



CPNFLEX

PCORI Fees Due by July 31, 2024

The Affordable Care Act (ACA) created the **Patient-Centered Outcomes Research Institute** (PCORI). The Institute is responsible for setting national research priorities and establishing an agenda to carry out the research.

The provision also amends the Internal Revenue Code by creating the Patient-Centered Outcomes Research Trust Fund (PCORTF) that will be used to support the PCORI. In addition to specified appropriations and transfers from the Medicare Trust Fund, the Affordable Care Act also imposes a fee on insured health insurance policies (individual and group) and self-funded health plans that together will fund the PCORTF. This fee is commonly referred to as the PCORI fee.

The ACA originally provided that the fee would be temporary, with the fee expiring for plan years ending after Sep. 30, 2019. However, the Further Consolidated Appropriations Act, 2020, enacted on Dec. 20, 2019, added an additional 10 years to the timeframe the fee will apply. It's now scheduled to expire for plan years ending after Sep. 30, 2029.

Payment is due by July 31st

For self-funded plans – including Health Reimbursement Arrangements (HRAs) – the plan sponsor is responsible and liable for calculating, reporting, and paying the fee to the IRS.¹ The final rule provides guidance to determine the plan sponsor and methods for calculating the number of covered lives which many of **the Insurance Companies** are providing.

Fees for plan years ending in 2023 are due by July 31, 2024. The amount of the fee is based on plan year timing as follows:

- For plan years ending Jan. 1, 2023 through Sep. 30, 2023, the fee is \$3.00 per member per year.
- For plan years ending Oct. 1, 2023 through Dec. 31, 2023, the fee is \$3.22 per member per year.

CPN does not pay the PCORI fees for self-funded plans, including HRAs that are integrated with insured medical plans.

If amounts in an HRA are used to pay deductibles and copays under a specified health insurance policy, the HRA (an applicable self-insured health plan) and the policy would be subject to separate PCORI fees. However, an HRA that may be used to pay deductibles and copays under the applicable self-insured health plan is not subject to a separate fee (and the fee will apply only to the applicable self-insured health plan) if both the HRA and the applicable self-insured health plan have the same plan sponsor and the same plan year.

As a reminder, fees are required for all group health plans including Health Reimbursement Arrangements (HRA) but not required for Flexible Spending Accounts (FSA) that are considered excepted benefits. To be an excepted benefit, health FSA participants must be eligible for the employer's group health insurance plan and may include employer contributions in addition to employee salary deductions.

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