

**Crosswalk for Changes to the 2014 MLR Annual Reporting Form and Instructions  
(CMS 10418) Following the 60 Day Comment Period**

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**A. Introduction**

CMS received 3 public comments regarding the notice of the revised Medical Loss Ratio (MLR) PRA package published in the Federal Register on January 30, 2015 (80 FR 05118). The 60-day comment period closed on March 31, 2015. The PRA package contains two collections of information: the MLR Reporting Form (including the Risk Corridors component) that issuers must file with CMS each year by July 31 and the accompanying Form Instructions, and the Rebate Notices that issuers must send to subscribers and policyholders each year no later than September 30. The PRA package modifies the 2013 MLR Annual Reporting Form and Rebate Notices, both of which were previously approved by OMB under OMB Control Number 0938-1164.

**B. Changes to MLR Reporting Form, Rebate Notices, and Accompanying Instructions**

Most of the comments addressed clarification of the instructions, correction of errors and inconsistencies, treatment of cost-sharing reduction payments, treatment of prior year MLR rebates, treatment of business ownership changes under risk corridors, and definitions of billable premium and premium earned. The following chart contains the list of changes made to the 2014 MLR Reporting Form and the accompanying Instructions as a result of internal review and in response to comments received following the 60-day public comment period.

**2014 MLR Reporting Form and Instruction Changes Following the 60-Day Comment Period**

	<b>Document</b>	<b>Section Edited</b>	<b>Revision (Red indicates modified language)</b>	<b>Rationale</b>
1	MLR Reporting Form	Part 1 – Summary of Data; Part 2 – Premium and Claims	Removed Part 1 Line 1.1 and 2.1 references to SHCE Lines 1.1 and 5.0. Removed Part 2 Line 1.1 and 2.1a references to SHCE Lines 1.1 and 2.1.	In response to comments received, references were removed to avoid inconsistency.
2	MLR Reporting Form	Part 2 – Premium and Claims	Changed the shading for Line 1.9 Column 6 from white to gray, and changed input message from “Accepts input from user” to “Does not accept input from user”.	The formatting was changed to correct an error.
3	MLR Reporting Form	Part 3 – MLR and Rebate Calculation	<p>Renamed Line 3.2 from “Administrative costs excluding taxes (MLR Form Part 1 Lines 5.1 + 5.2 + 5.3 + 5.4 + 5.5 + 5.6)” to “Administrative costs excluding taxes (MLR Form Part 1 Lines 5.1 + 5.2 + 5.3 + 5.4 + 5.5a + 5.5b + 5.6)”</p> <p>Renamed Line 3.5a from “Earned profit (Lines 2.1 – 1.2 – 1.3 – 2.2 – 3.2)” to “Earned profit (Lines 2.1 – 3.1 – 2.2 – 3.2)”</p> <p>Renamed Line 3.5b from “Capped profit ((3% + Line 3.3) x (Lines 2.1 – 2.2))” to “Capped profit ((3% + Line 3.4) x (Lines 2.1 – 2.2))”</p> <p>Renamed Line 5.1a from “Preliminary MLR (Lines 1.5 / 2.3)” to “Preliminary MLR (Lines 1.8 / 2.3)”</p> <p>Renamed Line 5.1b from “Preliminary MLR: Mini-Med and Student Health (Lines 1.6 / 2.3)” to “Preliminary MLR: Mini-Med and Student Health (Lines 1.9 / 2.3)”</p>	Lines were renamed to correct typographical errors.
4	MLR Instructions	Column Definitions	Revised the definition of the 3/31 columns to read “Financial information reported in the 3/31 columns should equal the amount of each element related specifically to experience in the 2014 MLR reporting year and paid through March 31 of the subsequent reporting year (incurred in 12, paid or received in 15), plus any provision for items properly allocable to the 2014 MLR reporting year but not yet paid as of 3/31 of the following year, <b>except as otherwise noted in line instructions</b> . For example, these columns could include differences from the 12/31 columns in the upper limit for a small group and the lower limit for a large group, if state group size regulations differ from federal group size regulations. (See the Definitions of Small Group and Large Group, in the General Instructions above.) <b>These columns could also include differences from the 12/31 columns in the accounting for the Federal reinsurance, risk corridors, and risk adjustment amounts</b> . If the issuer elects to treat the out-of-network experience of an affiliate that provides the out-of-network coverage as if it were related to the contract providing the in-network coverage, the issuer must include such out-of-network experience in the 3/31 columns, as well as separately report it in the Dual Contract columns (see the	In response to comments received, this language was added to provide clarity regarding accounting for the Federal reinsurance, risk corridors, and risk adjustment.

