

Internal Revenue Service Updates PCORI Fee for 2023

December 1, 2022

Quick Facts

- The Internal Revenue Service (IRS) recently released IRS Notice 2022-59 updating the Patient-Centered Outcomes Research Institute (PCORI) fees for plan years ending on or after October 1, 2022, through September 30, 2023.
- The payment for the respective plan years will be \$3.00 per covered life.
- Plan sponsors may use one of three methods to determine the average number of covered lives for reporting and paying the PCORI fee.

Background

On November 14, 2022, the IRS issued [Notice 2022-59](#), providing the adjusted PCORI fees for plan years ending in October 2022 through September 2023. Employers who sponsored self-funded medical plans that ended during 2022 are required to report and pay the ACA Patient-Centered Outcomes Research Institute (PCORI) fees no later than July 31, 2023. The fees are used to fund the Patient-Centered Outcomes Research Trust Fund (PCORTF) and the PCORI which helps patients, clinicians, purchasers, and policymakers make better-informed healthcare choices by advancing clinical effectiveness research.

Fee Amount

Payment amounts due in 2023 will differ based on the employer's plan year. The fees due July 31, 2023, are as follows:

- \$2.79 per covered life for plan years ending October 2021 – September 2022
- \$3.00 per covered life for plan years ending October 2022 – September 2023

The IRS put together a [chart](#) showing applicable fee amounts depending on the plan year end date; however, as of the date of this publication, the chart has not been updated to include the applicable rates for filings due in 2023. Plan sponsors should use the IRS Form 720 to file and pay the PCORI fee. The Form 720 is updated annually in the spring to reflect the updated PCORI fee.

Calculating the Average Number of Covered Lives

There are multiple methods available to self-funded plan sponsors 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 a Health Reimbursement Arrangement (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 and are not required to count dependents or beneficiaries.

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