

Justification of Non-Material Change (OMB Control # 0938-1164)

This is a non-substantive change request to CMS-10418 (Medical Loss Ratio), which is comprised of the MLR reporting form and instructions and notice templates, that are completed by issuers of health insurance coverage annually. The change is to the anticipated frequency of the distribution of MLR rebates and accompanying notices for some issuers that may choose to utilize the rebate prepayment option that CMS is providing as part of a temporary policy of relaxed enforcement.

Under this option, CMS is allowing issuers to estimate rebates in advance of filing the MLR forms and to apply a portion or all of the estimated rebate to temporarily reduce or eliminate health insurance premiums for consumers. If an issuer chooses to utilize this option, it would help maintain health insurance coverage for consumers who are financially affected by the COVID-19 public health emergency and may otherwise be unable to afford premiums. While rebate prepayment is optional and therefore does not *require* issuers to incur any additional burden, some issuers that choose this option may incur additional burden by sending rebates and rebate notices to consumers twice (a partial prepayment in June and the remaining rebate, if any, in September).

Four issuers have expressed interest in using this option. CMS expects that fewer than ten issuers will use this option because most issuers will choose to use other, simpler and more financially advantageous methods for reducing premiums (as several issuers have already done). One of the four issuers indicated to regulators that it intends to overestimate rebates (the overpayment can be recouped next year), and therefore would not incur any additional burden. It is possible that some other issuers may choose to prepay only a portion of the estimated rebate, or may inadvertently underestimate the rebate, and would incur additional burden. CMS estimates that the cost of sending rebates and notices is on average \$17,910 and \$12,699, respectively, for a total of \$30,609 per issuer. Assuming that three issuers incur this additional cost, the average burden of sending rebates and notices across all respondents would increase to \$13,629 and \$18,417, respectively, for a total of \$32,046.