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			<p>column definition below).</p> <p>Include: Experience of policies in each market, incurred, paid or received relevant only to the MLR reporting year, reported as of March 31 of the subsequent MLR reporting year.</p> <p><del>Exclude: For Columns 2A and 7A only, exclude grandfathered plans. Columns 2A and 7A only – Individual and Small Group Health Insurance [Risk Corridors]</del></p> <p>Companies that did not offer QHPs through the Exchange in 2014 do not need to complete the risk corridors columns 2A and 7A.</p> <p>Exclude: For Columns 2A and 7A only, exclude grandfathered plans and non-grandfathered plans that are not ACA-compliant. Grandfathered plans are plans that were in effect on March 23, 2010, and that have not been changed in ways that substantially reduce benefits or increase cost-sharing for consumers, pursuant to the regulations at 45 CFR Part 147.140. A plan is not ACA-compliant if it was not compliant with Affordable Care Act market reforms during the 2014 calendar year. The Affordable Care Act market reforms are set forth in sections 2701 through 2707 of the Public Health Service Act (Public Law 78-410), and the implementing regulations in Title 45 of the Code of Federal Regulations.”</p>	
5	MLR Instructions	Part 1 – Summary of Data	<p>Revised Line 3.3a instructions to read “Include: Federal reinsurance contributions required under Section 1341 of the Affordable Care Act owed for the MLR reporting year. <b>Report the entire contribution amount, including contribution amounts allocable to the reinsurance payment pool and program administrative expense, and to the General Fund of the U.S. Treasury.</b>”</p>	In response to comments received, this language was added to improve clarity.
6	MLR Instructions	Part 1 – Summary of Data	<p>Revised Line 3.3b instructions to read “Include: Statutory assessments to defray operating expenses of any State or Federal regulatory authority, <b>including user fees paid to State-based, State Partnership, or Federally-facilitated Marketplace,</b> and examination fees in lieu of premium taxes as specified by State law. ...”</p>	In response to comments received, this language was added to reflect sub-regulatory guidance.
7	MLR Instructions	Part 2 – Premium and Claims	<p>Revised Line 2.1 instructions to read “... Exclude: ... <b>In the 3/31 Column, exclude amount of cost-sharing reductions for the applicable benefit year (MLR reporting year). PLEASE NOTE that this methodology may differ from the NAIC SHCE methodology, which should be used in the 12/31 Column</b>”</p>	In consideration of comments received, this language was added to improve clarity.

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8	MLR Instructions	Part 2 – Premium and Claims	Revised Line 2.18 instructions to read “ Include: Amount of cost-sharing reductions received for the applicable benefit year (MLR reporting year). <b>CMS will publish future guidance specifying how issuers should report cost-sharing reduction payments for MLR and risk corridors for the 2014 benefit year.</b> ”	In consideration of comments received, this language was added to improve clarity.
9	MLR Instructions	Part 3 – MLR and Rebate Calculation	<p>Revised column definitions for columns 4A and 8A to read “ For Section 3, report information for the risk corridors calculation for the applicable benefit year (MLR reporting year). Follow line instructions for Lines 3.1 through 3.12. Information reported in column 4A should be for individual market business only. Information reported in column 8A should be for small group market business only.</p> <p><b>Companies that did not offer QHPs through the Exchange in 2014 do not need to complete the risk corridors columns 4A and 8A.</b></p> <p><b>Exclude: Grandfathered plans and non-grandfathered plans that are not ACA-compliant. Grandfathered plans are plans that were in effect on March 23, 2010, and that have not been changed in ways that substantially reduce benefits or increase cost-sharing for consumers, pursuant to the regulations at 45 CFR Part 147.140. A plan is not ACA-compliant if it was not compliant with Affordable Care Act market reforms during the 2014 calendar year. The Affordable Care Act market reforms are set forth in sections 2701 through 2707 of the Public Health Service Act (Public Law 78-410), and the implementing regulations in Title 45 of the Code of Federal Regulations.</b></p> <p>Risk corridors amounts in Columns 4A and 8A, Lines 3.1 through 3.12 must be exactly the same as the corresponding amounts in Tab 3 of the Risk Corridors Plan Level Data Form. <b>Tab 3 of the Risk Corridors Plan Level Data Form indicates the lines where the data input must be the same as the data input in Part 3 of the MLR Reporting Form. Note that companies that did not offer QHPs through the Exchange in 2014 do not need to complete the Risk Corridors Plan Level Data Form.</b>”</p>	In consideration of comments received, this language was added to improve clarity.
10	MLR Instructions	Part 3 – MLR and Rebate Calculation	<p>Revised Line 1.8 instructions to read “... <i>Massachusetts and Vermont only: Issuers with health insurance coverage in both the individual and small group markets, who merge their markets in accordance with state law, should combine Lines 1.2 + 1.3 – 1.4 – 1.5 – 1.6 – 1.7 for both markets <del>and all years of aggregation</del>, and enter <b>theis</b> combined amounts on Line 1.8 in the PY2, PY1, CY, and Total Columns for both markets (Columns <del>1-4 and</del> 8). Please note that MLR numerator, denominator, and life-years to determine credibility, and RC calculated fields are the only fields on the MLR Form where experience for the two markets can be combined.</i>”</p> <p>Revised Line 1.9 instructions to read “... <i>Massachusetts and</i></p>	Language was revised to correct a reference error.

