

## Notice of Health Insurance Premium Refund

[August 1, 20XX 1]

[Subscriber Name 2a  
123 Main Street 2b  
Anytown, USA 2c]

Re: Health Insurance Premium Refund for Year [20XX 3]; [Policy #XXXXXX 4]

Dear [Subscriber Name 5]:

This letter is to inform you that you will receive a refund of a portion of your health insurance premiums. This refund is required by the Affordable Care Act – the health reform law.

The Affordable Care Act requires [Health Insurer 6] to issue a refund to you if [Health Insurer 7] does not spend at least 80 percent of the premiums it receives on health care services, such as doctors and hospital bills, and activities to improve health care quality, such as wellness programs. No more than 20 percent of premiums may be spent on administrative costs such as salaries and advertising. This requirement is referred to as the “Medical Loss Ratio” standard or the “80 / 20 rule”. The 80 / 20 rule in the Affordable Care Act is intended to ensure that consumers get value for their health care dollars. You can learn more about the 80/20 rule and other provisions of the health reform law at: <http://www.healthcare.gov/law/features/costs/value-for-premium/index.html>.

[The Affordable Care Act allows States to apply for a lower ratio. In [20XX 8], your State applied for and received a temporary adjustment to the 80/20 rule. For [20XX 9], [Health Insurer 10] must meet a [XX% 11] Medical Loss Ratio, meaning that [XX% 12] of premiums must be spent on medical services and activities to improve health care quality, and no more than [XX% 13] of premiums can be spent on administrative costs. Additional information on State requests for an adjustment to the 80 /20 rule can be found at: <http://cciio.cms.gov/programs/marketreforms/mlr/index.html>].

[The Affordable Care Act allows States to require health insurers to meet a higher ratio. [Your State sets a higher Medical Loss Ratio standard, so [Health Insurer 14] must meet a [XX% 15] Medical Loss Ratio, meaning that [XX% 16] of premiums must be spent on medical services and activities to improve health care quality, and no more than [XX% 17] of premiums may be spent on administrative costs].

### **What the Medical Loss Ratio Rule Means to You**

The Medical Loss Ratio rule is calculated on a State by State basis. In your State, [Health Insurer 18] did not meet the Medical Loss Ratio standard. In [20XX 19], [Health Insurer 20] spent only [XX% 21] of a total of [\$YYY 22] in premium dollars on health care and activities to improve health care quality. Since it missed the [80 percent target / target in your State 23] by [X% 24] of premiums it received, [Health Insurer 25] must refund [X% 26] of your health insurance premiums. We are required to provide this refund to you by August 1, [20XX 27].

[We are enclosing a check/We are sending you a check separately from this letter/We are giving you this refund by reducing your next premium payment/We are issuing a credit to the credit or debit card you used to pay your premium 28]. [OPTIONAL FOR ISSUERS: Your refund/credit is \$XX 29].

**Need more information?**

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact [Health Insurer 30] toll-free at [1-XXX-XXX-XXX 31].

Sincerely,

[John Doe, President and CEO 32]

[Health Insurer 33]