

Medical Loss Ratio (MLR) Rebate 2023 FAQ

Rebates will be issued to some small group employers and direct-pay subscribers because of the Affordable Care Act (ACA) and its MLR mandate.

What is the MLR and why are we issuing rebates?

The ACA requires that health insurers spend a certain amount, called the MLR, on their members' medical claims and on improving quality of care. This rule intends to limit spending on administrative costs and fees.

In Massachusetts, the required spending threshold for direct pay and small groups is 88 percent. The required threshold for large groups is 85 percent.

This year, we spent less than the 88 percent limit for small group employers and direct-pay subscribers, so those customers will be issued rebates. We've met the threshold for large groups, so those customers won't be issued rebates.

Who will receive rebates?

Approximately 18,500 direct pay and connector individual subscribers will receive rebates, along with 21,000 small group and connector employers, who will determine how to pass the rebates on to their employees. Additionally, per MLR requirements, we'll be issuing letters to approximately 110,000 subscribers of the affected small group and connector employers, notifying them that they may be entitled to a rebate.

- **Small group and connector employers:**
We'll process rebates starting September 1, and no later than September 15, 2023. To ensure that rebates are sent to the correct location, check the address listed in the MLR letter we mailed you. If you need help changing your billing address, contact account service.
- **Direct pay and connector subscribers:**
We'll begin issuing rebates starting on September 1, 2023, and finish by September 15, 2023. To ensure that rebates are sent to the correct location, check the address listed in the MLR letter we mailed you. If you need help changing your billing address, call Member Service at the number on your ID card.
- **Large group employers**
We exceeded the required spending threshold for large groups, so you won't receive a rebate.

MLR rebates don't apply to self-insured (ASC) accounts.

How will the rebates be distributed?

- By check:
 - All eligible small groups with one subscriber as of December 31, 2022
 - All eligible small group employers if one or more of your eligible groups is canceled.
 - All eligible connector small group employers
 - All eligible Direct Pay and connector subscribers
- By credit on a future bill:
 - All other eligible small group employers if all of your eligible groups are active with Blue Cross Blue of Massachusetts.

How are we communicating this information to affected employers and subscribers?

- Small Group and Connector Employers:
We're sending letters and/or emails to all affected employers beginning August 30, 2023. The MLR requires that one letter be sent to each group. If an account manages multiple groups, the account will receive a letter for each group.
- Small Group and Connector Employees:
We're sending letters to all affected employee subscribers beginning September 15, 2023. The MLR requires that these letters inform them of MLR rules, and let them know their employer is entitled to a rebate and will be receiving one.
- Direct Pay Subscribers:
We're sending letters to all affected Direct Pay policyholders beginning August 31, 2023.

In addition, we're publishing a press release in our online Newsroom on Thursday, August 31, 2023.

What was our merged market MLR for combined direct pay and small groups in 2022?

Our merged market MLR was 86.4 percent in 2022.