

CRC BENEFITS

The 2025 PCORI Fee Filing – What You Need to Know



WHAT IS A PCORI FEE?

Also known as the Comparative Effectiveness Research Fee (CERF), the Patient-Centered Outcomes Research Institute Fee (PCORI) is one of many different fees that go towards the funding of the Patient Protection and Affordable Care Act. More specifically, the IRS defines PCORI as “a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans that helps to fund the Patient-Centered Outcomes Research Institute (PCORI).” PCORI will be imposed through 2029.

WHO PAYS THE FEES?

Insurance carriers will pay the IRS if a fully insured plan is in place, and those payments will then be placed into premiums. Plan sponsors/employers will pay the fee to the IRS if either a self-funded or a level-funded plan is in use.

Employers will also pay the IRS if an HRA is used. However, if an HRA is limited where participants can opt out of the HRA, then the HRA is no longer subject to the PCORI Fee. If the HRA requires enrollment, such as automatically being enrolled with the medical plan, then the PCORI fee is applied. FSAs are exempted from the fee if both the employer’s contribution does not exceed that of the employee, and the employer offers health insurance. Payees

must be specific and calculate accurately, since a PCORI fee overpayment does not carry over into the following year. For plan years ending on or after October 1, 2023 and before October 1, 2024, the Patient-Centered Outcomes Research Institute (PCORI) fee is \$3.22 multiplied by the average number of lives covered under the plan. The fee varies depending on when the plan year ends:

- For plan years ending between January 1, 2024 and September 30, 2024, the fee is \$3.22 per covered life, due by July 31, 2025.
- For plan years ending between October 1, 2024 and December 31, 2024, the fee is \$3.47 per covered life, due by July 31, 2025.

WHEN ARE FEES DUE?

Issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans must annually file Form 720 (Quarterly Federal Excise Tax Return). Form 720 is the proper channel to file and report PCORI fees. The fees will be due on July 31 of the year following the last day of the policy year or plan year. Form 720 and the fee must be submitted on the same date. For convenience’s sake, there is an electronic option through the IRS, and no deposit is necessary for payment.

Issuers and plan sponsors will only be required to file Form 720 once a year. Per the IRS, “Issuers and plan sponsors who are required to pay the PCORI fee as well as other liabilities on a Form 720 will use their Form 720 for the 2nd quarter to report and pay the PCORI fee that is due July 31.

ANNUAL FILING IS DUE JULY 31

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For a short-term plan year, the PCORI fee is due on July 31 of the following year.

THE IRS FORM 720 CAN BE OBTAINED [HERE](#).

HOW TO PAY?

As stated previously, Form 720 through the IRS will be used to file payments. All enrolled individuals, including COBRA continuants, must be included when calculating payment by an employer; this includes dependents of employees. Form 720 can be corrected by a plan sponsor or policy issuer by filing Form 720-X available on IRS.gov. There are several methods to calculating PCORI fees:

- **Actual count method** – The total number of lives covered (employees and their covered family members or only employees if HRA or FSA) on each day of the plan year, divided by the total number of days in the plan year.
- **Snapshot method** – At least one date during each month or each quarter. Dates in each quarter must be within three days of the dates for corresponding quarters. More than one date per month may be used, but the number of dates sampled from each quarter must be the same for all quarters.
 - **Snapshot actual method** – The total number of lives covered (employees and their covered family members or only employees if HRA or FSA) on each selected date, divided by the number of dates used.
 - **Snapshot factor method** – Instead of counting the number of lives, the lives may be calculated as the number of participants with self-only coverage plus 2.35 times the number of participants with other than self-only coverage. (Do not use this method for HRA or FSA plans.)

- **Form 5500 method – can only be used with timely filed Form 5500s (no extensions).**

- **Plan with only self-only coverage** – Add the total number of participants at the beginning to the active participants at the end of the plan year, as reported on the Form 5500 for that plan for that year and divide by 2 to get the average for the year.
- **Plan with self-only and other than self-only coverage** – Use the sum of the total number of participants (employees only) at the beginning and the end of the plan year, as reported on the Form 5500 for that plan for that year. The sum of the starting and ending number of participating employees approximates the total number of lives covered based on the theory that families with more than two covered lives will average out with those who have self-only coverage. (Do not use this method for HRA or FSA plans.)

If an individual on an employer's insurance program has more than one plan, there are three methods of calculation.

- **HRA and insured plan:** Not treated as a single plan, so the employer/plan sponsor pays the fees for the HRA and the carrier pays the fees for the insured plan. However, the employer/plan sponsor may count just employees as covered lives in the HRA and disregard covered dependents.
- **HRA and other self-insured plan:** Treated as a single plan for purposes of calculating the fee, so each participant (including dependents) is only counted once.
- **Multiple HRAs and an insured plan:** The carrier still pays the fees for the insured plan. The HRAs may be treated as a single plan for purposes of calculating the fee, so each participant (disregarding covered dependents) is only counted once.

FOR MORE DETAILED INFORMATION PLEASE CONSULT THE [IRS.GOV](#) WEBSITE.