

Crosswalk for Changes to the 2013 MLR Annual Reporting Form and Instructions (CMS 10418) Following the 30 Day Comment Period Table of Contents

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A. Introduction

CMS received 2 public comments regarding the notice of the revised Medical Loss Ratio (MLR) PRA package published in the Federal Register on November 22, 2013 (78 FR 70059). The 60 day comment period closed on January 21, 2014. CMS received 2 public comments regarding the notice of the revised MLR PRA package published in the Federal Register on January 31st (79 FR 5417). The 30 day comment period closed on March 5, 2014. The PRA package contains the MLR Annual Reporting Form for the 2013 MLR reporting year, which health insurance issuers must file with CMS by June 1, 2014, and the instructions for completing the form. It modifies the MLR Annual Reporting Form for the 2012 MLR reporting year, approved by OMB on May 3, 2013, OCN 0938-1164.

B. Changes to MLR Reporting Form and Accompanying Instructions

The following chart lists the changes made to the 2013 MLR Reporting Form and the accompanying Instructions, as a result of internal review and in response to comments received following the 60-day and 30-day public comment periods. Most of the comments addressed clarifying the instructions, updates for recent guidance issuance, treatment of Student Health Plans, treatment of ACA fees, experience aggregation of the individual markets with adjusted MLR standards, annual Mini-med multipliers for credibility determination, reporting for both QIA and non-claims costs and reporting requirements for businesses in run-off. We have taken into consideration all of the comments and have made changes to the 2013 MLR Annual Reporting Form and Instructions.

C. 2013 MLR Reporting Form and Instructions Changes

No.	Section Edited	Revision	Rationale
1	Instructions for MLR Annual Reporting Form - Part 2 - (Premiums and Claims) Section 1 - Health Premiums Earned	Revised line 1.1- Direct Premium written, to read “3/31 Column (premium for coverage in MLR reporting year only) – report premium collected from 1/01 of the MLR reporting year through 3/31 of the year following the MLR reporting year for	In response to comments received, this language was revised to provide consistency with prior year’s instructions and clarity regarding MLR data through 3/31.

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		coverage in the MLR reporting year only, plus uncollected (due and unpaid) premium for coverage in the MLR reporting year only as of 3/31 of the year following the MLR reporting year. Premium should reflect retroactive eligibility adjustments related to coverage in the MLR reporting year. PLEASE NOTE that this methodology differs from NAIC SHCE methodology. <i>However, issuers may choose to report amounts on the same basis as in the 12/31 columns.</i> Premium should include all amounts collected toward ACA fees, regardless of whether the fees were included in premium or billed as a separate line item.”	
2	Instructions for MLR Annual Reporting Form - Part 2 - (Premiums and Claims) Section 1 - Health Premiums Earned	Revised line 1.2-Unearned Premiums (Year preceding the MLR reporting year to read “3/31 Column (premium for coverage in the MLR reporting year only) – report premium for coverage in the MLR reporting year only, collected in the immediately preceding MLR reporting year. Report amounts as of 12/31 of the year preceding the MLR reporting year. PLEASE NOTE that this methodology differs from NAIC SHCE methodology. <i>However, if the issuer chose to report written premium on the same basis as in the 12/31 column, the issuer should report unearned premium reserves consistently with how it reports written premium.</i>” Revised line 1.3-Unearned Premiums Unearned premium (MLR reporting year) to read “3/31 Column – report zero (note that if collected and due and unpaid premium is reported correctly in Line 1.1 above, Line 1.1 should not include amounts that would constitute unearned premium for coverage in years subsequent to the MLR reporting year. (PLEASE NOTE that this	In response to comments received, this language was revised to provide consistency with prior year’s instructions and clarity regarding MLR data through 3/31.

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		methodology differs from the NAIC SHCE methodology. <i>However, if the issuer chose to report written premium on the same basis as in the 12/31 column, the issuer should report unearned premium reserves consistently with how it reports written premium. Do not include any amounts collected during 2013 for 2014 ACA fees as unearned premium.</i>	
3	MLR Annual Reporting Form and Instructions - Part 4 – (MLR Rebate and Calculation) Section 6 - Optional Temp Adj.	Added language to instructions and changed form to accommodate issued guidance: <u>Section 6 – Optional Temporary Adjustments</u> <i>For the 2013 MLR reporting year, issuers may defer including in their MLR and rebate calculations the portion of 2013 premiums collected for 2014 ACA assessments or fees on non-calendar year policies. If issuers elect to defer this portion of premium in the 2013 MLR and rebate calculations, they must disclose the deferred amount for each respective state and market. In addition, issuers must disclose and reduce the MLR tax adjustment to premium by the amount of federal and state taxes and fees associated with the deferred portion of premium. (Note: The optional premium and tax adjustments will be added back into the MLR calculation in the 2014 MLR reporting year.)</i> <i>6.1a Disclose the deferred portion of premium for each respective State and market. This amount may be excluded from Line 2.1, CY column but must be included in Part 1, Line 1.1.</i> <i>6.1b Disclose the total Federal and State taxes paid on the associated premium revenue. If the issuer</i>	This language was revised to reflect guidance issued on December 30, 2013.

