

PCORI Fees: An Employer's Guide

Form 720 Deadline: July 31, 2026



» What Are PCORI Fees?

PCORI fees are federal taxes mandated by the Affordable Care Act and levied on both insured and self-funded health plans, retiree health plans, and HRAs.

Limited scope dental/vision plans, Medicare, Medicaid, HSAs, FSAs generally, EAP wellness programs, and ex-patriate plans are not included.

The purpose of these mandatory annual fees is to fund healthcare research carried out by the [Patient-Centered Outcomes Research Institute](#).

» Who Pays?

Carriers pay the PCORI fees for insured medical plans.

Employers pay the fees for self-funded plans – using IRS Form 720.

The deadline for payment is July 31, 2026 and the latest Form 720 can be [downloaded here](#).

» How Much?

PCORI Fees for plan (policy) years ending in 2025 equal the average number of covered lives during the plan year multiplied by the applicable dollar amount shown below:

- For plan/policy years ending on or after January 1, 2025 through September 30, 2025: \$3.47
- For plan/policy years ending on or after October 1, 2025 through December 31, 2025: \$3.84

Covered lives generally include:

- Active employees
- Former employees
- COBRA (and state mini-COBRA) qualified beneficiaries
- Covered spouses and dependents

There are three options to calculate the number of covered lives for the plan year [see below]

» What Are the Penalty Risks?

The PCORI fee is treated as an excise tax.

Late submission of Form 720 triggers a 5% penalty on the unpaid amount for each month or part of a month the return remains unfiled, capped at 25%.

» Key Points When Completing Form 720

The **Quarter ending** date on Page 1 of the form should be June 30, 2026 for ALL employer.

This is the case regardless of plan year.

The **PCORI fee** is reported on Page 2, Part II, Line 133. Be sure to use the **Applicable self-insured health plans** line for all employers and complete either:

- Line 133(c) for a plan year ended before October 1, 2025; or
- Line 133(d) for a plan year ended between October 1, 2025 and December 31, 2025.

Part II						
IRS No.	Patient-Centered Outcomes Research Fee (see instructions)	(a) Avg. number of lives covered (see inst.)	(b) Rate for avg. covered life	(c) Fee (see instructions)	Tax	IRS No.
	Specified health insurance policies					
	(a) With a policy year ending before October 1, 2025		\$3.47			
	(b) With a policy year ending on or after October 1, 2025, and before October 1, 2026		\$3.84			
133	Applicable self-insured health plans					133
	(c) With a plan year ending before October 1, 2025		\$3.47			
	(d) With a plan year ending on or after October 1, 2025, and before October 1, 2026		\$3.84			

Whether you use line 133(c) or 133(d), be sure to enter the average number of covered lives, the fee, and the tax (as indicated above by the highlighted column headers).

Payment Voucher on Page 8 must be included if payment is being made via check or money order.

Do not include voucher if payment is being made via EFTPS <https://www.eftps.gov/eftps/>

Form 720-V Department of the Treasury Internal Revenue Service		Payment Voucher Don't staple or attach this voucher to your payment.		OMB No. 1545-0023 2026	
1 Enter your employer identification number (EIN). See instructions.		2 Enter the amount of your payment. Make your check or money order payable to "United States Treasury."		Dollars	Cents
3 Tax period		4 Enter your business name (individual name if sole proprietor).			
<input type="radio"/> 1st Quarter	<input type="radio"/> 3rd Quarter	Enter your address.			
<input checked="" type="radio"/> 2nd Quarter	<input type="radio"/> 4th Quarter	Enter your city or town, state or province, country, and ZIP or foreign postal code.			

Sign and date where indicated on Page 3.

» Key Points When Completing Form 720 /continued

Checks should be payable to "United States Treasury."

Your **Employer's EIN**, "**Form 720**," and "**Q2 2026**" should all be notated on the check.

The completed and signed Form 720 postmarked on or before **Thursday, July 31, 2026** (with payment and payment voucher, where applicable) to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0009

Don't Forget: Health Reimbursement Arrangements (HRAs)

Employers with Insured medical plans but with a self-funded HRA must file and remit payment on IRS Form 720 for the self-funded HRA.

NOTE 1: In the case of an HRA offered with an insured medical plan, employers need only pay the fee based on actual participants (not dependents) in the HRA.

NOTE 2: Employers with self-funded medical plans are not required to submit a separate HRA fee if the HRA has the same plan year as the self-funded medical plan.

More About Penalties

Penalties related to late filing of Form 720 or late payment of the fee may be waived or abated if the issuer or plan sponsor has reasonable cause and the failure was not due to willful neglect.

Page 2 of IRS Form 720 Instructions provides:

Penalties and Interest

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria.

Do not include an explanation when you file your return.

It follows that penalties are not self-reported but payable if later assessed by the IRS.

» Determining PCORI Headcount

Self-funded employers [and fully insured employers with a self-funded HRA] can determine their PCORI headcounts using one of the three following methods:

- **Actual Count:**

Add the total lives covered each day of the plan year and divide by the number of days in the plan year.

- **Snapshot Method:**

Add up the the number of total lives covered by the plan on a date during each quarter and then divide that total by four. The date in the second, third and fourth quarter must be within three days of the date used in the first quarter. All dates must be within the same plan year.

Snapshot factor. The number of lives covered on a date is equal to the sum of the number of participants with self-only coverage on that date and the number of participants with coverage other than self-only coverage on that date multiplied by 2.35.

Snapshot count. The number of lives equals the actual number of lives covered on the designated date

- **Form 5500:**

A plan sponsor may determine the average number of lives for a plan year based on the number of participants reported on the Form 5500 filed for that plan year.

This method can only be used if Form 5500 is filed no later than the date for paying the PCORI fee (7/31). This method is not available to employers that do not file a Form 5500 because they have fewer than 100 participants.

» Your PCORI Fee Is Tax-Deductible

In June 2013, the IRS issued a legal opinion that the PCORI fee is a tax-deductible expense, under Code section 162(a), for self-insured plan sponsors.

BENEFITSCAPE Can Save You Time, Resources, and Penalties

If you have questions about PCORI or any other aspect of the complex benefits and compliance landscape, please contact **BENEFITSCAPE** by emailing info@benefitscape.com, calling +1 508-655-3307, or using the contact form on benefitscape.com.

BENEFITSCAPE orchestrates the benefits ecosystem across all different data systems, benefit plans, regulatory requirements, and individual user interactions, drawing on deep, practical understanding of employee benefits, equally deep experience in data technologies, and our own intelligent, system-agnostic benefits middleware.