

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 #XXXXXX 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] provided you an estimated 2019 Medical Loss Ratio rebate earlier 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. At the time [Health Insurer 7] provided you an estimated 2019 Medical Loss Ratio rebate earlier this year, it did not yet have sufficient data to confirm its Medical Loss Ratio standard for 2019 and the actual 2019 rebate you are owed. [Health Insurer 8] has since determined its actual Medical Loss Ratio for 2019 and is providing your remaining 2019 Medical Loss Ratio rebate now.

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] did not meet the Medical Loss Ratio standard for 2019. In 2019, [Health Insurer 18] spent only [XX% 19] of a total of [\$YYY 20] in premium dollars on health care and activities to improve health care quality. Since it missed the [80 percent target / target in your State 21] by [XX% 22] of premium it received in 2019, [Health Insurer 23] must rebate [XX% 24] of your health insurance premiums. Because [Health Insurer 25] previously provided an estimated MLR rebate of [XX% / \$XX 26], we are now rebating you the remaining [XX% / \$XX 27] of your health insurance premiums.

[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 **28**]. [OPTIONAL FOR ISSUERS: Your rebate/credit provided right now is \$XX **29**].

Need more information?

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact [Health Insurer **30**] toll-free at [1-XXX-XXX-XXX **31**] or [website or email address **32**].

Sincerely,

[John Doe, Authorized Executive **33**] [Health Insurer **34**]