

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

**MLR REBATE 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: <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-B/part-158>.

Issuers must use the attached 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. Issuers may not deviate from the content of the forms provided, unless populating variable fields or adding the issuer's or plan's name/logo.

There are three standard Notices, each one designed for policyholders and subscribers in different situations.

**WHEN NOTICE OF REBATE MUST BE PROVIDED**

Notices must be provided by September 30 of the year following the MLR reporting year for which the rebate is being issued. For example, Notices of rebates based on the 2022 MLR reporting year must be provided by September 30, 2023.

NOTE: The rebate itself may either be included with the Notice, or may be sent separately. The Notice may be sent prior to or after payment of the rebate as long as each is provided by September 30 of the year following the MLR reporting year for which the rebate is being issued.

**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 **63 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.

## **WHICH NOTICE TO USE**

There are three standard notices. Each one is labeled with a number in the top-right corner, for ease of reference.

### *Form #1 – Individual Market Subscribers*

Use Form #1 to send Notice to subscribers in the individual market who are receiving rebates. The individual market consists of policies issued to an individual (the subscriber) that covers the individual and may also cover his or her dependents in the individual market. This category also includes individual coverage issued to an association.

### *Form #2 – Group Policyholders and Subscribers When the Issuer Sends the Rebate to the Group Policyholder*

Use Form #2 to send Notice to group policyholders to whom the issuer is sending the rebate directly, and also to each subscriber of such group policyholders.

Form #2 is to be used for group health plans that are either (1) subject to the Employee Retirement Income Security Act of 1974 (ERISA); (2) a non-federal governmental plan; or (3) a church plan that has agreed to distribute the rebate in the same manner as non-federal governmental plans are required to do.

### Form #3 – *Group Subscribers When the Issuer Sends the Rebate Directly to Subscribers*

Use Form #3 to send Notice to each subscriber when the issuer is distributing the rebate based on the total premium paid by the group health plan directly to the employees or subscribers in the group health plan.

This includes (1) church plans that have not agreed to distribute the rebate in the same manner as non-federal governmental plans are required to do, and (2) group health plans that have been terminated at the time the rebate is issued and the issuer cannot, despite reasonable efforts, locate the policyholder whose plan participants or employees were enrolled in the group health plan.

### **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. The references in these Notice Instructions are based on the 2022 MLR Form; for later years, verify whether the line numbers have changed.

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 – Individual Market Subscribers**

<b>Field(s)</b>	<b>Instruction</b>
1	Enter the date the Notice is sent, which must be on or before September 30 of the year subsequent to the MLR reporting year that produced the rebate.
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, 15	Enter the MLR reporting year for which the rebate is being calculated.
4	Enter the policy number of the subscriber’s policy.
5	Enter the subscriber’s full name.

- 6, 7, 9, 16, 20, 27, 31  
Enter the name of the issuer responsible for providing the rebate.
- 8-12 The entire paragraph that contains Fields 8-12 should only be used if the policy was issued in a State that requires a loss ratio higher than 80 percent in its individual market.
- 8, 13 Enter either the name of the State in which the MLR experience applies or the words “your State”.
- 10, 11 Enter the MLR standard required by the subscriber’s State for the individual market.
- 12 Enter the percentage difference between 100 percent and the MLR standard entered in Fields 10 and 11.
- 14 Enter the first year in the three-year aggregation period (that is, the year two years prior to the MLR reporting year, as represented in the PY2 column of the MLR Form).
- 17 Enter the issuer’s credibility-adjusted MLR, as reported on the MLR Form, Part 3, Line 4.3.
- 18 Enter “80 percent target” or the MLR standard required by the State, as applicable.
- 19, 21 Enter the percentage difference between the applicable MLR standard and the issuer’s credibility-adjusted 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.
- 22 Enter the total amount of earned premium, adjusted for taxes and regulatory fees, as reported on the MLR Form, Part 3, Line 2.3.
- 23, 24 Enter the year following the MLR reporting year that produced the rebate.
- 25 Please select the wording in this bracket that represents the method of the rebate.
- 26 **OPTIONAL FOR ISSUERS:**  
Issuers may, at their option, choose to insert the amount of the rebate being provided to each subscriber.
- 28, 29 Enter both the toll-free telephone number and also a website or email address that subscribers may use to contact the issuer if they have questions regarding the MLR and their rebate.
- 30 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 #2 – Group Market Policyholders and Subscribers When the Issuer Sends the Rebate to the Group Policyholder**

