August 12, 2010

RE: Medical Resident FICA Refund Claims

Dear Former Resident:

I hope this letter finds you thriving both personally and professionally.

We have engaged Deloitte to assist us in managing the opportunity for our former residents to participate in FICA tax refund claims. Enclosed you will find a detailed letter from Deloitte explaining this opportunity. In addition, you will find a consent form which you will need to complete if you choose to participate in seeking a refund, as well as a document of frequently asked questions regarding this issue.

I encourage you to review these materials carefully as you consider this opportunity. I believe their instructions are fairly explicit. If, however you have questions or need further information, I would ask that you direct all inquiries in this matter to Deloitte.

Most sincerely,

Joseph Zarconi, M.D., F.A.C.P.
System Vice President, Medical Education
Chief Academic Officer

JZ/amh
September 9, 2010

MEDICAL RESIDENT NAME
MEDICAL RESIDENT ADDRESS
MEDICAL RESIDENT CITY, STATE ZIP

Re: Notice of opportunity to participate in Medical Resident FICA Refund Claim

IRS’s administrative determination to accept the position that medical residents are “students” excepted from FICA taxes for services provided prior to April 1, 2005

Applies to Former Residents at the following Summa Health System:

- Cuyahoga Falls General Hospital (1996 through March 31, 2005)
- Summa Akron City & St. Thomas Hospital (1999 through March 31, 2005)

Dear Sir or Madam,

This letter includes important information about certain taxes you paid during your medical residency, which may be refundable to you should you choose to participate in the refund claim filed by Summa Health System. To participate in the refund claim, you must take timely actions outlined in this letter. If you choose to take no action, taxes paid by you will not be refunded under this claim.

As you may know, Summa Health System filed claims for refund of social security and Medicare taxes paid on wages earned for services performed by medical residents for certain tax periods. Summa Akron City & St. Thomas Hospital has active claims for years 1999 through March 31, 2005. Cuyahoga Falls General Hospital has active claims for years 2001 through March 31, 2005 and POSSIBLY some years between 1996 through 2000. Cuyahoga Falls General Hospital and the IRS have incomplete data for these years. You may receive only a portion or no refund for 1996 through 2000, even if you consent. These taxes are Federal Insurance Contributions Act (FICA) taxes and the claims are referred to as Medical Resident FICA Refund Claims (or MR claims).

On March 2, 2010, the IRS announced it would honor the MR claims. After we perfect our MR claim(s), the IRS will verify the amount of the MR claim(s) and begin issuing refunds plus statutory interest. We cannot receive a refund of the FICA taxes that were withheld and paid on your behalf unless we have your written consent. If you do not consent to have Summa Health System obtain your refund, you may be precluded from receiving any refund of the FICA taxes withheld and paid on your behalf because the time period for filing an individual claim for refund with the IRS may have expired. Summa Health System is now seeking consents for residents enrolled from the period 1999 through March 31, 2005. The IRS is requiring each resident from 2002 through March 31, 2005 to provide a signed written consent in order to claim their portion of the refund.

Note, some former Summa Akron City and St. Thomas Hospital medical residents may recall Summa Health System filed claims for FICA refunds for the years January 1, 1997 through December 31, 1998. Summa Health System completed the consent process for those years prior to 2007, but could not issue refund checks as the IRS requested a statute extension to contest the claims. The consent process for 1997 through 1998 is closed. If so, refund checks will be issued for years 1999 through March 31, 2005 refunds. If you were a resident after 1998 and signed a consent in 2004, you must complete a new consent for the 2002 forward period at this time.
If you consent, Summa Health System will pay you your FICA tax refund, plus statutory interest that it receives on your behalf from the IRS. Such receipt and distribution is anticipated to take several months or more as Summa Health System must prepare the documentation required by the IRS with respect to these claims and the IRS will review the submission before the claim is processed for refund. The FICA tax refund is not taxable; however, the interest on the refund is taxable to you whether or not you receive a Form 1099-INT, Interest Income. Summa Health System is required to file Form 1099-INT with the IRS and furnish a copy to you if we pay you interest of $600 or more in a calendar year.

In addition, if you consent to participate in the MR claim(s), Summa Health System will file Form W-2c, Corrected Wage and Tax Statement, with Social Security Administration (SSA), and furnish a copy to you for each tax year for which you receive a refund of FICA taxes. Even if you don’t consent, you may also receive a Form W-2c depending on the decision of the Social Security Administration with respect to medical resident claims for refund. In most cases, Form W-2c will show a reduction in your earnings for social security coverage purposes in an amount equal to all the wages you were paid for services performed as a medical resident. Social security benefits are based on your earnings over your working lifetime. Accordingly, based on your personal circumstances, a refund could have a detrimental effect upon disability, survivors, or retirement benefits that you, or your family, are receiving or may seek to receive in the future. If you want information about the effect on your social security benefits, you should contact SSA directly at 1-800-772-1213 (toll free). If you call or visit a Social Security office, please have this letter with you. It will help SSA answer your questions. You might want to review your social security record before and after your refund has been processed. You can use your current Social Security Statement or you can request a copy of your Social Security Statement at the following website: http://www.ssa.gov/mystatement.

