

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 refund part of the premiums it received if it does not spend at least [80/85 7] percent of the premiums [Health Insurer 8] 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 [20/15 9] percent of premiums may be spent on administrative costs such as salaries and advertising. This is referred to as the “Medical Loss Ratio” standard or the [80/20 85/15 10] rule. The [80/20 85/15 11] 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 85/15 12] 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 require health insurers to meet a higher ratio. Your State sets a higher Medical Loss Ratio standard, so [Health Insurer 13] must meet a [XX% 14] Medical Loss Ratio, meaning that [XX% 15] of premiums must be spent on medical services and activities to improve health care quality, and no more than [XX% 16] of premiums can 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 17] did not meet the [80/20 85/15 /target in the state 18] 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 85 percent target / target in your State 23] by [X% 24], [Health Insurer 25] must refund [X% 26] of the total health insurance premiums paid by the employer and employees in your group health plan. We must send this refund by August 1, [20XX 27].

Rebate Distribution Method

[Health Insurer 28] is distributing the refund based on the total premium paid your group health plan directly to the employees or subscribers in the group health plan. The refund is being distributed evenly among these subscribers. [We are enclosing a check/We are sending you a check separately from this letter 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]