

DATE

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

RE: Required Filing and Payment of PCORI Fees Due by July 31, 2020

Dear <FIRST LAST>:

To remain compliant with the rules and regulations associated with your Health Reimbursement Arrangement (HRA), the Internal Revenue Service (IRS) requires that you report and remit payment for the Patient-Centered Outcomes Research Institute Trust Fund (PCORI) fee each year. As your plan administrator, we want to make sure you have the resources you need to complete the reporting.

**What is PCORI?**

On December 6, 2012, the IRS published final regulations that implement and provide guidance on the fees imposed by the Patient Protection and Affordable Care Act (ACA) to fund the Patient-Centered Outcomes Research Institute Trust Fund (PCORI). The regulations became effective December 6, 2012 and apply to policies and plan years ending on or after October 1, 2012. Under the Affordable Care Act (ACA), the PCORI fees were scheduled to apply to policy or plan years ending on or after October 1, 2012, and before October 1, 2019. On December 20, 2019, the Setting Every Community Up for Retirement Enhancement Act (SECURE Act) was signed into law that extends PCORI fees 10 years through plan years ending September 30, 2029 (for calendar year plans, the final fee payment will be due by July 31, 2029). This means that specified health insurance policies and applicable self-insured health plans must continue to pay these fees through 2029.

**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 Form 720 and related payment voucher have been enclosed for you.

**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 \$2.45 by the average covered lives for plan years ending between January 1, 2019 and September 30, 2019.

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

### 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 \$2.45 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 1.
  - Enter your EIN in field 3 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.

### Important Notice for Employers with Self-Insured Medical Plans

Please note, if you currently self-insure your major medical insurance plan, you will be required to add those figures to the above-stated amounts. However, if your self-insured major medical plan has the same plan year as your HRA, please contact us as soon as possible as we may be able to aggregate the fees for participants in both plans.

If you have any questions regarding the PCORI fees for your plan or completing the form, please feel free to contact our Account Management team at [accountmanagement@myMidAmerica.com](mailto: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.