

## Patient-Centered Outcomes Research Institute (PCORI)

The PCORI fee, otherwise known as the [Patient-Centered Outcomes Research Institute Fee](#), is an annual fee mandated by the Affordable Care Act (ACA) to fund research on the comparative effectiveness of medical treatments. The research institute helps patients, clinicians, purchasers, and policymakers make more informed healthcare decisions by advancing clinical effectiveness research. The PCORI Fee applies to specified health insurance policies with policy years ending after September 30, 2012, and before October 1, 2029, and applicable self-insured health plans with plan years ending after September 30, 2012, and before October 1, 2029.

### **Fully insured and self-insured health plans are required to pay the Patient-Centered Outcomes Research Institute (PCORI) Fee annually by July 31 of the year following the last day of a given plan year.**

If a plan is fully insured, the insurer pays the fee. For self-insured plans, the plan sponsors are generally responsible for paying the PCORI fee directly to the IRS (along with filing Form 720), irrespective of the number of employees (and their spouses and dependents) enrolled in the health plan.

Those health plans subject to the PCORI Fee include:

- Group medical plans (i.e., PPO, HMO, EPO, POS, or fee-for-service) covering active and/or former employees (i.e., COBRA and retiree coverage), and their spouses and dependents
- Grandfathered group health plans
- Retiree-only plans
- Health Reimbursement Arrangements (HRAs)

The PCORI fee amount applies based on the plan year's start and end date and is indexed for inflation annually. The fee is reported on Form 720 for the quarter terminating June 30 of the calendar year in which the PCORI Fee is being submitted; however, **the fee is payable for the plan year that ended during the most recently completed calendar year** (i.e., the PCORI Fee for the plan year that ended in 2024 is due to the IRS by July 31, 2025, and will be reported on IRS Form 720 for the quarter ending June 30, 2025). Issuers and plan sponsors who are mandated to pay the fee but are not required to report any other liabilities on a Form 720 will be required to file a Form 720 only once per year. They will not be required to file a Form 720 for the first, third, or fourth quarters of the year. Deposits are not required for this fee, so issuers and plan sponsors are not required to pay the fee using the Electronic Federal Tax Payment System (EFTPS).

The fee is calculated by multiplying the average number of lives covered under a health plan by an applicable dollar amount, which is adjusted annually. Plan sponsors of **applicable self-insured health plans** must use one of the following three alternative methods to determine the average number of lives covered under a plan for the plan year.

1. Actual count method
2. Snapshot method
3. Form 5500 method

Please note that the Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94), signed into law on December 20, 2019, extended the Patient-Centered Outcomes Research Trust Fund Fee imposed by Internal Revenue Code sections 4375 and 4376 for 10 years. As a result of this extension, the Patient-Centered Outcomes Research Trust Fund Fee will continue to be imposed through 2029.

The [rates and dates chart](#) for the filing due date and applicable rate, depending upon the month a specified health insurance policy or an applicable self-insured health plan ends, can be accessed at this link: <https://www.irs.gov/affordable-care-act/patient-centered-outreach-research-institute-filing-due-dates-and-applicable-rates>

Additionally, a link to Form 720 and corresponding instructions can be found here: <https://www.irs.gov/forms-pubs/about-form-720>

For additional information, please email [compliance@sbmamec.com](mailto:compliance@sbmamec.com).