



Date: March 30th, 2012

To: [All Insurance Companies]

From: Carol S. Jimenez, Director, Division of Medical Loss Ratio, Center for Consumer Information and Insurance Oversight, Centers for Medicare & Medicaid Services

Subject: Announcement of Medical Loss Ratio Annual Reporting Procedures

This memorandum outlines the process by which health insurance issuers will submit their Medical Loss Ratio (MLR) data to fulfill reporting obligations under the MLR provisions of the Affordable Care Act. The report for the MLR reporting year 2011 must be filed by June 1, 2012.

1. Statutory and Regulatory Authority for Collecting MLR Data

Effective 2011, section 2718 of the Public Health Service Act (PHS Act), 42 USC §300gg-18, establishes minimum MLR standards for health insurance issuers (issuers), and requires issuers to provide rebates when the issuers' MLRs are lower than the applicable MLR standard. Section 2718 also requires issuers to submit to the Secretary data on issuers' use of premium dollars within major categories, including data required to calculate issuers' MLRs and rebates.

The regulation implementing section 2718 of the PHS Act, 45 CFR Part 158, details the data that issuers must submit, and sets forth the MLR and rebate calculation methodology. The MLR data will be collected by the Center for Consumer Information and Insurance Oversight (CCIIO) within the Centers for Medicare & Medicaid Services (CMS).

2. Who is Required to File an Annual MLR Data Report

The MLR data must be reported by all issuers providing health insurance coverage subject to section 2718 of the PHS Act and the MLR implementing regulations. This generally includes Life, Accident & Health, Property & Casualty, and Fraternal issuers providing group or individual health insurance coverage in the:

- a. Individual market;
- b. Small group market; and
- c. Large group market;

including issuers providing "Mini-med" policies (policies with total annual benefit limits of \$250,000 or less) and Expatriate policies.

Your organization may be required to report MLR data regardless of whether you currently file annual financial reports with the National Association of Insurance Commissioners (NAIC).

Please review the MLR implementing regulations and guidance, available on CCIIO's website at <http://cciio.cms.gov/resources/regulations/index.html#mlr>, to determine whether your organization is required to report MLR data.

3. How to File an Annual MLR Data Report

Issuers will file MLR data reports using the MLR module of CMS' online Health Insurance Oversight System (HIOS). To access the MLR module, issuers will need to complete an *MLR User Registration Form*.

- If your organization has previously registered with HIOS, you can access the *MLR User Registration Form* by logging into HIOS using your existing log-in credentials at <https://insuranceoversight.hhs.gov/HIOS/Login.aspx>.
- If your organization has not previously registered with HIOS, you can download the *MLR User Registration Form* from CCIIO's website at <http://www.cciio.cms.gov/resources/data/mlr.html>.

A completed *MLR User Registration Form* must be submitted to the HIOS help desk at insuranceoversight@hhs.gov from your organization's email address.

MLR data for all States in which your organization has health insurance premiums or claims must be filed by the legal entity authorized to do business in those States (please note that this is not the holding company). This legal entity, rather than the individual issuers within each State, will report the MLR data for all of the entity's issuers in all of its States.

Once your user access requests are processed, the authorized individuals will receive user account information and instructions for accessing the MLR module in HIOS.

4. Format of the Annual MLR Data Report

A complete MLR filing will require: (a) a data submission using an Excel template, and (b) attestations to the accuracy of the data by both the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of your organization. Your organization will need to register six HIOS MLR module users:

- An Upload user and a back-up Upload user authorized to submit MLR data through HIOS; and
- Two Attester users and two back-up Attester users authorized to review and attest to the accuracy and completeness of the MLR data uploaded to HIOS. The two primary Attester users should be the CEO and the CFO of the legal entity required to file an MLR

data report. The two back-up Attester users should be qualified officers of the filing entity as listed on the State annual filing documents.

MLR data should be uploaded to HIOS in a single zip file containing the following:

- A separate completed Excel template for each issuer in each State in which an issuer has written direct health insurance premiums or incurred claims.
- A separate completed Excel template containing the Grand Total numbers for all reported MLR data.

The Excel template for collecting the MLR data (MLR Annual Reporting Form) will be published on CCIIO's HIOS website beginning April 3, 2012. The form is currently under review by the Office of Management and Budget (OMB) and has yet to receive a valid OMB control number. The form is therefore subject to change. While we cannot require an entity to use a form that lacks an OMB control number, an issuer who uses the form published in April 2012 will be deemed in compliance with the requirement to file its MLR data on a form prescribed by the Secretary even if that form differs from what is ultimately approved and issued an OMB control number at some later date.

Once the MLR data are uploaded to HIOS, the two designated attesting officials (or the designated back-up attestors) will be able to review the upload and attest to the accuracy and completeness of the data submission. The attestations will be completed through HIOS. Both attestations must be received in order for the filing to be complete.

5. Timeline for Filing the Annual MLR Data Report

April 3, 2012: HIOS MLR module registration window opens.

May 1, 2012: MLR data report submission window opens.

June 1, 2012: MLR data report filing deadline. MLR data must be uploaded, and both designated officials must attest to the accuracy of the data, before this deadline.

If you have any questions regarding the information in this announcement, please contact the HIOS help desk at insuranceoversight@hhs.gov or 1-877-343-6507.