

# Broker Briefing

11/30/2011

## **Amendment Mailing to Employer Groups Medical Loss Ratio Rebate Check Distribution & Reporting**

The medical loss ratio (MLR) provisions of the Patient Protection and Affordable Care Act (PPACA) require health plans to report their MLR to the Secretary of Health and Human Services no later than June 1, 2012, for the calendar year 2011.

The MLR is the ratio of a health plan's medical expenses to their collected premium for the calendar year. Rocky Mountain Health Plans (RMHP) will file reports in 2012, related to 2011 experience for the following market segments:

- HMO Small Group (up to 50 employees)
- PPO Small Group
- HMO Large Group (51 or more employees)
- PPO Large Group
- Individual

If we report a MLR of less than 80% (for the small group and individual market segments) or less than 85% (for large group market segments) for 2011, we will distribute the difference in the form of premium rebate (under 80% and 85% respectively). The rebate amount each employer and subscriber would receive is tied to the premium contributions they made in 2011.

If rebates are required, RMHP will utilize the option available under PPACA to distribute rebates to the group and rely upon the group to distribute the portion of the rebate owed to employees enrolled at any time in 2011. The group will be responsible to provide documentation back to RMHP regarding distribution of rebates to employees who contributed to the premiums. It is too early to know if RMHP will, in fact, need to distribute rebates for 2012 in any market segments. If rebates are necessary, RMHP will provide detailed guidance to the employer to assist in the rebate distribution.

Letters informing groups of this obligation will be sent to all employers with an amendment to the Group Service Agreement on November 30, 2011.

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As always, if you have any questions, comments or need assistance,  
please call your Rocky Mountain Health Plans Executive.

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