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			<p><i>Vermont only: Issuers with health insurance coverage in both the Mini-Med individual and small group markets, who merge their markets in accordance with state law, should combine <del>1.25x</del> (Lines 1.2 + 1.3) for both markets <del>and all years of aggregation</del>, and enter <i>theirs</i> combined amounts (multiplied by the appropriate multiplier) on Line 1.9 in the PY2, PY1, CY, and Total Columns for both markets (Columns <del>13-6 and 20</del>). Please note that MLR numerator, denominator, and life-years to determine credibility, and RC calculated fields are the only fields on the MLR Form where experience for the two markets can be combined."</i></p> <p><i>Revised Line 2.3 instructions to read "... Massachusetts and Vermont only: For Health Insurance Coverage and Mini-med plans respectively, issuers with experience in both the individual and small group markets who merge markets in accordance with state law, should combine Lines 2.1 – 2.2 for both markets <del>and all years of aggregation</del>, and enter <i>theirs</i> combined amounts on Line 2.3 in the PY2, PY1, CY, and Total Columns for both markets (Columns <del>1-4 and 8</del> for health insurance coverage, Columns <del>13-6 and 20</del> for Mini-med plans.). Please note that MLR numerator, denominator, and life-years to determine credibility, and RC calculated fields are the only fields on the MLR Form where experience for the two markets may be combined."</i></p> <p><i>Revised Line 4.1 instructions to read "... Massachusetts and Vermont only: For Health Insurance Coverage and Mini-med plans respectively, issuers with experience in both the individual and small group markets who merge their markets in accordance with state law, should combine Line 4.1 for both markets <del>and all years of aggregation</del>, and enter <i>theirs</i> combined amounts on Line 4.1 in the PY2, PY1, CY, and Total Columns for both markets (Columns <del>1-4 and 8</del> for health insurance coverage, Columns <del>13-6 and 20</del> for Mini-med plans.). Please note that MLR numerator, denominator, and life-years to determine credibility, and RC calculated fields are the only fields on the MLR Form where experience for the two markets may be combined."</i></p>	
11	MLR Instructions	Part 3 – MLR and Rebate Calculation	<p>Revised Line 2.2 instructions for RC Column to read "... Note: If Line 3.2b is negative and Line 3.2c is zero or blank (or vice versa), zero may not be used as the higher of the two: only the negative amount may be used in the equation. <i>Note: In all lines where taxes (Line 2.2) are included, an issuer should not consider risk corridors payments and charges when estimating taxes under the risk corridors formula."</i></p>	In response to comments received, this language was added to improve clarity.
12	MLR Instructions	Part 3 – MLR and Rebate Calculation	<p>Added the following language to Section 3 instructions: "<i>Issuers who did not offer QHPs during 2014 benefit year should leave Section 3 blank."</i></p>	In response to comments received, this language was added to improve clarity.
13	MLR Instructions	Part 3 – MLR and Rebate	<p>Revised Line 3.2 instructions to read "Part 1, Lines 5.1 + 5.2 + 5.3 + 5.4 + 5.5a + 5.5b + 5.6), Column [RC] 3/31"</p>	Formula descriptions were revised to correct

