



OVERSIGHT GROUP

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Date: April 1, 2014
To: [All Insurance Companies]
From: Julie McCune, Director, Division of Medical Loss Ratio, Center for Consumer Information and Insurance Oversight, Centers for Medicare & Medicaid Services
Subject: Announcement of Medical Loss Ratio Annual Reporting Procedures for the 2013 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 2013 MLR reporting year must be filed by June 1, 2014.

1. Statutory and Regulatory Authority for Collecting MLR 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. The MLR 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 an Annual MLR Data Report

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:

- a. Individual market;
- b. Small group market; and,
- c. Large group market;

including issuers providing "mini-med" policies (policies with total annual benefit limits of \$250,000 or less) and student health plans. For the 2013 MLR reporting year, expatriate lines of business are

exempt from the MLR rebate requirements. For additional guidance, please see http://cciio.cms.gov/resources/factsheets/aca_implementation_faqs13.html (March 8, 2013).

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 <http://cciio.cms.gov/resources/regulations/index.html#mlr>, to determine whether your organization is required to report MLR data. You may also email your question to MLRQuestions@CMS.hhs.gov.

3. How to File an Annual MLR Data Report

Issuers will file MLR data reports using the MLR module of CMS' online Health Insurance Oversight System (HIOS). To access the HIOS MLR module, all users will first need to register with CMS' Enterprise Portal. 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.

MLR data for all States in which your company has health insurance premiums or claims 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 data for all of the entity's issuers in all of its States.

4. Format of the Annual MLR Data Report

A complete MLR filing will require: (a) a data submission using an Excel template; and (b) attestations to the accuracy of the data by both the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of your organization. Your organization will need to register six 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 an MLR data report. The two back-up "Attester" users should be qualified officers of the filing entity as listed on the State annual filing documents.

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

- A separate completed Excel template for each issuer in each State in which an issuer has written direct health insurance premiums or incurred claims.
- A separate completed Excel template containing the Grand Total numbers for all reported MLR data.

The Excel template for collecting the MLR data (MLR Annual Reporting Form) will be published on CCHIO's HIOS website beginning April 4, 2014. The form is currently under review by the Office of Management and Budget (OMB) and has yet to receive a valid OMB control number. The form is therefore subject to change. While we cannot require an entity to use a form that lacks an OMB control number, an issuer who uses the form published in HIOS' MLR module on April 4, 2014 will be deemed in compliance with the requirement to file its MLR data on a form prescribed by the Secretary even if that form differs from what is ultimately approved and issued an OMB control number at some later date. The HIOS MLR module will begin accepting the MLR data beginning May 1, 2014.

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. The attestations will be completed through HIOS. Both attestations must be received in order for the filing to be complete.

5. Timeline for Filing the Annual MLR Data Report

April 4, 2014: HIOS MLR module registration window opens.

May 1, 2014: MLR data report submission window opens.

June 1, 2014: MLR data report filing deadline. MLR data must be uploaded and both designated officials must attest to the accuracy of the data before this deadline.

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 Report please contact the MLR Division at MLRQuestions@cms.hhs.gov or 1-855-267-1515.