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

December 8, 2022

IRS Announces Annual PCORI Fee Adjustment

The IRS has announced an increase to the annual Patient-Centered Outcomes Research Institute (PCORI) fees¹ that must be paid by health insurers and self-insured health plan sponsors. The adjusted applicable dollar amount for PCORI fees for plan and policy years ending on or after October 1, 2022, and before October 1, 2023, is \$3.00. This is a \$0.21 increase from the amount in effect for plan and policy years ending on or after October 1, 2021, and before October 1, 2022. Self-funded plan sponsors should confirm that this important date is noted on their compliance calendars. Insurers are responsible for paying the fee for fully insured employer group plans.

PCORI fees were established by the Affordable Care Act (ACA) and are used to support clinical effectiveness research. Because the ACA provision included an expiration date, PCORI fees were originally collected only for plan years ending before October 1, 2019. However, legislation enacted at the end of 2019 reinstated the PCORI provision, continuing the fee requirements through plan years ending before October 1, 2029.

The PCORI fee applicable dollar amount is adjusted annually based on the percentage increase in projected per capita national health expenditures. PCORI fees are calculated by multiplying the applicable dollar amount for the year by the plan's or policy's average number of covered lives. PCORI fees are reported annually on the second quarter IRS Form 720 no later than July 31 of the calendar year immediately following the last day of the policy year or plan year to which the fee applies.

¹ <https://www.irs.gov/pub/irs-drop/n-22-59.pdf>

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