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IRS Reposts Revised Form 720 for PCORI Fee Reporting: Filing Deadline Is July 31, 2017

The IRS recently reposted the April 2017 version of Form 720 (Quarterly Federal Excise Tax Return) on its website. While the form's primary purpose is to serve as the quarterly return for various federal excise taxes, it also is used to report PCORI fees imposed under health care reform. (For more information on PCORI, see our blog post or previous communication.)

Please note, the portion of the form related to the PCORI fees is unaffected. While Form 720 is filed quarterly for other federal excise taxes, the PCORI fee reporting and payment are only required annually, by July 31 of the year following the calendar year in which the applicable policy or plan year ended. The change noted at the beginning of the form is related to the excise taxes.

As background, PCORI fees, used to fund research on patient-centered outcomes, apply to plan and policy years ending before October 1, 2019. They are payable by insurers and sponsors of self-insured health plans, and are calculated by multiplying the applicable dollar amount for the year by the average number of covered lives. As announced in IRS Notice 2016-64, the fees owed in 2017 are as follows:

- For plan years* ending on or after October 1, 2015, and before October 1, 2016: $2.17 per covered life
- For plan years* ending on or after October 1, 2016, and before October 1, 2017: $2.26 per covered life

*'Plan year' is generally the 12-month period stated in the Summary Plan Description, or for plans filing a Form 5500, the plan year stated in that filing. **NOTE**: The plan year may be different from the benefit year or the renewal period.

If you have already filed and used the form posted prior to the most recent update, please contact a tax professional on whether refiling is necessary. If you have any questions about any of this information, please contact your Account Manager or the Compliance Staff at MedCost Benefit Services.