

## Medical Loss Ratio Rebates Frequently Asked Questions for Sales

The Affordable Care Act requires that all health insurers spend 80%/85% of each premium dollar received towards paying claims, clinical services, and activities that improve health care quality for members. This percentage is known as the minimum Medical Loss Ratio.

If a health insurer does not meet this MLR requirement, the insurer is required by law to issue rebates to employer groups and/or plan subscribers. Rebates are issued in September based on premiums received the prior year. Below are common FAQs related to the MLR rebates and check distribution.

### FAQ's & Answers

#### REBATES AMOUNTS AND PAYEES

**1. Can an employer group individually qualify for an MLR rebate?**

Under the law, the MLR calculation is done by insurers for each line of business. The calculations are not reflective of an individual employer's or group health plan's experience.

**2. Will a group's employees or group plan members receive information about this rebate?**

Independence is required to notify all impacted subscribers covered under the health plan that a rebate is being paid to their group plan policy holder.

**3. How is the amount of a rebate determined?**

The amount of the rebate is based on a percentage of the premium collected for coverage during the prior year, minus any taxes and fees paid on this premium. This amount includes any premium paid by the employer or employee. The percentage of the rebate is equal to the difference between Independence's actual MLR and the 80 or 85 percent targets, depending on the size of your employer or group health plan.

For individual members with a subsidy, the MLR is based on total premium collected, including the subsidized amount. Please note that rebate amounts are government approved.

**4. Who will receive a rebate?**

Calculations are determined each year for groups and market segments. For example, in 2020 Independence issued rebate checks to Individual, small group (2-50) and large group (51+) customers who had PPO coverage in 2019 as well as large (51+) group customers who had HMO coverage in 2019.

**5. Can individuals and employer groups that dropped their health insurance coverage still receive rebates for the time in the prior year that they were covered by their health insurer?**

Yes, individuals and employer groups that dropped their coverage can receive rebates for the portion of the MLR calendar year for which they were covered.

**6. What happens if an employer changed health plans during the prior year?**

If a group employer changed health plans during the prior year, and both plans triggered rebates, they will receive a separate check for each plan representing the period for which they were active.

**7. Can a group or subscriber determine if the amount of the rebate check they received is correct by comparing the rebate percentage against premium payments?**

No. In calculating rebate amounts, we are required to adjust premium amounts paid based on taxes and fees we must pay on behalf of a policy.

**8. Why are Refunds due?**

Refunds are due because Independence was able to implement programs with doctors and hospitals that improve patient care and health outcomes and reduced overall costs for members. This translates to lower amounts of premium dollars being applied toward member care.

**9. How are companies not covered by Employee Retirement Income Security Act (ERISA) affected?**

As outlined in the applicable ACA regulation, non-governmental ERISA-exempt plans must submit written assurance that they will use any rebate paid by their insurance carrier to benefit the plan's individual subscribers. If the company does not provide written assurance, the insurer must distribute the rebate directly to the subscribers of the group health plan covered by the policy during the MLR reporting year. In advance of MLR rebate distributions, Independence notifies companies whose records indicate may be a non-governmental ERISA-exempt plan. The companies are directed to a webpage where they can fill out and submit a short written-assurance form.

**10. How can I see which clients received a check and for what amount?**

Prior to the annual mailing, information is shared with Sales via Independence Edge. That includes a detailed report on the rebates with the client information. The Report will be stored on the Sales Reports SharePoint site and links will be provided. The report file contains the CID, group number, check number, group name, customer address, check amount, and broker.

## **GROUP EMPLOYERS**

**11. How can I determine if a check has been received and cashed?**

The Disbursements team has MLR-questions specific email addresses: [ibcdisbursements@ibx.com](mailto:ibcdisbursements@ibx.com) or [ahnjdisbursements@amerihealth.com](mailto:ahnjdisbursements@amerihealth.com). For check questions and reissues, use this email. They can determine if a check has been cashed or returned with the check number, name and CID of the client and they can confirm status of the checks. To update incorrect email addresses, email [mlraddressupdate@ibx.com](mailto:mlraddressupdate@ibx.com) for IBC and [njmlraddressupdate@amerihealth.com](mailto:njmlraddressupdate@amerihealth.com) for AHNJ.

**12. Can a group check be reissued in a person's name?**

No. We can void a check to correct an addressing issue and reissue a new one, but it must be issued to the name of the company. We cannot issue it to a person. Address corrections and requests to reissue checks should be submitted to the IBC Disbursements email address, [ibcdisbursements@ibx.com](mailto:ibcdisbursements@ibx.com).

**13. Can a customer request that IBC pay rebates to its employees (subscribers) directly, in lieu of sending the rebate to the group?**

No. We are not able to just pay group subscribers directly, even if the group would like us to. We are required to send the check to the employer if the employer is still in existence. We can and do pay group subscribers directly if their former group has gone out of business.

