

**CENTERS FOR MEDICARE AND MEDICAID SERVICES**  
**MEDICAL LOSS RATIO (MLR) REBATE REVISED NOTICE INSTRUCTIONS**

The Affordable Care Act requires health insurance issuers (issuers) to spend a set percentage of premium dollars on health care services and activities to improve health care quality. This is known generally as the Medical Loss Ratio (MLR) standard or the 80/20 rule.

Each issuer must file an MLR report annually with the Secretary of Health and Human Services and must rebate a portion of the health insurance premiums received if its MLR does not meet the MLR standard required by section 2718 of the Public Health Service Act. Each issuer who must provide a rebate is also required to provide a notice containing information about its MLR and the rebate to policyholders and subscribers who are receiving a rebate, and also to subscribers in the group market whose policyholder is receiving a rebate (Notice).

The MLR regulations may be found at: <http://www.cms.gov/ccio/resources/regulations-and-guidance/index.html#Medical Loss Ratio>.

Issuers electing to prepay to enrollees a portion or all of the estimated MLR rebate for the 2019 MLR reporting year under the CMS temporary policy of relaxed enforcement may use the attached revised Notices in lieu of the standard Notices to provide the required Notice. These instructions provide directions as to who must be sent a Notice, the timing of the Notice, completing the attached standard Notices, and methods for providing Notice.

There are three standard Notices, each one designed for policyholders and subscribers in different situations. While only the revisions to the standard Notice 1 for the subscribers in the individual market are included here, under the CMS temporary policy of relaxed enforcement, issuers electing to prepay estimated 2019 MLR rebates in the group markets may make similar revisions to the standard Notices 2 and 3 for group policyholders and subscribers.

**WHEN NOTICE OF REBATE MUST BE PROVIDED**

Issuers electing to prepay to enrollees a portion or all of the estimated MLR rebate for the 2019 MLR reporting year under the CMS temporary policy of relaxed enforcement should provide Notice 1-A at the time of rebate prepayment, and Notice 1-B (if applicable) by September 30, 2020.

**PRA Disclosure Statement**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is **0938-1164**. The time required to complete this information collection is estimated to average **327 hours** per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

## WHO MUST BE PROVIDED NOTICE OF REBATE

Each issuer must provide Notice to the following:

- All subscribers in the individual market who receive a rebate;
- All group policyholders who receive a rebate;
- All subscribers of group policyholders who receive a rebate;
- All subscribers in the small group or large group market who receive a rebate directly from the issuer.

NOTE: Each issuer must provide a Notice to all current subscribers of group policyholders who receive a refund. The determination of “current subscriber” status includes any eligible and enrolled subscriber covered during the MLR reporting year with the issuer in the group policy from which the rebate is derived.

## METHODS FOR PROVIDING THE NOTICE

Notices in the form and manner stated in these instructions must be provided in addition to the actual rebate check or premium credit. Notices must be mailed to subscribers and to group policyholders at the mailing address on file by United States first-class mail, postage prepaid. However, Notices may instead be provided electronically if the issuer regularly communicates electronically with its policyholders and/or subscribers. All reasonable efforts should be made to assure that each subscriber and group policyholder receives the required Notice.

## INSTRUCTIONS FOR COMPLETING EACH FORM NOTICE

On each of the standard Notices, there are a number of fields that the issuer must fill in. For ease of reference, the standard Notices label each field with a number. Instructions for each Notice are provided below. These instructions describe the information to use in each numerical field.

Some of the fields that must be filled in require information from the issuer’s MLR Annual Reporting Form (MLR Form). For such fields, reference is made to the Part and Line of the MLR Form in which the required information is reported, e.g., MLR Form, Part 1, Line 2.1.

Within each Notice, many of the labeled fields require the same information.

The information entered on each Notice should be for the relevant State and market (individual, small group, large group) for the policyholder or subscriber receiving the Notice.

### **FORM #1-A - Individual Market Subscribers**

<b>Field(s)</b>	<b>Instruction</b>
1	Enter the date the Notice is sent.
2	Enter the subscriber’s name and mailing address. <ul style="list-style-type: none"><li>• 2a - enter the subscriber’s first and last name;</li></ul>

- 2b - enter the subscriber's street address;
- 2c - enter the subscriber's city, state and zip code.

