



# LEGAL UPDATE



## PCORI Fees Due July 31, 2025

The Affordable Care Act (ACA) requires health insurance issuers and self-insured plan sponsors to pay Patient-Centered Outcomes Research Institute fees (PCORI fees). The fees are reported and paid annually using [IRS Form 720](#), the Quarterly Federal Excise Tax Return.

Form 720 and full payment of the PCORI fees are due by July 31 of each year, and generally covers plan years that end during the preceding calendar year. **For plan years ending in 2024, the PCORI fees are due by July 31, 2025.**

### Overview of the PCORI Fees

The PCORI fees were scheduled to expire for plan years ending on or after Oct. 1, 2019. However, a federal spending bill enacted at the end of 2019 extended the PCORI fees for an additional 10 years. **As a result, these fees will continue to apply for the 2020-2029 fiscal years.**

### Calculating the PCORI Fee Payment

In general, the PCORI fees are assessed, collected and enforced like taxes. The PCORI fee is imposed on an issuer of a “specified health insurance policy” and a plan sponsor of an “applicable self-insured health plan” based on the **average number of lives covered under the plan**. [Final rules](#) outline a number of alternatives for issuers and plan sponsors to determine the average number of covered lives.

Using Part II, Number 133 of Form 720, issuers and plan sponsors report the average number of lives covered under the plan separately for specified health insurance policies and applicable self-insured health plans. That number is then multiplied by the applicable rate for that tax year (**\$3.47** for plan years ending on or after Oct. 1, 2024, and before Oct. 1, 2025, or **\$3.22** for plan years ending on or after Oct. 1, 2023, and before Oct. 1, 2024). The fees for specified health insurance policies and applicable self-insured health plans are then combined to equal the total tax owed.

### Action Steps

To assess their obligations, employers should:

- Determine which plans are subject to the PCORI fees;
- Assess plan funding status (insured versus self-insured) to determine whether the issuer or the employer is responsible for the fees; and
- For self-insured plans, select an approach for calculating average covered lives.

The IRS provides helpful resources, including a [chart](#) on how the fees apply to specific types of health coverage or arrangements.

## HIGHLIGHTS & IMPORTANT DATES

### Applicability Dates

The PCORI fee applies to plan or policy years ending after Sept. 30, 2012, and before Oct. 1, 2029.

### Payment Deadline

Issuers and plan sponsors must report and pay the PCORI fees annually using IRS Form 720. PCORI fees are due for plan or policy years ending in 2024 on July 31, 2025.

Issuers and plan sponsors that file Form 720 only to report the PCORI fee do not need to file Form 720 for the first, third or fourth quarter of the year.