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		<i>chooses to exclude the premium in Line 6.1a from Line 2.1, CY column, the issuer must also exclude the taxes and fees in Line 6.1b from Line 2.2, CY column. Note that the amount of taxes and fees in Line 6.1b must be included in Part 1, Section 3.</i>	
4	MLR Annual Reporting Form – Part 4 Section 6	Added Section 6 within Part 4 of MLR Form to allow for reporting of optional deferment of prefunded 2014 ACA fees. Also inserted rows that are reserved for future use.	The MLR form was revised to reflect instructions from guidance issued on December 30, 2013 and to reserve rows for future use.
5	Instructions for MLR Annual Reporting Form - Part 4 – (MLR Rebate and Calculation) Line 1.5 for other market columns	Added language to reflect annual numerator Line 1.5 – MLR numerator <i>PY2 Column – Lines 1.2 + 1.3</i> <i>PY1 Column – Lines 1.2 + 1.3</i> <i>CY Column – Lines 1.2 + 1.3</i> <i>Total Column – Lines 1.2 + 1.3 + 1.4</i> <i>Added instructions for calculating the optional scaling adjustment for issuers with changing MLR standards.</i>	In response to comments received and to reflect guidance issued on April 5, 2013, this language was revised to clarify the methodology for calculating the MLR numerator for determining credibility adjustment.
6	Instructions for MLR Annual Reporting Form - Part 4 – (MLR Rebate and Calculation) Line 1.6 for Mini-med columns.	Added language to reflect annual multiplier adjustment. <i>PY2 Column – enter the results of the following calculation:</i> <i>Mini-Med: 2.0 x (Lines 1.2 + 1.3)</i> <i>PY1 Column – enter the results of the following calculation:</i> <i>Mini-Med: 1.75 x (Lines 1.2 + 1.3)</i> <i>CY Column – enter the results of the following calculation:</i> <i>Mini-Med: 1.50 x (Lines 1.2 + 1.3)</i>	In response to comments received, this language was revised to clarify the methodology for calculating the MLR numerator for determining credibility adjustment.
7	MLR Annual Reporting Form – Part 4 Lines 1.5 & 1.6	Correctly titled lines due to updated instructions. <i>1.5 MLR numerator</i> <i>1.6 MLR numerator Mini-Med and Student Health</i> <i>(using adjustment factor).</i>	This was retitled to provide calculation clarity of the line item.

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8	MLR Annual Reporting Form – Part 4 Line 3.3	Removed blue shading.	Shading corrected to improve shading consistency within Part 4.
9	Instructions for MLR Annual Reporting Form – Column Definitions for Parts 1 and 2	Revised definition for items to be included in Column 41 – Other Health Business, to read “Short-term, limited-duration insurance (as defined under 45 CFR §144.103); supplemental coverage if offered as a separate policy, certificate, or contract of insurance (45 CFR §146.145), including Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act), coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code, and similar supplemental coverage provided under a group health plan; hospital or other fixed indemnity insurance, and specified disease or illness coverage if offered under a separate policy, certificate, or contract of insurance (45 CFR §146.145), and other “excepted benefits” as specified by regulations promulgated by HHS (45 CFR §146.145). <i>For the 2013 MLR reporting year, issuers may include the experience of policies that the issuer had categorized as “fixed indemnity” policies and that were filed and approved as such by the state regulatory authority, but which in fact fail to satisfy the criteria for fixed indemnity policies described in the Affordable Care Act Implementation FAQs, Set 11, Question and Answer #7 (January 24, 2013) in this Column, in lieu of reporting such experience in Columns 1–39.</i> The experience for pharmacy, chiropractic, or mental health coverage, whether sold as a stand-alone product or in conjunction with any other health insurance coverage, should be reported with the health insurance coverage for the applicable market, as these are not	In response to comments received, this language was revised to provide transitional accommodation for certain fixed indemnity policies.

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		“excepted benefits” under the PHSA.”	
10	MLR Annual Reporting Form – Columns 26 -29 for Parts 1 & 2, and columns 25-32 in Part 4.	Shaded Expatriate columns grey to indicate that data entry is not required.	Revised to reflect guidance issued on March 8, 2013.