To consent to receive your share of the refund from Summa Health System, you must complete the enclosed consent form and send it to the address indicated at the bottom of the consent form. Your consent form must be sent by e-mail or fax, or be postmarked, no later October 15th, 2010 (THE "MAILING DEADLINE") to be considered timely. If you do not consent or if your consent form is not received within five (5) business days after the Mailing Deadline, you will not be able to participate in the refund claim.

Please include your e-mail address on the consent form provided, so that we may send you an email confirmation. You will receive an emailed confirmation of your consent within 3 business days of receipt.

Please submit your consent form only once, do not send unsolicited duplicate consents. If you have not received your expected confirmation of receipt within 3 business days, you may send an inquiry via email to SUMMAFICA@deloitte.com. Please provide Deloitte with a phone number where we can reach you in case we have questions regarding your consent.

If you have already received a refund or credit for FICA taxes that were withheld from medical resident wages, or if you filed an individual refund claim on your own behalf for such FICA taxes and that claim is still pending with the IRS, then we will not be able to file your MR claim for the year(s) that you received a refund or credit or have a pending refund claim. This restriction does not apply if you filed a refund claim and it was rejected by the IRS. If we can file your MR claims for some years, but not others, check your consent form as “Yes” for the years you are eligible and leave blank any years for which you are not eligible.

If you consent to be part of Summa Health System MR claim(s) and the IRS determines that you are ineligible for a refund because you already received a refund based on an individual claim you filed, the IRS will not refund your share to us and this information may be disclosed to us.

NAME CHANGE OR DEATH

If your name has changed since your residency, please provide legal documentation as to your name change (e.g. marriage certificate, divorce decree, etc.) with your signed consent form.

If you are the personal representative of a deceased resident, please provide a copy of the death certificate as well as legal documentation as to your authority to represent the estate of the deceased resident.

This additional documentation should be submitted as an attachment to your completed consent form.
DIRECT GENERAL QUESTIONS ON THIS INITIATIVE TO DELOITTE TAX LLP

Neither Summa Health System, nor Deloitte Tax, can advise you whether or not you should consent to participate in the refund claim, nor can we provide you with tax, legal, accounting or financial advice. We encourage you to discuss questions about your particular situation with your tax preparer or other personal financial advisor.

It is unclear how long it will take the IRS to refund FICA taxes to us. As a result, we do not know how long it will take for FICA refund payments to be made to consenting residents. This process may take several months, perhaps even more than a year. We thank you in advance for your patience as we finalize these refund claims.

For general updates, please visit the Summa Health System website at www.meded.summahealth.org; search for FICA Reimbursement Information. For general procedural questions on this initiative that are not answered through the enclosed frequently asked questions, you may contact Deloitte Tax LLP by email at SUMMAFICA@deloitte.com.

ADDRESS UPDATES

If your address as shown on this consent letter is incorrect, please provide your current address on your returned consent form. If you move after your consent form is submitted, and before you receive a refund check, send address updates to Deloitte Tax LLP by email to SUMMAFICA@deloitte.com. Please note that all requests to change your mailing address must include the last four digits of your Social Security number so that we can verify that the request is coming from you.

Please note that keeping your address information current is your responsibility. Failure to provide your current address could result in delay of delivery of your refund check or return of your check as undeliverable. Remember that this refund process may take more than a year to resolve.

MEDICAL RESIDENT ON OR AFTER APRIL 1, 2005

If you participated in a medical residency program at Summa Health System on or after April 1, 2005, then you will receive future correspondence regarding the potential to participate in refund claims for those post-Regulation periods. The United States Supreme Court has agreed to hear a case involving the validity of the IRS’s regulations regarding the student FICA exception and medical residents. Summa Health System will continue to monitor the legal developments for the post-Regulation periods.

If you have any questions about this letter, please contact Deloitte Tax LLP at SUMMAFICA@deloitte.com.

Very truly yours,

Thomas R. Kromer
Tax Director
Deloitte Tax LLP

Enclosures
**CONSENT FORM – MEDICAL RESIDENT FICA TAX REFUND CLAIM**

**MEDICAL RESIDENT NAME**
**MEDICAL RESIDENT ADDRESS**
**MEDICAL RESIDENT CITY, STATE ZIP**

Indicate updates to name/address here:

Updated Name: ____________________________
Updated Address: ____________________________

My signature herewith affirms my acknowledgement and consent to participate in the refund claim for FICA taxes withheld from residency wages for the noted period during which I was enrolled in this medical residency program. Select ONLY ONE of the following:

[ ] **I consent** to the Social Security and Medicare tax (FICA) refund filed or to be filed on my behalf for **all applicable years** during which I was a resident.

