



August 2023

«first_name» «last_name»
«mail_add1»
«mail_add2»
«mail_city», «mail_state» «mail_zip»

Re: «member_code»

IMPORTANT INFORMATION ABOUT YOUR HEALTH INSURANCE PREMIUM REBATE

Dear «first_name» «last_name»,

I'm writing to let you know that Harvard Pilgrim Health Care ("Harvard Pilgrim") will be rebating a portion of your health insurance premium through your employer for 2022. This rebate is issued in accordance with the Medical Loss Ratio (MLR) requirements of the Affordable Care Act. The Affordable Care Act requires that all health insurers spend a certain percentage of premiums on claims and expenses that improve health care quality. This percentage is known as the minimum MLR. If a health insurer does not meet the minimum MLR requirement, the insurer must issue rebates to all employers within the affected line of business.

The enclosed Notice of Health Insurance Premium Rebate is a federally mandated letter that provides information on this MLR rebate.

There's no action required on your part.

Additional information online

These websites offer more details and helpful resources to better understand the MLR rebate:

- www.harvardpilgrim.org/MLRrebate
- www.healthcare.gov/glossary/medical-loss-ratio-MLR/
- www.irs.gov/newsroom/medical-loss-ratio-mlr-faqs
- www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Medical-Loss-Ratio.html

Questions?

If you have additional questions after reading the enclosed notice, we're here to help. Please contact your broker or HSA Insurance Customer Service by phone at **781-228-2222**, via live chat at www.hsainsurance.com or by emailing customerservice@hsainsurance.com.

Sincerely,

A handwritten signature in black ink that reads "Michael Fopiano".

Michael Fopiano
Director, Member and Provider Services

Enclosure: Notice of Health Insurance Premium Rebate

Notice of Health Insurance Premium Rebate

August 2023

«first_name» «last_name»

«mail_add1»

«mail_add2»

«mail_city», «mail_state» «mail_zip»

Re: Health Insurance Premium Rebate for Year 2022, Policy # «member_code»

Dear Subscriber,

This letter is to inform you that Harvard Pilgrim Health Care, Inc. will be rebating a portion of your health insurance premiums through your employer or group policy holder. This rebate is required by the Affordable Care Act – the health reform law.

The Affordable Care Act requires Harvard Pilgrim Health Care, Inc. to rebate part of the premiums it received if it does not spend at least 80 percent of the premiums Harvard Pilgrim Health Care, Inc. receives on health care services, such as doctors and hospital bills, and activities to improve health care quality, such as efforts to improve patient safety. No more than 20 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 rule. The 80/20 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 rule and other provisions of the health reform law at: <https://www.healthcare.gov/health-care-law-protections/rate-review/>.

The Affordable Care Act allows States to require health insurers to meet a higher ratio. Massachusetts sets a higher Medical Loss Ratio standard, so Harvard Pilgrim Health Care, Inc. must meet an 88% Medical Loss Ratio. This means that 88% of premiums must be spent on medical services and activities to improve healthcare quality; and no more than 12% of premiums may 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 Massachusetts, Harvard Pilgrim Health Care, Inc. did not meet the **88/12** standard. In **2022**, Harvard Pilgrim Health Care, Inc. spent only **87.2%** of a total of **\$411,849,103** in premium dollars on health care and activities to improve health care quality. Since it missed the **88%** target by **0.8%** of premium it receives, Harvard Pilgrim Health Care, Inc. must rebate **0.8%** of the total health insurance premiums paid by the employer and employees in your group health plan. We are required to send this rebate to your employer or group policyholder by **August 31, 2023** or apply this rebate to the health insurance premium that is due on or after **August 31, 2023**. Employers or group policyholders must follow certain rules for distributing the rebate to you.

Ways in Which an Employer Can Distribute the Rebate

If your group health plan is a non-Federal governmental plan, the employer or group policyholder must distribute the rebate in one of two ways:

- Reducing premium for the upcoming year; or
- Providing a cash rebate to employees or subscribers that were covered by the health insurance on which the rebate is based.

If your group health plan is a church plan, the employer or group policyholder has agreed to distribute the portion of the rebate that is based on the total amount all of the employees contributed to the health insurance premium in one of the ways discussed in the prior paragraph.

If your group health plan is not a governmental plan or a church plan, it likely is subject to the Federal Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, the employer or the administrator of the group health plan may have fiduciary responsibilities regarding use of the Medical Loss Ratio rebates. Some or all of the rebate may be an asset of the plan, which must be used for the benefit of the employees covered by the policy. Employees or subscribers should contact the employer or group policyholder directly for information on how the rebate will be used. For general information about your rights regarding the rebate, you may contact the Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or review the Department's technical guidance on this issue on its web site at <https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04>.

Need more information?

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact Harvard Pilgrim Health Care, Inc. toll-free at **1-877-907-4742** or www.harvardpilgrim.org/MLRrebate.

Contact your employer or Administrator directly for information on how the rebate will be distributed. For general information about your rights regarding the rebate if your group health plan is subject to ERISA, you may contact the Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or review the Department's technical guidance on this issue on its web site at <https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04>.

Sincerely,



Cain A. Hayes
Chief Executive Officer
Point32Health