

## PCORTF Fee

### Cross References

- Notice 2022-4
- Notice 2022-59
- Notice 2023-70

Under the Affordable Care Act (ACA), a fee is imposed on the issuer of a specified health insurance policy, and the plan sponsor of an applicable self-insured health plan for each policy or plan year ending after September 30, 2012, and before October 1, 2019. The Further Consolidated Appropriations Act extended the fee to policy and plan years ending before October 1, 2029.

The fee is used to help fund the Patient-Centered Outcomes Research Trust Fund (PCORTF). The fee is calculated using the average number of lives covered under the policy or plan and the applicable dollar amount for that policy or plan year.

The plan sponsor is liable for payment of the fee. The plan sponsor is the employer, in the case of a self-insured health plan established or maintained by a single employer. An applicable self-insured health plan is any plan providing accident or health coverage if any portion of such coverage is provided other than through an insurance policy. For example, an employer that offers a health reimbursement arrangement (HRA) is considered the plan sponsor of an applicable self-insured health plan. There is no de minimis exception exempting small employers from this rule. Thus, the fee applies even if the employer offers an HRA to one employee.

The fee is considered an excise tax that is reported and paid by filing Form 720, *Quarterly Federal Excise Tax Return*. The fee is reported annually on the second quarter of Form 720 and must be paid by the due date of July 31.

**Inflation adjusted amounts.** The original applicable dollar amount for policy and plan years ending before October 1, 2013 was \$1. Thus, if an employer with a self-insured health plan had one participating employee, the employer was liable for a \$1 PCORTF fee for the plan year ending before October 1, 2013. The law increased the fee to \$2 per participant for the policy and plan year ending on or after October 1, 2013, and before October 1, 2014. The applicable dollar amount for policy and plan years ending on or after October 1, 2014 is increased annually for inflation.

Notice 2022-4 provides that the adjusted applicable dollar amount for policy and plan years ending on or after October 1, 2021, and before October 1, 2022, is \$2.79.

Notice 2022-59 provides that the adjusted applicable dollar amount for policy and plan years ending on or after October 1, 2022, and before October 1, 2023, is \$3.00.

Notice 2023-70 provides that the adjusted applicable dollar amount for policy and plan years ending on or after October 1, 2023, and before October 1, 2024, is \$3.22.