January 13, 2022

BIDEN ADMINISTRATION ANNOUNCES 2023 OUT-OF-POCKET LIMITS AND PCORI FEE FOR THE UPCOMING YEAR

The Biden Administration recently announced the new out-of-pocket (OOP) limits that will apply to group and individual health plans during the 2023 plan year, as well as the Patient-Centered Outcomes Research Institute (PCORI) Fee for plan or policy years ending on or after October 1, 2021, and before October 1, 2022.

To comply with the ACA, non-grandfathered health plans cannot require a participant to pay more out-of-pocket during the plan year than the amounts listed below. The limits apply to cost-sharing items like copayments, deductibles, and coinsurance expenditures. Premiums and spending for non-covered services do not count towards the out-of-pocket limits. The limits for 2023, as announced by the Centers for Medicare and Medicaid Services, are listed below in comparison to the 2022 limits:

Out-of-Pocket Limits		
Coverage Type	*2022*	*2023*
Self-Only Coverage	$8,700	$9,100
Family Coverage	$17,400	$18,200

Under the ACA, the out-of-pocket limitation requirement directly applies to essential health benefits. As a reminder, essential health benefits as defined by the ACA fall within ten categories: (1) ambulatory patient services, (2) emergency services, (3) hospitalization, (4) pregnancy, maternity, and newborn care, (5) mental health and substance use disorder services, (6) prescription drugs, (7) rehabilitative and habilitative services and devices, (8) laboratory services, (9) preventative and wellness services, and (10) pediatric services, including oral and vision care.

In addition to announcing the 2023 out-of-pocket limits, the Internal Revenue Service announced through Notice 2022-04 that the PCORI fee for plan and policy years ending on or after October 1, 2021, and before October 1, 2022, will be $2.79. This is a $.13 increase from last year's rate of $2.66, which still applies to groups with plan years ending on or after October 1, 2020, and before October 1, 2021.

The PCORI Fee was created by the ACA to fund federal clinical care effectiveness research. All health insurance issuers must pay the monthly assessment amount on a per-covered-life basis. Fully insured plans include the PCORI fee in their premiums, but all self-funded group health plans (including heath reimbursement arrangements and level-funded plans) must calculate and pay their PCORI fees directly. If

a group health plan needs to report and pay their fee themselves, then they must do so by July 31st of each year using IRS Form 720.

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