January – September 2022
- + \$3.00 per covered life for plan years ending in October - December 2022

The IRS put together a chart showing applicable fee amounts depending on the plan year end date at <https://www.irs.gov/affordable-care-act/patient-centered-outreach-research-institute-filing-due-dates-and-applicable-rates>. NOTE - this chart has not yet been updated to include the applicable rates for plan years ending in 2022.



# COMPLIANCE ALERT

## CALCULATING THE AVERAGE COVERED LIVES

Self-funded plans may use one of three methods to determine the average covered lives used for reporting and paying the PCORI fee: (i) the actual count method; (ii) the snapshot method; or (iii) the Form 5500 method. There are special rules that apply for employers offering multiple self-funded plans or an HRA integrated with a fully-insured plan.

- + **Multiple Self-Funded Plans** – If one plan sponsor maintains more than one self-funded health plan with the same plan year, the arrangements can be treated as a single plan for purposes of the fee.
- + **HRAs** – An employer who sponsors an HRA integrated with a fully-insured medical plan is required to pay the fee only with respect to each HRA participant/employee (not required to count dependents or beneficiaries).

For more details on the PCORI fees, see our summary found here - <https://www.benefitcomply.com/resources/2021/05/27/pcori-fee-summary/>

Notice 2022-59 may be found here: [N-2022-59 \(irs.gov\)](https://www.irs.gov/notice/2022-59)

*While every effort has been taken in compiling this information to ensure that its contents are totally accurate, neither the publisher nor the author can accept liability for any inaccuracies or changed circumstances of any information herein or for the consequences of any reliance placed upon it. This publication is distributed on the understanding that the publisher is not engaged in rendering legal, accounting or other professional advice or services. Readers should always seek professional advice before entering into any commitments.*

