

McGOHAN BRABENDER'S COMPLIANCE ALERT

NOVEMBER 2025

PCORI Fee Amount Adjusted for 2025-2026

The IRS has issued [IRS Notice 2025-61](#) to increase the Patient-Centered Outcomes Research Institute (PCORI) fee amount for plan years ending on or after October 1, 2025, and before September 30, 2026. The updated PCORI fee amount is **\$3.84**, up from **\$3.47**.

WHO THIS APPLIES TO:

- Self-insured or level-funded medical plan years ending in 2025, including health reimbursement arrangements (HRAs)
- Individual coverage HRA (ICHRA) plan year ending in 2025
- Other less common types of coverage described [here](#), including non-compliant FSAs that fail to meet the requirements of an excepted benefit

Go Deeper:

Health plans pay a PCORI fee to fund federal comparative effectiveness research. The Affordable Care Act (ACA) originally intended this fee to apply for the law's first 10 years, but another law extended it another 10 years, so it continues through the end of the decade.

For fully insured plans, the insurance company files and pays the fee. Employers with any kind of self-funded plan, including an HRA integrated with a fully insured medical plan, are responsible to file and pay this fee with respect to their own self-funded plan.

The fee for a plan year ending during a calendar year must be filed and paid by July 31 of the following calendar year on the **second quarter IRS Form 720**.

The fee is multiplied by the employer's average number of covered lives (employees, spouses, and dependents) over the plan year, but HRAs and ICHRAs multiply by the number of covered employees without counting spouses or dependents. There are four potential counting methods available to determine average counts, and employers are expressly permitted to use the method that results in the lowest average count each plan year without regard for which method they used previously.

Note, if an individual is enrolled in multiple, applicable self-insured health plans that share the same plan sponsor and plan year, they are treated as covered under a single plan for PCORI fee purposes. For example, if an employer sponsors both a self-funded or level-funded medical plan and an HRA with the same plan year, individuals covered by both are counted only once when calculating the PCORI fee.

What fees are owed by July 31, 2026?

For plan years ending in 2025, the fee owed as of July 31, 2026, is as follows:

- Plan year ending in 2025 no later than September 30: \$3.47 per covered life
- Plan year ending in 2025 after September 30: \$3.84 per covered life

Many employers sponsor a calendar year plan, so their plan year ending December 31, 2025, is subject to the \$3.84 fee due by July 31, 2026.

Short plan years do not get a pro-rated fee. The full fee is owed based on average lives covered.

There is no way to pay the fee early. Plan sponsors must wait until ***line 133 of the Second Quarter Form 720*** is updated with the new dates and PCORI fee amounts. Note, the second quarter Form 720 is often updated several times during the second quarter. So, it is important to verify that line 133 of the form reflects the applicable dates and PCORI fee amounts for the required filing. The IRS is expected to publish the second quarter Form 720 in the second quarter of 2026.

Employer Considerations:

Despite the small size of the fee, the IRS has been enforcing this mandatory filing and fee, applying penalties and interest to employers who make mistakes:

- A common mistake resulting in penalties is filing on the wrong Form 720 (such as not waiting for the IRS to publish the correct dates and amounts on the second quarter Form 720).
- Another common mistake is not reporting two self-funded plan years that both ended in the same calendar year. Both plans are to be reported on the same Form 720, there is no pro-rating for the short plan year, and the combined fee is to be submitted as one payment.

Filing and payment of PCORI fees is an important tax responsibility to handle accurately and timely. It may not feel natural to think of the medical plan or HRA in terms of the plan year end date. So, dedicated focus is required to ensure the right plans ending in 2025 are identified and which are self-insured, level-funded, an HRA or ICHRA. Also, added attention is necessary in determining whether a short plan year results in the employer having more than one plan ending in 2025 to report and pay on the Form 720 due by July 31, 2026.

Keep copies of counting reports, filings, and payments for four years.