

# EMPLOYEE BENEFITS COMPLIANCE UPDATE

A Parker, Smith & Feek Benefit Alert

NOVEMBER 2023

## PCOR Fee Indexed in IRS Notice 23-70

The Patient Centered Outcomes Research (PCOR) Institute created by the Affordable Care Act (ACA) was funded by a temporary fee on health plans. While insurance companies typically take care of reporting and paying this fee for insured plans, **an employer with a health reimbursement arrangement or a self-funded health plan is responsible** to report and pay this fee each year by July 31 on IRS Form 720.

The fee started out at \$1 per employee per year, then increased to \$2 the second year, and then has indexed incrementally each year since. The IRS has announced in [Notice 23-70](#) that the next indexing amount is **\$3.22**. This essentially means by **Wednesday, July 31, 2024**:

- + Plan years ending during the first three quarters of 2023 will pay \$3.00 per employee, and
- + Plan years ending during the fourth quarter of 2023 will pay \$3.22 per employee.

It can be a bit confusing how the fee is based on plan year end date (rather than start date) and is not pro-rated for short plan years. We provide a chart below to help employers identify the fee and due date for a typical **12-month** plan year based on **plan year start date**.

We will provide a more comprehensive overview of how to calculate your PCOR fee each June, a little closer to the July 31 due date.

SELF-FUNDED PLAN YEAR ENDS	FOR A TYPICAL 12-MONTH PLAN, SELF-FUNDED PLAN YEAR BEGAN	PCOR FEE	DUE TO IRS ON FORM 720 BY
1/1/21 – 9/30/21	Non-CY Feb through Oct 2020	\$2.66	Mon 8/1/22
10/1/21 – 12/31/21	Nov '20, Dec '20, or Jan '21	\$2.79	Mon 8/1/22
1/1/22 – 9/30/22	Non-CY Feb through Oct 2021	\$2.79	Mon 7/31/23
10/1/22 – 12/31/22	Nov '21, Dec '21, or Jan '22	\$3.00	Mon 7/31/23
1/1/23 – 9/30/23	Non-CY Feb through Oct 2022	\$3.00	Wed 7/31/24
10/1/23 – 12/31/23	Nov '22, Dec '22, or Jan '23	\$3.22	Wed 7/31/24

As always, should you have any questions, please contact your [Parker, Smith & Feek Benefits Team](#). While every effort has been taken in compiling this information to ensure that its contents are totally accurate, neither the publisher nor the author can accept liability for any inaccuracies or changed circumstances of any information herein or for the consequences of any reliance placed upon it.

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