- 3 Enter the policy number of the subscriber's policy.
- 4 Enter the subscriber's full name.
- 5, 6, 7, 8, 9, 10, 12, 17, 18, 23, 25, 28, 32 Enter the name of the issuer responsible for providing the rebate.
- 11-15 The entire paragraph that contains Fields 11-15 should only be used if the subscriber resides in a State that requires a loss ratio higher than 80 percent in its individual market.
- 11, 16 Enter either the name of the State in which the MLR experience applies or the words "your State".
- 13, 14 Enter the MLR standard required by the subscriber's State for the individual market.
- 15 Enter the percentage difference between 100 percent and the MLR standard entered in Fields 13 and 14.
- 19 Enter the issuer's estimated MLR.
- 20 Enter the estimated total amount of premium dollars the issuer received, adjusted for taxes and regulatory fees.
- 21 Enter "80 percent target" if issuers in the individual market in the subscriber's State must meet an 80 percent MLR.  
  
Enter the MLR standard required by the State if the subscriber's State requires an MLR standard that is higher than 80 percent.
- 22 Enter the percentage difference between the MLR the issuer is required to meet and its estimated MLR.
- 24 Enter the percentage of the estimated health insurance premiums that the issuer is rebating, or enter the dollar amount of the estimated rebate being provided to each subscriber.
- 26 Please select the wording in this bracket that represents the method of the rebate.
- 27 **OPTIONAL FOR ISSUERS:**  
Issuers may, at their option, choose to insert the amount of the rebate being provided to each subscriber.

- 29, 30 Enter both the toll-free telephone number that subscribers may call and also a website or email address that subscribers may visit or email if they have questions regarding the MLR and their rebate.
- 31 Enter the name of one of the executives of the issuer authorized to attest to the information in the MLR Annual Reporting Form. The Notice must be signed by one of these authorized executives. No exceptions are permitted.

**FORM #1-B - Individual Market Subscribers**

<b>Field(s)</b>	<b>Instruction</b>
1	Enter the date the Notice is sent.
2	Enter the subscriber's name and mailing address. <ul style="list-style-type: none"> <li>• 2a - enter the subscriber's first and last name;</li> <li>• 2b - enter the subscriber's street address;</li> <li>• 2c - enter the subscriber's city, state and zip code.</li> </ul>
3	Enter the policy number of the subscriber's policy.
4	Enter the subscriber's full name.
5, 6, 7, 8, 9, 10, 12, 17, 18, 23, 25, 30, 34	Enter the name of the issuer responsible for providing the rebate.
11-15	The entire paragraph that contains Fields 8-12 should only be used if the subscriber resides in a State that requires a loss ratio higher than 80 percent in its individual market.
11, 16	Enter either the name of the State in which the MLR experience applies or the words "your State".
13, 14	Enter the MLR standard required by the subscriber's State for the individual market.
15	Enter the percentage difference between 100 percent and the MLR standard entered in Fields 13 and 14.
19	Enter the issuer's actual MLR, as reported on the MLR Form, Part 3, Line 4.3.
20	Enter the total amount of premium dollars the issuer received, adjusted for taxes and regulatory fees, as reported on the MLR Form, Part 3, Line 2.3.

- 21 Enter “80 percent target” if issuers in the individual market in the subscriber’s State must meet an 80 percent MLR.  
  
Enter the MLR standard required by the State if the subscriber’s State requires an MLR standard that is higher than 80 percent.
- 22, 24 Enter the percentage difference between the MLR the issuer is required to meet and its actual MLR. This is the amount reported on the MLR Form, Part 3, Line 5.1, minus the amount reported on the MLR Form, Part 3, Line 5.2.
- 26 Enter the percentage of the estimated health insurance premiums that the issuer previously rebated, or enter the dollar amount of the estimated rebate the issuer previously provided to each subscriber.
- 27 Enter the percentage difference between the percentage entered in Fields 22 and 24, and the percentage entered in Field 26, or enter the difference between the dollar amount of the total rebate owed to the subscriber and the dollar amount of the estimated rebate that the issuer previously provided to each subscriber in Field 26.
- 28 Please select the wording in this bracket that represents the method of the rebate.
- 29 **OPTIONAL FOR ISSUERS:**  
Issuers may, at their option, choose to insert the amount of the rebate being provided to each subscriber.
- 31, 32 Enter both the toll-free telephone number that subscribers may call and also a website or email address that subscribers may visit or email if they have questions regarding the MLR and their rebate.
- 33 Enter the name of one of the executives of the issuer authorized to attest to the information in the MLR Annual Reporting Form. The Notice must be signed by one of these authorized executives. No exceptions are permitted.

*END OF INSTRUCTIONS*