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		Calculation	Revised Line 3.5 instructions to read “ Enter the greater of Lines 3.5a or 3.5b  3.5a – Earned profit: Lines 2.1 – <del>3.1 1.2—1.3</del> – 2.2 – 3.2  3.5b – Capped profit: (3% + Line 3.4 <del>3</del> ) x (Lines 2.1 – 2.2)	reference errors.
14	MLR Instructions	Part 3 – MLR and Rebate Calculation	Revised Line 3.6 instructions to add “... <b>Note: As set forth at 45 CFR 153.520, allowable administrative costs must reflect an amount equal to the pro rata portion of the aggregate amount of such expense across all of the QHP issuer's non-grandfathered health plans in a market within a State, allocated to the QHP based on premiums earned.</b> ”	In response to comments received, this language was added to improve clarity.
15	Risk Corridors Instructions	Purpose	Revised instructions to remove the following language: “ <del>Companies that file the Risk Corridors Plan-level Data Form may also be required to file the Transitional Adjustment Reporting Form that will be used to calculate the risk corridors adjustment percentage for 2014 as defined in 45 CFR 153.500. Submission of the Transitional Adjustment Reporting Form is only required for companies with health insurance issuers that operated in states that adopted the HHS transitional policy for 2014.</del> ”	This language was removed to make instructions current.
16	Risk Corridors Instructions	General Definitions	Revised instructions to add a definition for premium earned: “ <b>As defined at 45 CFR 153.500 and 45 CFR 158.130, all monies paid by a policyholder or subscriber as a condition of receiving coverage from the issuer, including any fees or other contributions associated with the health plan and reported on a direct basis. Includes advance payments of the premium tax credit.</b> ”	In response to comments received, this language was added to improve consistency with MLR instructions.
17	Risk Corridors Instructions	General Instructions	Revised instructions to read “... <b>Only data pertaining to non-grandfathered, ACA-compliant plans should be reported on this form. ...</b> ... For issuers that experienced a change of ownership during 2014, <del>data for the full benefit year should be submitted by the acquiring entity for all issuers under common ownership. the</del> <b>acquiring issuer should report data for business acquired for the full benefit year, consistent with the MLR instructions. Similarly, business under a 100% assumption reinsurance agreement should be reported by the assuming issuer for the full benefit year.</b> ”	In response to comments received, this language was added to improve clarity and consistency with MLR instructions.
18	Risk Corridors Form and Instructions	All Tabs	Revised instructions throughout to replace all references to “ <del>billable premium</del> ” with “ <b>premium earned</b> ”.	The change was made in response to comments that requested terminology that is consistent with the MLR Form. The term “premium earned” has the meaning defined at 45 CFR 153.500.
19	Risk	All Tabs	Revised instructions with respect to required input for various	This language was

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	Corridors Instructions		columns.	revised to reflect changes to the online data collection system.
20	Risk Corridors Plan Level Data Form	Tab 3	Replaced blank cells in Line 8, Columns A & B with formulas so that the form auto-calculates the unadjusted risk corridors ratio (Line 2/Line 7) instead of accepting user input.	The formulas were added to eliminate the possibility of user errors resulting from manual data entry and calculation.
21	Risk Corridors Plan Level Data Form	Tab 3	Deleted "Table 2" from formula descriptions for Line 1 - Total percentage of market premium in QHPs. New formula descriptions: <i>For Ind (Tab 1, Column F + Column J + Column N), or For SmGrp (Tab 2, Column F + Column J + Column N)</i>	The formula descriptions were revised to clarify the column references because Columns J and Columns N are not in Table 2.
22	Risk Corridors Plan Level Data Form	Attestation Tab	Revised attestation language to read: "The party submitting this form attests as follows: (1) he or she is a duly authorized officer of the reporting issuer, and (2) this Risk Corridors Plan-level Data form, the Company/Issuer Associations, and any supplemental submission or related filings for the Risk Corridors benefit year are true, complete, and accurate statements, to the best of his or her knowledge, information and belief, of all the elements therein."	The language was revised according to recommendation from the HHS Office of General Counsel (OGC).
23	Risk Corridors Plan Level Data Form	Appendix A	Appendix A, Tab 3, Lines 5 & 9, Risk Corridors Payment or Charge Calculation: Revised language describing Risk Corridors Reference Table in form as follows.  Line 5: If Line 4 is greater than 108%: $80\% \times (\text{Line 2} - 108\% \times \text{Line 3}) + 2.5\% \times \text{Line 3}$ . If Line 4 is at least 103% but less than or equal to 108%: $50\% \times (\text{Line 2} - 103\% \times \text{Line 3})$ . If Line 4 is at least 97% but less than 103%: zero (0) If Line 4 is at least 92% but less than 97%: $50\% \times (\text{Line 2} - 97\% \times \text{Line 3})$ . If Line 4 is less than 92%: $80\% \times (\text{Line 2} - 92\% \times \text{Line 3}) - 2.5\% \times \text{Line 3}$ .  Line 9: If Line 8 is greater than 108%: $80\% \times (\text{Line 2} - 108\% \times \text{Line 7}) + 2.5\% \times \text{Line 7}$ . If Line 8 is at least 103% but less than or equal to 108%: $50\% \times (\text{Line 2} - 103\% \times \text{Line 7})$ . If Line 8 is at least 97% but less than 103%: zero (0) If Line 8 is at least 92% but less than 97%: $50\% \times (\text{Line 2} - 97\% \times \text{Line 7})$ . If Line 8 is less than 92%: $80\% \times (\text{Line 2} - 92\% \times \text{Line 7}) - 2.5\% \times \text{Line 7}$ .	Language was revised to correct formula descriptions and line references.

