

August 2023

RE: Your Massachusetts State & Federal Medical Loss Ratio Rebate—Important Information

Group Name: «business_name»

Group Number: «member_code»

Dear Employer:

At Tufts Health Plan our top priority is to provide your employees with high-quality, affordable health care coverage. To achieve this, we continuously monitor and manage ways to reduce costs.

We are letting you know that you will be receiving a Medical Loss Ratio (MLR) rebate for 2022 from Tufts Associated Health Maintenance Organization, Inc. (Tufts Health Plan). It will be noted on your applicable rebate whether it is a result of Massachusetts state and/or Federal MLR requirements. We have also enclosed a federally mandated communication titled “Notice of Health Insurance Premium Rebate”. This letter will provide you with the information you need to assist you in appropriately distributing the MLR rebate to your employees who are members of Tufts Health Plan.

The rebate will be issued in the form of a refund check issued by HSA Insurance which is enclosed with this letter.

We are required to send this rebate to you by August 31, 2023 or apply this rebate to the health insurance premium that is due on or after August 31, 2023. Your eligible employees who were active Tufts Health Plan members through December 31, 2022 (or, if applicable, the date your group plan terminated the coverage), will receive a letter to help explain the MLR rebate. If you or your employees have questions about MLR, please see our Frequently Asked Questions (FAQs). We also recommend the following websites:

- <https://tuftshealthplan.com/mlr> (FAQs)
- www.healthcare.gov/glossary/medical-loss-ratio-MLR/
- <https://www.irs.gov/newsroom/medical-loss-ratio-mlr-faqs>
- www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Medical-Loss-Ratio.html

Ways in Which You Can Distribute the Rebate

As an employer, you 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. For general information about your responsibilities 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 website at <https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04>.

If you have specific questions about this letter or the MLR rebate you have received please contact your broker or HSA Insurance by phone, 781-228-2222, via live chat at hsainsurance.com, or by email, customerservice@hsainsurance.com.

Sincerely,

Tufts Health Plan

Notice of Health Insurance Premium Rebate

August 2023

«business_name»

«mail_add1»

«mail_add2»

«mail_city», «mail_state» «mail_zip»

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

Dear Policyholder:

This letter is to inform you that Tufts Associated Health Maintenance Organization, Inc. (Tufts Health Plan) 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 Tufts Health Plan to rebate part of the premiums it received if it does not spend at least 80 percent of the premiums Tufts Health Plan 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 Tufts Health Plan must meet an 88% Medical Loss Ratio, meaning that 88% of premiums must be spent on medical services and activities to improve health care quality, and no more than 12% of premiums can 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, Tufts Health Plan did not meet the 88/12 standard. In 2022, Tufts Health Plan spent only 82.8% of a total of \$509,593,406 in premium dollars on health care and activities to improve health care quality. Since it missed the 88 percent target in Massachusetts by 5.2% of premium it receives, Tufts Health Plan must rebate 5.2% 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.

(Please turn over)

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 Tufts Health Plan toll-free at 1-800-462-0224 or www.tuftshealthplan.com.

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 Hayes
Chief Executive Officer
Tufts Health Plan