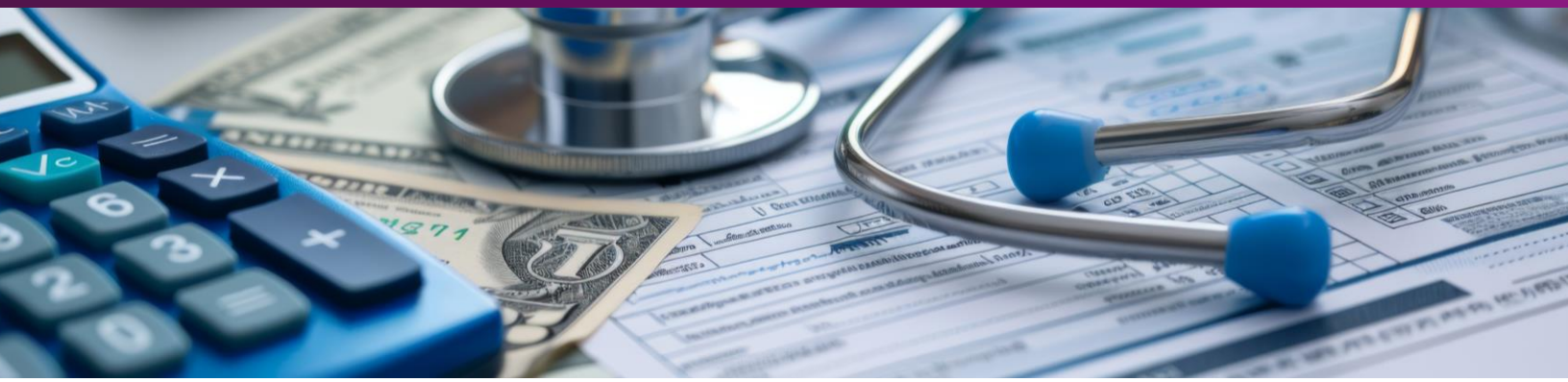

Patient-Centered Outcomes Research Institute Fee & Filing

What is the PCORI Fee?

The Patient-Centered Outcomes Research Institute fee or PCORI is a requirement mandated by the Affordable Care Act and is an annual requirement through the year 2029. The PCORI fee is used to fund studies that can help patients make better-informed healthcare decisions. Employers must be aware of PCORI rules and the filing process to ensure compliance by July 31st each year.

Who is the PCORI Fee Imposed on?

The PCORI fee is generally imposed on an issuer of a specified health insurance policy. Plan sponsors who offer a self-insured major medical plan or a Health Reimbursement Arrangements (HRAs) must participate in filing form 720 annually to remain ACA compliant.

What if I offer a self-insured health plan & an HRA? Do I need to file two separate forms?

No, an HRA used to pay deductibles and copays under the applicable self-insured health plan is not subject to a separate fee as long as both plans are under the same plan sponsor and effective within the same plan year.

How do I calculate the PCORI Fee?

The PCORI fee is calculated based on the average number of lives covered under the specified health insurance policy. This includes the number of employees, dependents, COBRA beneficiaries, and retirees. The PCORI applicable dollar amount is adjusted yearly to reflect inflation and depends on the month of when self-insured health plan ends. Please refer to the rates and dates chart listed on the next page for the most recent dollar amounts:

Policy or plan ending date in month of:	File return no later than:	Applicable rate:
January 2023	July 31, 2024	$3.00
February 2023	July 31, 2024	$3.00
March 2023	July 31, 2024	$3.00
April 2023	July 31, 2024	$3.00
May 2023	July 31, 2024	$3.00
June 2023	July 31, 2024	$3.00
July 2023	July 31, 2024	$3.00
August 2023	July 31, 2024	$3.00
September 2023	July 31, 2024	$3.00
October 2023	July 31, 2024	$3.22
November 2023	July 31, 2024	$3.22
December 2023	July 31, 2024	$3.22

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What methods are used to calculate the PCORI Fee?

Plan Sponsors must use one of three alternative methods to determine the average number of lives covered under a policy for the policy year.

1. Actual count method: the fee is determined by adding the actual number of lives covered on each day of the plan year and dividing it by the number of days in the plan year.

Example: Membership by Month 1/1/2023 to 12/31/2023

Month	Sum of Lives covered for each day of the month	Sum of days in the month	Calculation
January 2023	**36,983**	**31**	**PCORI Rate: $3.22**
February 2023	**33,012**	**28**	**400,975÷ 365 = 1,099**
March 2023	**35,898**	**31**	**1,099 x $3.22 = $3,538.78**
April 2023	**33,630**	**30**	**PCORI Fee Owed: $3,538.78**
May 2023	**34,596**	**31**	
June 2023	**32,730**	**30**	
July 2023	**33,356**	**31**	
August 2023	**33,170**	**31**	
September 2023	**32,100**	**30**	
October 2023	**32,457**	**31**	
November 2023	**31,020**	**30**	
December 2023	**32,023**	**31**	
Total	**400,975**	**365**	

2. Snapshot method:

2a. Snapshot Count: the fee is determined by choosing one or more days during each calendar quarter, add the covered lives on those dates and divide by the number of dates used. Sponsors must use the same number of dates in each quarter, and the dates must be within three days of the comparable date in the other quarters.

Example: Membership by Month 1/1/2023 to 12/31/2023

Date	Actual Lives (Quarterly)	Calculation
Q1 February 2023	**1,179**	**PCORI Rate: $3.22**
Q2 May 2023	**1,116**	**1,100 x $3.22 = $3,542.00**
Q3 August 2023	**1,070**	**PCORI Fee Owed: $3,542.00**
Q4 November 2023	**1,034**	
Total	**1,100**	

2b. Snapshot Factor: the fee is determined by estimating the number of covered lives by adding the number of covered employees with "Employee Only" coverages and the product of covered employees with "other-than-employee-only" coverage by a factor of 2.35.

Date	Employee Only Subscribers	Non-Employee Only Subscribers	Total Factor Members	Calculation
Q1 February 2023	**399**	**256**	**399 + (256*2.35) = 1,001**	**PCORI Rate: $3.22**
Q2 May 2023	**366**	**249**	**366 + (249*2.35) = 951**	**941 x $3.22 = $3,030.02**
Q3 August 2023	**360**	**238**	**360 + (238*2.35) = 919**	**PCORI Fee Owed: $3,030.02**
Q4 November 2023	**361**	**226**	**361 + (226*2.35) = 892**	
Total Average			**941**	

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3. 5500 method: the fee is determined by the number of lives reported on the Form 5500 filed for that plan year divided by 2.

Example: Membership by Month 1/1/2023 to 12/31/2023

Date for Form 5500 Reporting	Number of covered lives for the date	Number of Dates	Calculation
January 1st, 2023	**1,193**	**2**	**PCORI Rate: $3.22** **2,226 ÷ 2 = 1,113** **1,113 x $3.22 = $3,583.86** **PCORI Fee Owed: $3,583.86**
December 31st, 2023	**1,033**		
Total	**2,226**		

Contact us at Consulting@SymphonyRisk.com for more information regarding your benefit needs.

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