

## Notice of Health Insurance Premium Rebate

[September 30, 20XX 1]

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

Re: Health Insurance Premium Rebate for Year [20XX 3]; [Policy #XXXXXX 4]

Dear [Subscriber Name 5]:

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.

The Affordable Care Act requires [Health Insurer 6] to issue a rebate to you if [Health Insurer 7] does not spend at least 80 percent of the premiums it received on health care services, such as doctors and hospital bills, and on 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 at: <https://www.healthcare.gov/health-care-law-protections/rate-review/> and <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Medical-Loss-Ratio>.

[The Affordable Care Act allows States to require health insurers to meet a higher ratio. [Your State 8] sets a higher Medical Loss Ratio standard, so [Health Insurer 9] must meet a [XX% 10] Medical Loss Ratio, meaning that [XX% 11] of premiums must be spent on medical services and activities to improve health care quality, and no more than [XX% 12] of premiums may be spent on administrative costs.]

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

The Medical Loss Ratio is calculated based on total premiums and claims of all individuals insured by an insurer in a state, using a three-year average. It is not based only on your premiums and claims. In [your State 13], from [20XX 14] to [20XX 15], [Health Insurer 16] spent on average only [XX% 17] of premium dollars on health care and activities to improve health care quality. Since it missed the [80 percent target / target in your State 18] by [X% 19], [Health Insurer 20] must rebate [X% 21] of a total of [\$YYY 22] of its after-tax premium revenue in your market segment. We are required to provide your portion of this rebate to you by September 30, [20XX 23], or apply it to your premium that is due no later than October 30, [20XX 24].

[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 **25**]. [OPTIONAL FOR ISSUERS: Your rebate/credit is \$XX **26**.]

**Need more information?**

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact [Health Insurer **27**] toll-free at [1-XXX-XXX-XXX **28**] or [website or email address **29**].

Sincerely,

[John Doe, Authorized Executive **30**]  
[Health Insurer **31**]