[ ] **I consent** to the Social Security and Medicare tax (FICA) refund filed or to be filed on my behalf for **only noted years** indicated herein during which I was a resident. [Check the appropriate box(es), as applicable]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1st quarter</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>2001</td>
<td>[ ]</td>
<td>2002</td>
<td>[ ]</td>
<td>2003</td>
<td>[ ]</td>
</tr>
<tr>
<td>2004</td>
<td>[ ]</td>
<td>2005</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

[ ] **I do not consent.**

For each year of consent, I represent that (1) I have not claimed and will not claim refund or credit from the IRS for such over collected FICA taxes from wages paid for my performance of services as a medical resident, or, if I have, that claim has been rejected, (2) I did not receive a FICA tax refund or credit, due to earnings in excess of the Social Security wage base on my Federal Income Tax return (e.g. Form 1040), and (3) I understand that my Social Security earnings record will be corrected to reflect reduced wages as a medical resident for tax years for which I receive a refund. I understand that removing these wages could affect my eligibility for, or the amount of, future Social Security benefits.

Date

______________________________
Signature

Social Security Number (Required)

Daytime phone number (In case we have questions) ____________________________

Email address (Required for confirmation) ____________________________

MUST BE SENT BY E-MAIL OR FAX, OR BE POSTMARKED, NO LATER THAN October 15th, 2010.

Please keep a copy of your signed consent form for your records. Return your signed consent form, along with any required legal documentation for name changes or death, using one of the following methods, to:

- Email at SUMMAFICA@deloitte.com
- Fax at: 614-222-1199
- Mail at: Summa Health System
c/o Deloitte Tax LLP
P.O. Box 15489
Columbus, OH 43215-0489

NOTE: If your address as shown on this Consent Form is not current, provide your correct current address with this consent form. If you move after your consent form is submitted, and before you receive a refund check, such address corrections should be directed to Deloitte Tax LLP by email to SUMMAFICA@deloitte.com
I. General Information

1. **Who is Deloitte Tax LLP?**

Deloitte Tax LLP is a professional service provider that is assisting Summa Health System with the medical resident FICA refund claim process. Much of the official correspondence from Summa Health System to you, and from you to Summa Health System related to this claim will be handled by and through Deloitte Tax LLP.

2. **What are FICA taxes?**

FICA stands for the Federal Insurance Contributions Act. FICA taxes consist of two separate taxes, social security and Medicare taxes that are paid on wages earned for services performed. Employers withhold and pay their employees’ share of the FICA taxes and also pay the employer share.

3. **Why are FICA refunds being paid to medical residents and their employers?**

Under an untested position that medical residents are excepted from FICA tax as students under Internal Revenue Code section 3121(b)(10), some employers (typically hospitals and medical schools) and individual taxpayers (medical residents) began filing FICA refund claims in the 1990’s. This exception is referred to as the student exception and may apply to a student at a school, college or university who is also an employee of that school, college or university.

As this position had not been applied to medical residents before and the IRS was not refunding such claims by asserting that medical residents were employees (and not students), there was considerable uncertainty as to whether the student exception would prevail. Lawsuits filed by institutions seeking to enforce FICA refund claims were vigorously fought by the Department of Justice, with mixed results. As the possibility of eventual FICA refund claim payments became more probable, Summa Health System began filing refund claims as well, starting with calendar year 1998 (earlier years at that time were closed to refund claims due to the expiration of the statute of limitations).

For those years that an employer filed a refund claim, the claim includes two parts; the first part is the employer’s FICA tax, and the second part is the employee’s FICA tax (for consenting medical residents only). In some cases, individual medical residents filed their own claim for the employee share of the FICA tax. The IRS held the claims in suspense because there was a dispute as to whether the student FICA exception applied. The IRS has made an administrative determination to accept the position that medical residents are excepted from FICA taxes for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

4. **Who is eligible to receive a refund?**

Institutions that employed medical residents and individual medical residents are eligible to receive refunds if they are covered by timely filed FICA refund claims. Institutions can be covered under FICA refund claims they filed themselves. Individual medical residents can be covered under FICA refund claims they filed themselves or under claims filed by the institutions that employed them. These refund claims are subject to the same requirements that apply to all FICA refund claims including verification by the IRS of the amount of the claim and payment of interest.