<b>Field(s)</b>	<b>Instruction</b>
1	Enter the date the Notice is sent, which must be on or before September 30 of the year subsequent to the MLR reporting year that produced the rebate.
2	Enter the policyholder's/subscriber's name and mailing address. <ul style="list-style-type: none"><li>• 2a – enter the policyholder's/subscriber's first and last name;</li><li>• 2b – enter the policyholder's/subscriber's street address;</li><li>• 2c – enter the policyholder's/subscriber's city, state and zip code.</li></ul>
3, 21	Enter the MLR reporting year for which the rebate is being calculated.
4	Enter the policy number of the policyholder's group number or subscriber's policy.
5	Enter the policyholder's/subscriber's full name.
6, 7, 8, 15, 22, 26, 31, 35	Enter the name of the issuer responsible for providing the rebate.
9	Enter 80 if the Notice is going to policyholders and subscribers in the small group market, and 85 if the Notice is going to policyholders and subscribers in the large group market.
10	Enter 20 if the Notice is going to policyholders and subscribers in the small group market, and 15 if the Notice is going to policyholders and subscribers in the large group market.
11, 12, 13	Enter "80/20" if the Notice is going to policyholders and subscribers in the small group market, and "85/15" if the Notice is going to policyholders and subscribers in the large group market.
14-18	The entire paragraph that contains Fields 14-18 should only be used if the policy was issued in a State that requires a higher medical loss ratio than 80 percent in its small group market or 85 percent in its large group market.
14, 19	Enter either the name of the State in which the MLR experience applies or the words "your State".
16, 17	Enter the MLR standard required by the policyholder's/subscriber's State for the small or large group market, based on whether the policyholder or subscriber being sent the Notice is part of a small group or large group.
18	Enter the percentage difference between 100 percent and the MLR standard entered in Fields 16 and 17.

- 20 Enter the first year in the three-year aggregation period (that is, the year two years prior to the MLR reporting year, as represented in the PY2 column of the MLR Form).
- 23 Enter the issuer’s credibility-adjusted MLR, as reported on the MLR Form, Part 3, Line 4.3.
- 24 Enter 80 if the Notice is going to policyholders and subscribers in the small group market and 85 if the Notice is going to policyholders and subscribers in the large group market. If a policy was issued in a State that requires an MLR higher than 80 percent for the small group market or 85 percent for the large group market, enter the MLR standard required by that State for the small or large group market, based on whether the policyholder or subscriber being sent the Notice is part of a small group or large group.
- 25, 27 Enter the percentage difference between the applicable MLR standard and the issuer’s credibility-adjusted 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.
- 28 Enter the total amount of earned premium, adjusted for taxes and regulatory fees, as reported on the MLR Form, Part 3, Line 2.3.
- 29, 30 Enter the year following the MLR reporting year that produced the rebate.
- 32, 33 Enter both the toll-free telephone number and also a website or email address that subscribers may to contact the issuer if they have questions regarding the MLR and their rebate.
- 34 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 #3 – Group Market Subscribers When the Issuer Sends the Rebate Directly to the Subscribers**

<b>Field(s)</b>	<b>Instruction</b>
1	Enter the date the Notice is sent, which must be on or before September 30 of the year subsequent to the MLR reporting year that produced the rebate.
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, 20 Enter the MLR reporting year for which the rebate is being calculated.
- 4 Enter the policy number of the subscriber's policy.
- 5 Enter the subscriber's full name.
- 6, 7, 14, 21, 25, 29, 31, 35 Enter the name of the issuer responsible for providing the rebate.
- 8 Enter 80 if the Notice is going to subscribers in the small group market, and 85 if the Notice is going to subscribers in the large group market.
- 9 Enter 20 if the Notice is going to subscribers in the small group market and 15 if the Notice is going to subscribers in the large group market.
- 10, 11, 12 Enter 80/20 if the Notice is going subscribers in the small group market. Enter 85/15 if the Notice is going to subscribers in the large group market.
- 13-17 The entire paragraph that contains Fields 13-17 should only be used if the policy was issued in a State that requires an MLR higher than 80 percent in its small group market or 85 percent in its large group market.
- 13, 18 Enter either the name of the State in which the MLR experience applies or the words "your State".
- 15, 16 Enter the MLR standard required by the policyholder's State for the small or large group market, based on whether the subscriber being sent the Notice is part of a small group or large group.
- 17 Enter the percentage difference between 100 percent and the MLR standard entered in Fields 15 and 16.
- 19 Enter the first year of the three-year aggregation period (that is, the year two years prior to the MLR reporting year, as represented in the PY2 column of the MLR Form).
- 22 Enter the issuer's credibility-adjusted MLR, as reported on the MLR Form, Part 3, Line 4.3.
- 23 Enter 80 if the Notice is going to subscribers in the small group market and 85 if the Notice is going to subscribers in the large group market. If a policy was issued in a State that requires an MLR higher than 80 percent for the small group market or 85 percent for the large group market, enter the MLR standard required by that State for the small or large group market, based on whether the subscriber being sent the Notice is part of a small group or large group.
- 24, 26 Enter the percentage difference between the applicable MLR standard and the issuer's credibility-adjusted 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.

- 27 Enter the total amount of earned premium, adjusted for taxes and regulatory fees, as reported on the MLR Form, Part 3, Line 2.3.
- 28 Enter the year following the MLR reporting year that produced the rebate.
- 30 Please select the wording in this bracket that represents the method of the rebate.
- 32, 33 Enter both the toll-free telephone number and a website or email address that subscribers may use to contact the issuer if they have questions regarding the MLR and their rebate.
- 34 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.