

## Notice of Health Insurance Premium Rebate

[September 30, 20XX 1]

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

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

Dear [Subscriber Name 5]:

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

The Affordable Care Act requires [Health Insurer 6] to rebate part of the premiums it received if [Health Insurer 7] does not spend at least [80/85 8] percent of premiums on health care services, such as doctors and hospital bills, and on activities to improve health care quality, such as efforts to improve patient safety. No more than [20/15 9] percent of premiums may be spent on administrative costs such as salaries, sales, 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 at: <https://www.healthcare.gov/health-care-law-protections/rate-review/> and <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Medical-Loss-Ratio>.

[The Affordable Care Act allows States to require health insurers to meet a higher ratio. [Your State 13] 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 can be spent on administrative costs.]

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

The Medical Loss Ratio is calculated based on total premiums and claims of all similar-sized groups insured by an insurer in a state, using a three-year average. It is not based only on your group’s premiums and claims. In [your State 18], from [20XX 19] to [20XX 20], [Health Insurer 21] spent on average only [XX% 22] of 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] is required to rebate [X% 26] of a total of [\$YYY 27] of its after-tax premium revenue in your market segment. We must send your portion of this rebate to you by September 30, [20XX 28].

## **Rebate Distribution Method**

[Health Insurer 29] is distributing the rebate based on the total premium paid by your group health plan directly to the employees or subscribers in the group health plan. The rebate is being distributed evenly among these subscribers. [We are enclosing a check/We are sending you a check separately from this letter 30].

## **Need more information?**

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact [Health Insurer 31] toll-free at [1-XXX-XXX-XXX 32] or [website or email address 33].

Sincerely,

[John Doe, Authorized Executive 34]  
[Health Insurer 35]