**14. Should a subscriber of a group policy who receives a rebate notice expect to receive a rebate?**

The MLR rebate is paid to the employer and it is their responsibility to determine how to best use the rebate in support of the health plan. Independence does not participate in that decision. Any questions as to how

the employer will use the rebate should be directed to the employer. Employers should answer questions regarding how they will use their rebate. While sharing the rebate with their health plan participants or subscribers is one option, other options may be available to them.

**15. How are clients advised of the upcoming mailing?**

The MLR is announced via Independence Edge to Sales, Brokers, Consultants so they can advise clients. Outreach is also conducted to Brokers and Consultants. For internal Sales, a customer version of Edge is included that can be customized and sent out to clients.

**16. How does it work if a company is no longer in business or has been sold and is due a rebate?**

If the company (legal entity) is no longer in business, the check cannot be made out to the owner. We would then send rebate checks to the former subscribers.

If the company (legal entity) has been sold, we need formal documentation filed with the state of the purchase. With that documentation, we check can reissue a check to the new company

If the subscriber is receiving the rebate, each will receive the same amount of rebate. As prescribed by the regulation, we do not vary the rebate regardless of the amount of premium paid by the subscriber or the number of months of coverage they had.

## **SUBSCRIBERS**

**17. There is a reference number on letters sent to subscribers, which is not a CID or Group number. What number is it?**

For MLR letters sent to subscribers the subscriber's group member number is used as an identifier in the data file and is printed on each letter. The subscriber data file also identifies each subscriber by Customer ID and Group Number.

**18. When will a rebate will be sent directly to the subscriber?**

- 1.) If the policyholder is an ERISA exempt, non-governmental plan and Independence did not receive their written assurance verifying they will distribute their refund according to MLR regulations.
- 2.) If the policyholder has gone out of business and no subsequent owner can be identified.
- 3.) Rebates in the Consumer (Individual) market are paid directly to the subscribers.

**19. Can I receive a list of employees who were covered under the plan receiving a rebate OR share a list of which subscribers received a rebate notice with my group client?**

No, it is our policy not to release any information or the list of subscribers to which we sent the rebate notice. There are a few reasons for this:

- The information is available to the employers through other means. The list is compiled of employees who were covered under the group policy at any point during the calendar year.
- There is the risk that the employer uses this information to determine how to distribute the rebate. The subscriber list we create to send the notices is not necessarily the appropriate list to use for the employer to distribute the rebate. To avoid any liability in how the list is used, we do not send the list.
- Although, we can only release rebate information to the current Broker of Record. So, when brokers inquire about customers who were with them in the previous years, but are now with another broker, they need to provide some sort of proof that the client is requesting the information from them.

## **DISBURSEMENTS/MAILING**

### **20. What should a client do if they do not receive a check, but they are on the list to receive one?**

If the checks do not show up after 30 business days, you can contact the IBC Disbursements team at the **IBC Disbursements email address (ibcdisbursements@ibx.com)** to determine if checks have been cashed yet or to get a new check issued.

### **21. My customer's check was returned due to an incorrect address. What was the source of customer addresses for the MLR rebate mailing?**

Addresses used on the MLR rebate checks are the customer addresses listed in ROAM under Correspondence Address. If an address is incorrect, it must be updated in ROAM. Each year in advance of the MLR mailing, a reminder notice is run in [Independence Edge](#) encouraging the sales team to verify customer addresses by a specific date to help ensure checks are sent to current customer addresses. The Broker Experience also conducts outreach to Brokers to advise of updating addresses.

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## **MISCELLANEOUS**

### **22. What are the AHNJ, Independence & AHPA dedicated lines for inquiries?**

Two dedicated lines have been created to channel inquiries about the rebate check, CMS notice or letter and FAQ. CSRs may transfer MLR specific questions only to the appropriate line below:

- AHPA and AHNJ Subscribers and Group Customers: 1-888-379-7435
- IBX and AHPA Group Customers: 1-888-379-7435
- IBX Subscribers: 1-888-745-2314

### **23. What do health care quality improvement activities include?**

Examples of quality improvement activities include case management, wellness programs, and disease management. Quality improvement activities will meet all four categories:

- The activity is designed to improve health quality.
- The activity is designed to increase the likelihood of desired health outcomes in ways that can be objectively measured and can produce verifiable results.
- The activity is directed toward individual members or segments of members, as well as populations outside the members, (if no additional costs are incurred for the non-members).
- The activity is based on evidence-based medicine, best clinical practices, or criteria issued by professional medical associations.

### **24. What are the tax implications for receiving a rebate?**

Group employers and subscribers should consult with a tax adviser about any tax implications for receiving a rebate.