

DATE

<PLAN NAME>
Attn: <FIRST LAST>
<ADDRESS>
<CITY, STATE ZIP>

RE: IMPORTANT UPDATE: Updated Fees for Required July 31 PCORI Filing

Dear <FIRST LAST>:

To remain compliant with the rules and regulations associated with your Health Reimbursement Arrangement (HRA), we recently provided resources and fee calculations needed for the required Patient-Centered Outcomes Research Institute Trust Fund (PCORI) filing. On June 8, 2020, the Internal Revenue Service (IRS) released an updated filing fee for plan years ending between October 1, 2019 and December 31, 2019.

Your new and correct fee is \$2.54 per covered life. (If you've already submitted your PCORI fee based on the outdated calculation, instructions on what to do next can be found at the end of this letter.)

Your New Fee Calculation and How the Fee is Calculated

The IRS has provided for three calculation methods to determine the annual fee—two methods are applicable to your organization. To calculate the amount owed, we have found the Snapshot Count Method is most suitable for your plan and have included that information below. If you would like the fee calculated using the Actual Count Method, please contact us and we would be happy to provide that information.

The fee is calculated by multiplying \$2.54 by the average covered lives for plan years ending between October 1, 2019 and December 31, 2019.

Snapshot Count Method	
Average Number of Covered Lives	<Covered Lives>
Total Fee Amount	<<Total Fee Amount>>

Reporting Requirements

The PCORI fee must be reported annually on IRS Form 720. The Form 720 is due on July 31 of the year following the last day of the plan year. For organizations that file Form 720 solely to report the PCORI fee, only one Form 720 needs to be filed annually (i.e., even though the Form 720 is a quarterly tax form, only a single Form 720 should be filed for the second quarter of each year). The updated Form 720 reflecting the new fee amount and related payment voucher have been enclosed for you.

Completing IRS Form 720

Please note this filing is due to the IRS by July 31, 2020. To complete the IRS Form 720, the following information must be entered. Please note, you have been provided with a copy of the IRS Form 720 with the applicable fields highlighted:

- **Page 1:** At the top of the page, enter your organization's name, address, employer identification number, and enter **2nd Quarter** in the quarter-ending field.

- **Page 2:** In the section labeled **Patient-Centered Outcomes Research Fee** (Part II), locate line 133, Applicable self-insured health plans. Enter <<covered lives>> into field (d) within column (a), **Avg. number of lives covered**.
 - Staying in the same area, locate column (b), **Rate for avg. covered life**. This column should read \$2.54 for your plan year end.
 - Locate column (c), **Fee**. Enter <<Total Fee Amount>> into that field.
 - Please also add <<Total Fee Amount>> into the next field titled, "Tax".
- **Page 3:** To complete this page, sign the signature section and enter the appropriate information into the date, name, title, and telephone fields.
- **Pages 4–7:** You may skip these pages.
- **Page 8:** At the bottom of this page, enter <<Total Fee Amount>> into field 2.
 - Select 2nd Quarter in field 3.
 - Enter your EIN in field 1 and your Employer information in field 4.

Filing IRS Form 720

Upon completing the necessary information for IRS Form 720, please mail it to:

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

Please note, if the PCORI fee is the only reason you file the IRS Form 720, an annual filing is all that is required. Additionally, if you already file returns electronically with the IRS, you may also file the IRS Form 720 electronically. Please refer to page 1 of the enclosed IRS Form 720 instructions for electronic filing and payment.

Remitting Payment for PCORI Fees

To remit payment for the PCORI fee, please include a check or money order payable to "United States Treasury" along with the payment voucher, IRS Form 720-V (page 8 of IRS Form 720), with the IRS Form 720 filing as detailed above. Please ensure the check or money order includes your EIN, the words "Form 720", and "2nd Quarter" in the memo line.

What To Do If You Already Submitted Your PCORI Fee

If you have already filed Form 720 and included payment based on the incorrect filing fee, you can make a correction by filing Form 720-X, Amended Quarterly Federal Excise Tax Return. Form 720-X is available for download at <https://www.irs.gov/forms-pubs/about-form-720-x>. You can also email us at accountmanagement@myMidAmerica.com to request a copy.

If you have any questions regarding the PCORI fees for your plan or completing Form 720 or Form 720-X, please feel free to contact our Account Management team at accountmanagement@myMidAmerica.com to ensure your questions are answered timely and appropriately.

Sincerely,
MidAmerica Administrative & Retirement Solutions

CIRCULAR 230 NOTICE: To comply with U.S. Treasury Department and IRS regulations, we are required to advise you that, unless expressly stated otherwise, any U.S. federal tax advice contained in this transmittal, is not intended or written to be used, and cannot be used, by any person for the purpose of (i) avoiding penalties under the U.S. Internal Revenue Code, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this letter or enclosure.