5. **What is the significance of April 1, 2005?**

On April 1, 2005, new regulations regarding the student FICA exception became effective. One part of these regulations states that an employee who works 40 hours or more (full-time employee) for a school, college or university is not eligible for the student exception. This part of the regulations excludes medical residents from the student exception. If you participated in a medical residency program at Summa Health System on or after April 1, 2005, then you will receive future correspondence regarding the potential to participate in refund claims for those post-Regulation periods. The United States Supreme Court has agreed to hear a case involving the validity of the IRS’s regulations regarding the
student FICA exception and medical residents. Summa Health System will continue to monitor the legal developments for the post-Regulation periods. Summa Health System has filed claims for the second quarter 2005 through 2007.

6. **How would this initiative impact my benefits from the Social Security Administration?**

Whether an employee’s social security benefits (either current or future) will be reduced on account of removing wages from his or her social security earnings record will depend on the employee’s personal circumstances. A refund could have a detrimental effect upon disability, survivors, or retirement benefits that you, or your family, are receiving or may seek to receive in the future. If you want information about the effect on your social security benefits, you should contact SSA directly at 1-800-772-1213 (toll free). If you call or visit a Social Security office, please have this letter with you. It will help SSA answer your questions. You might want to review your social security record before and after your refund has been processed. You can use your current Social Security Statement or you can request a copy of your Social Security Statement at the SSA website: [http://www.ssa.gov/mystatement](http://www.ssa.gov/mystatement).

7. **If I do not consent, will my FICA wages be affected?**

At this time, the IRS is indicating that residents who consent and obtain a refund are to receive a W-2c reporting reduced FICA wages. Recent IRS materials have not addressed whether residents who do not consent (and thus receive no refund) are to be similarly treated but imply that such social security earnings may not be impacted for non-consenting residents. Future IRS and/or SSA materials may clarify this issue.

8. **I previously signed a consent for prior years, why do I need to submit a new consent letter?**

Summa Health System (Summa Akron City and St. Thomas Hospital) previously filed claims for refund of FICA taxes for tax years 1997 through 1998. The IRS has refunded those FICA taxes and Summa SUMMA Health System provided those consenting residents their share of FICA tax refunds. As part of that process consent were requested for years 1997 through 2003. Medical residents that were employed by Summa Health System during tax periods 1999 through March 31, 2005 that want to be included in the refund claims filed for those tax years will need to sign a new consent even though they may have previously provided consent for tax periods 1997 through 2003.

**II. Refund Application Procedures**

9. **What must I do in order to be included in Summa Health System FICA refund claim for training that I received prior to April 1, 2005?**

The letter included in this mailing provides detailed instructions on how to participate in Summa Health System refund claim. If you wish to participate please read the materials thoroughly, complete and sign the Consent Form, and return the signed Consent Form as indicated on its face. Reply options are, (1) email, (2) fax, or (3) hardcopy mail.

10. **If I consent, when will I get my money?**

Residents who consent to participate in the refund claim should not expect to receive their refund check from Summa Health System until several months (or even more than a year) after consenting. This is because there are multiple procedural steps that must be undertaken by Summa Health System and the government after the consents are received and before Summa Health System is able to remit the refunds to the residents (i.e. filing final refund claims, review and processing by the government, and allocation of interest to individual residents).

11. **What is the process that Summa Health System must follow in order for me to obtain my refund?**

The IRS has instituted a process for all institutions that have pending refund claims to follow. Each claim must proceed through the following steps. It will take several months to complete this process and will be largely dependent upon how long the IRS takes to review the Summa Health System refund claims for all such years. Once the IRS approves the MR claim(s), it is expected to take several months for the IRS to issue such refund checks to Summa Health System. Post claim administration work (i.e. allocating interest to the medical residents, issuing individual checks, and preparing Form
W-2c) must then commence. Again, the entire process will take several months but we are optimistic that the process can be completed within the next 12 months.

**III. Miscellaneous**

12. **Whom should I contact if I have questions regarding this initiative or to update my contact information?**

Because each resident’s personal tax situation is different, we encourage you to discuss questions about your particular situation with your tax preparer or other personal financial advisor. For general updates, please visit our website at www.meded.summahealth.org; search for FICA Reimbursement Information. For general procedural questions on this initiative that are not answered through the attached frequently asked questions, you may contact Deloitte Tax LLP by email at SUMMAFICA@deloitte.com.

13. **Will I receive interest on my refund?**

Yes. The IRS will pay statutory interest when refunding these taxes and you will receive your proportional share. Interest in excess of $600 will generally be reported on Form 1099-INT as required by the IRS.

∞∞∞∞

Please note that until you hear from us otherwise, you will be personally responsible for keeping your address information up to date and the refund process may take more than a year to resolve. Failure to do so could cause any refund checks to you to be undeliverable, and ultimately returned to the U.S. Treasury.