

## Notice of Health Insurance Premium Rebate

[Month, Day, 2020 1]

[Subscriber or Policyholder Name 2a]  
123 Main Street 2b  
Anytown, USA 2c]

Re: Health Insurance Premium Rebate for Year 2019; [Policy #XXXXX 3]

Dear [Subscriber or Policyholder Name 4]:

This letter is to inform you that you will receive a rebate of a portion of your health insurance premiums. This rebate is required by the Affordable Care Act – the health reform law. Because of COVID-19 and the financial burdens associated with it, [Health Insurer 5] is providing you an estimated 2019 Medical Loss Ratio rebate earlier than usual this year.

Each July, [Health Insurer 6] compiles data concerning premium revenue and expenses in order to determine whether it met the Medical Loss Ratio standard of the Affordable Care Act. While [Health Insurer 7] does not yet have sufficient data to confirm its Medical Loss Ratio for 2019, [Health Insurer 8] is providing an estimated 2019 Medical Loss Ratio rebate now based on the data currently available.

The Affordable Care Act requires [Health Insurer 9] to issue a rebate to you if [Health Insurer 10] does not spend at least 80 percent of the premiums it receives on health care services, such as doctors and hospital bills, and activities to improve health care quality, such as efforts to improve patient safety. No more than 20 percent of premiums may be spent on administrative costs such as salaries, sales, and advertising. This requirement is referred to as the “Medical Loss Ratio” standard or the “80/20 rule.” The 80/20 rule in the Affordable Care Act is intended to ensure that consumers get value for their health care dollars. You can learn more about the 80 /20 rule and other provisions of the health reform law at: <https://www.healthcare.gov/health-care-law-protections/rate-review/>.

[The Affordable Care Act allows States to require health insurers to meet a higher ratio. [Your State 11] sets a higher Medical Loss Ratio standard, so [Health Insurer 12] must meet a [XX% 13] Medical Loss Ratio, meaning that [XX% 14] of premiums must be spent on medical services and activities to improve health care quality, and no more than [XX% 15] of premiums can be spent on administrative costs.]

### What the Medical Loss Ratio Rule Means to You

The Medical Loss Ratio rule is calculated on a State by State basis. In [your State 16], [Health Insurer 17] does not expect to meet the Medical Loss Ratio standard for 2019. [Health Insurer 18] anticipates that the data will show it spent only [XX% 19] of a total of approximately [\$YYY 20] in expected premium dollars on health care and activities to improve health care quality in 2019. Since it will likely miss the [80 percent target / target in your State 21] by [XX% 22] of premium it receives in 2019, [Health Insurer 23] is electing to provide an estimated rebate

of [XX% / \$XX 24] of your health insurance premiums now. In the event that [Health Insurer's 25] actual MLR for 2019 results in a higher total rebate owed to you, you will receive an additional premium rebate later this year. [OPTIONAL FOR ISSUERS: In the event that [Health Insurer's 25] actual MLR for 2019 results in a lower total rebate owed to you than the amount provided right now, [describe the actions the issuer intends to take with respect to any rebate overpayment to the recipient].]

[We are enclosing a check/We are sending you a check separately from this letter/We are giving you this rebate by reducing your next premium payment/We are issuing a credit to the credit or debit card you used to pay your premium 26]. [OPTIONAL FOR ISSUERS: Your rebate/credit provided right now is \$XX 27].

**Need more information?**

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact [Health Insurer 28] toll-free at [1-XXX-XXX-XXX 29] or [website or email address 30].

Sincerely,

[John Doe, Authorized Executive 31] [Health Insurer 32]