

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
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OVERSIGHT GROUP

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To: All Health Insurance Issuers

From: Christina Whitefield, Acting 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 2015 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 2015 MLR reporting year must be filed by July 31, 2016.

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 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.

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 **individual, small group, and large group markets**. This includes issuers providing “mini-med” policies (policies with total annual benefit limits of \$250,000 or less), as well as student health plans. For the 2015 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 \(March 8, 2013\)](#) and [Affordable Care Act Implementation FAQs - Set 18 - Centers for Medicare & Medicaid Services \(January 9, 2014\)](#).

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.

Risk Corridors Reporting

Risk Corridors information is included in certain sections of the 2015 MLR Annual Reporting Form, but these sections should only be completed by companies that offer at least one qualified health plan (QHP) through the Federal or State-based Marketplace during the 2015 benefit year. These companies are also required to submit the Risk Corridors Plan-level Data Form.

3. Format of the MLR Annual Reporting Form and 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 Health Insurance Oversight System (HIOS) website (<https://hios.cms.gov>) beginning June 3, 2016. Form instructions and sample forms will also be posted on the CCIIO website (<https://www.cms.gov/cciio/Resources/Forms-Reports-and-Other-Resources/index.html#Medical Loss Ratio>). 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 forms are therefore subject to change.

A complete MLR filing includes:

- a. the MLR Annual Reporting Form:
 - i. a completed template for each State in which your company has written direct health insurance premiums or incurred claims;
 - ii. a completed template containing the Grand Total numbers for MLR data across all states;
- b. a completed, scanned and uploaded attestation form signed by both the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of your organization (or their designated back-ups) attesting to the accuracy of the submitted data.

Similarly, for issuers who offered at least one QHP, a complete risk corridors filing includes:

- a. the Risk Corridors Plan-level Data Form
 - i. a completed template for each State in which your company offered at least one QHP;

- b. signatures of both the CEO and the CFO of your organization (or their designated back-ups) on the risk corridors portion of the attestation form.

4. How to Submit a MLR Annual Reporting Form and Risk Corridors Plan-level Data Form

The MLR Annual Reporting Form and, if applicable, the Risk Corridors Plan-level Data Form, should be submitted through the HIOS MLR Module at <https://hios.cms.gov>.

Setting up a HIOS Account

To access the HIOS MLR Module, all new users will first need to register with CMS' Enterprise Portal at <https://portal.cms.gov>. Please note that the HIOS MLR registration and issuer confirmation period for new and existing issuers begins on June 3, 2016. Registration must be completed prior to the actual submission of MLR data, so we encourage issuers who will be using the HIOS MLR Module for the first time in 2016 to register during the month of June. We also encourage those issuers who have used the HIOS MLR module in previous years to verify in June that the information regarding their registered users and their associated states is up-to-date.

For questions regarding registering and accessing HIOS, please contact the Exchange Operation Support Center at 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.

Your organization will need to register at least three primary, and up to three back-up 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 a MLR Annual Reporting Form. The two back-up "Attester" users should be qualified officers of the filing entity as listed on the State annual filing documents.

**Please be sure to check all HIOS roles for accuracy far ahead of the filing deadline, and allow extra time for establishing new HIOS accounts and password resets if needed.

Uploading Your Submission

MLR data should be uploaded to HIOS in a single zip file containing the following:

- a template for each State in which an issuer has written direct health insurance premiums or incurred claims
- the Grand Total template containing numbers for all reported MLR data across all states

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

- a template for each State in which an issuer offered QHPs

NOTE: Submitters **MUST** upload the 2015 MLR Annual Reporting Form before uploading the Risk Corridors Plan-level Data Form.

Attesting to the Accuracy and Completeness of Your Submission

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.

Please note: The attestation process has changed. Attesters are no longer required to electronically attest through HIOS. Attesters are now required to sign a hard copy of the attestation form that is downloaded from HIOS by the company uploader. The signed form should then be uploaded into HIOS as a PDF. (Do NOT include the attestation form in the zip file.) The form must be signed by both of the designated attesters and uploaded into HIOS in order for the filing to be complete.

5. Timeline for Filing the MLR Annual Reporting Form and Risk Corridors Plan-level Data Form

MLR and risk corridors data submissions follow the same submission schedule, and are subject to the same submission deadlines.

June 3, 2016: HIOS MLR Module registration window opens. Issuers will also be able to download templates from HIOS starting on this date.

July 1, 2016: MLR and risk corridors data report submission window opens.

July 31, 2016: 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.

**Please be sure to check all HIOS roles for accuracy far ahead of the filing deadline, and allow extra time for establishing new HIOS accounts and password resets if needed.

If you have any questions regarding the HIOS MLR module, please contact the Exchange Operation Support Center at CMS_FEPS@cms.hhs.gov or 1-855-267-1515.

If you have any questions regarding the MLR Annual Reporting Form, please contact the MLR Division at MLRQuestions@cms.hhs.gov.

If you have any questions regarding the Risk Corridors data submission requirements, please contact ACARiskCorridors@cms.hhs.gov.