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INSIGHT

Funding for ACA-Established Patient-Centered Outcomes Research Trust Fund (PCORTF) Extended Through FY2029

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The Patient Protection and Affordable Care Act of 2010 (ACA, P.L. 111-148, as amended) authorized the establishment of a private, nonprofit, tax-exempt corporation called the Patient-Centered Outcomes Research Institute (PCORI) at Social Security Act (SSA) Section 1181. This built on provisions in prior law that expanded the federal government's role in comparative effectiveness research (CER). The American Reinvestment and Recovery Act of 2009 (ARRA, P.L. 111-5) provided a total of $1.1 billion for CER and required an Institute of Medicine report with recommendations on national CER priorities.

PCORI is responsible for coordinating and supporting comparative clinical effectiveness research, which is statutorily defined as "research evaluating and comparing health outcomes and the clinical effectiveness, risks, and benefits of 2 or more … health care interventions … being used in the treatment, management, and diagnosis of, or prevention of, illness or injury." Health care interventions include care management and delivery, medical devices, diagnostics, pharmaceuticals, and integrative health practices, among others. PCORI was initially required to identify national priorities for research, and an agenda to carry out these priorities, and then to enter into contracts with federal agencies, as well as with academic and private sector research entities, to carry out the research agenda.

As part of this effort, the Agency for Healthcare Research and Quality (AHRQ) is required to broadly disseminate research findings published by PCORI and other government-funded CER entities and to develop a public database of government-funded evidence (Public Health Service Act [PHSA] Section 937).

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The Patient-Centered Outcomes Research Trust Fund (PCORTF)

The ACA created a 10-year, multibillion dollar trust fund—the Patient-Centered Outcomes Research Trust Fund (PCORTF)—to support comparative clinical effectiveness research, and specifically to fund PCORI and its research activities. PCORTF—codified at Internal Revenue Code (IRC) Section 9511—received initial annual funding for a period of 10 years, from FY2010 through FY2019, from three sources: (1) annual appropriations, (2) fees on health insurance policies and self-insured plans, and (3) transfers from the Medicare Part A and Part B trust funds (26 U.S.C. §9511). The fund had an original termination date of September 30, 2019.

The termination date of PCORTF was extended twice by provisions associated with the continuing resolution laws for FY2020 (§1403, P.L. 116-59; §1403, P.L. 116-69), which allowed for funds in PCORTF to continue to be expended from October 1, 2019, through December 20, 2019. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94, Division N, §104), extended funding for PCORTF through FY2029 by annually appropriating the amount equivalent to the net revenues received from the fees on health insurance policies and self-insured plans and providing for a direct appropriation in a specified amount (the "applicable amount") for each of FY2020 through FY2029. The transfers from the Medicare Trust Funds were not similarly extended. The act extends the termination date of PCORTF, and the termination dates of the fees on health insurance policies and self-insured plans, through FY2029. It also makes modifications to the authorizing language for PCORI relating to the composition of its Board, appointments to its Methodology Committee, and the identification of research priorities, among others.

Sources of PCORTF Funds

The ACA provided to PCORTF (1) $10 million for FY2010, (2) $50 million for FY2011, and (3) $150 million for each of FY2012 through FY2019. P.L. 116-94 provides for an appropriation in an annually specified "applicable amount" for each of FY2020 through FY2029 (e.g., $285 million in FY2021, $320 million in FY2024).

For each of FY2013 through FY2019, ACA also provided to PCORTF an amount equivalent to the net revenues from new fees the law imposed on health insurance policies and self-insured plans. For all policy/plan years ending after FY2013, the fees equaled $2 multiplied by the number of covered lives. P.L. 116-94 did not modify the calculation of the fees when it extended them.

Finally, transfers to PCORTF from the Medicare Trust Funds were calculated by multiplying the average number of individuals entitled to benefits under Medicare Part A, or enrolled in Medicare Part B, by $1 (for FY2013) or by $2 (for each of FY2014 through FY2019). As noted, P.L. 116-94 did not extend these transfers; however, the "applicable amount" of the annual appropriation provided for each of FY2020 through FY2029 by the law is significantly higher than the annual appropriation of $150 million for each of FY2012 through FY2019 provided by the ACA.

Allocation of PCORTF Funds

For each of FY2011 through FY2019, IRC Section 9511 required 80% of PCORTF funds to be made available to PCORI and the remaining 20% of funds to be transferred to the HHS Secretary for carrying out PHSA Section 937. This requirement was extended through FY2029 by P.L. 116-94. Of the total amount transferred to HHS, 80% is to be distributed to AHRQ to carry out the dissemination activities authorized under PHSA Section 937. Beginning with the FY2018 budget request, the President proposed to incorporate AHRQ under the National Institutes of Health (NIH) by creating a new institute, the National Institute for Research on Safety and Quality (NIRSQ). This change was not adopted by Congress, and AHRQ continues to be a stand-alone HHS agency. **Table 1** shows the allocation of PCORTF funds through FY2019.

Table 1. Distribution of PCORTF Funding

Millions of Dollars, by Fiscal Year

Funding Recipient	2012	2013	2014	2015	2016	2017	2018	2019 (Est.)
PCORI	120	289	376	396	469	476	492	563
HHS	30	72	94	99	117	119	123	140
AHRQ (non-add)	*(24)*	*(58)*	*(75)*	*(80)*	*(94)*	*(95)*	*(98)*	*(112)*
Office of the Secretary (non-add)	*(6)*	*(14)*	*(19)*	*(19)*	*(23)*	*(24)*	*(25)*	*(28)*
Total	150	361	470	495	586	595	615	703

Source: CRS calculations using data provided in Office of Management and Budget, *Budget of the U.S. Government, Appendix (FY2013-FY2020)*.

Note: Non-add numbers are included for clarification, but are not part of the total.

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