



## **OVERSIGHT GROUP**

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**Date:** May 1, 2015

**To:** All Health Insurance Issuers

**From:** Julie McCune, Director, Division of Medical Loss Ratio, Center for Consumer Information and Insurance Oversight, Centers for Medicare & Medicaid Services

**Subject:** Announcement of Medical Loss Ratio and Risk Corridors Annual Reporting Procedures for the 2014 MLR Reporting Year

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 2014 MLR reporting year must be filed by July 31, 2015.

#### 1. Statutory and Regulatory Authority for Collecting MLR and Risk Corridors 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.

Under Section 1342 of the Patient Protection and Affordable Care Act, issuers of qualified health plans (QHPs) must participate in the risk corridors program and pay charges to or receive payments from HHS based on the ratio of the issuer's allowable costs to the target amount. The regulation implementing this provision, 45 CFR Part 153, details the data that issuers must submit, and sets forth the risk corridors calculation methodology.

The MLR and risk corridors 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 Annual MLR Data and Risk Corridors Data Reports

##### *MLR Reporting*

The MLR data must be reported by 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). For the 2014 MLR reporting year, expatriate lines of business are exempt from the MLR rebate requirements. For additional guidance, please see [Affordable Care Act Implementation FAQs - Set 13 - Centers for Medicare & Medicaid Services \(March 8, 2013\)](#).

Your company 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 <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/#Medical Loss Ratio>, to determine whether your organization is required to report MLR data. You may also email your question to [MLRQuestions@CMS.hhs.gov](mailto:MLRQuestions@CMS.hhs.gov).

### *Risk Corridors Reporting*

Risk Corridors information is included on the 2014 MLR Reporting Form, but is only required to be completed by companies that offer at least one qualified health plan (QHP) through the Federal or State-based Marketplace during the 2014 benefit year. These companies are also required to submit the Risk Corridors Plan-level Data Form.

### 3. How to File an Annual MLR Report and Risk Corridors Plan-level Data Form

Issuers will file an MLR reporting form and risk corridors plan-level data report, if applicable, using the MLR module of CMS’ online Health Insurance Oversight System (HIOS). To access the HIOS MLR module, all users will first need to register with CMS’ Enterprise Portal. For questions regarding registering and accessing HIOS, please contact the Exchange Operation Support Center at [CMS\\_FEPS@cms.hhs.gov](mailto:CMS_FEPS@cms.hhs.gov) or 1-855-267-1515. Once your user access requests are processed, the authorized individuals will receive user account information and instructions for accessing the MLR module in HIOS.

MLR data for all States in which your company has health insurance premiums or claims, and risk corridors data for all States in which your company offered QHPs, 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 and risk corridors data for all of the entity’s issuers in all of its States.

### 4. Format of the Annual MLR and Risk Corridors Data Reports

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. Similarly, a complete risk corridors filing will require: (a) submissions of both the MLR reporting form and the risk corridors plan-level data form in an Excel format; 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.

Companies with QHPs should upload the Risk Corridors Plan-level Data Form to HIOS in a single zip file containing the following:

- A separate completed Excel template for each QHP issuer in each State in which an issuer offered QHPs.
- Submitters **MUST** upload the MLR Annual Reporting Form for 2014 before uploading the Risk Corridors Plan-level Data Form.

The Excel template for collecting the MLR and risk corridors data (MLR Annual Reporting Form), as well as the additional Excel template for collecting risk corridors plan-level data (Risk Corridors Plan-level Data Form), will be published on CCIIO’s HIOS website beginning June 1, 2015. The forms are currently under review by the Office of Management and Budget (OMB) and have 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 HIOS’ MLR module on June 1, 2015 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. The HIOS MLR module will begin accepting the MLR data beginning July 1, 2015.

Once the MLR data are uploaded to HIOS, the two designated attesting officials (or the designated back-up attesters) 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 and Risk Corridors Data Reports

MLR and risk corridors data submissions, including the risk corridors plan-level data form, follow the same submission schedule, and are subject to the same submission deadlines.

June 1, 2015: HIOS MLR module registration window opens.

July 1, 2015: MLR and risk corridors data report submission window opens.

July 31, 2015: MLR and risk corridors data report filing deadline. MLR and risk corridors 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 HIOS MLR module, please contact the Exchange Operation Support Center at [CMS\\_FEPS@cms.hhs.gov](mailto:CMS_FEPS@cms.hhs.gov) or 1-855-267-1515.

If you have any questions regarding the MLR Annual Report please contact the MLR Division at [MLRQuestions@cms.hhs.gov](mailto:MLRQuestions@cms.hhs.gov).

If you have any questions regarding the Risk Corridors data submission requirements, please contact [ACARiskCorridors@cms.hhs.gov](mailto:ACARiskCorridors@cms.hhs.gov).