

**Annual Medical Loss Ratio (MLR) Calculation  
Frequently Asked Questions (FAQ)**

No.	Question	Response
1	<b>Why does Blue Cross Blue Shield of Massachusetts need my company's employee identification number (EIN)?</b>	Medicare requires health plans to provide information about the number of employees in each of our accounts, as well as each account's EIN (also referred to as tax identification number or TIN). Medicare uses this information to more accurately ensure that claims are paid in the correct priority, based on each account's size. If your company includes subgroups, we need only the primary account's EIN for the survey.
2	<b>What is the Patient Protection and Affordable Care Act (PPACA)'s medical loss ratio (MLR)?</b>	The PPACA is a federal law. One requirement of this law is that health insurance companies report their MLR to federal regulators and pay rebates if certain MLR targets aren't met. The calculation of the MLR is based, in part, on the size of the insurance company's employer groups. To calculate MLR for 2020 and determine if any rebates are due to your company in 2021, we need to know whether your company should be categorized as a "small" or "large" employer group, as defined by the PPACA.
3	<b>What are the definitions of "small" and "large" employer groups for the purposes of the PPACA and MLR?</b>	A small employer has employed an average of at least one, but not more than 50, employees on business days during the preceding calendar year, and employed at least one employee on the first day of the plan year. A large employer has employed an average of at least 51 employees on business days during the preceding calendar year, and employed at least two employees on the first day of the plan year.
4	<b>What if my company was a new employer and didn't have any employees in 2019?</b>	If your company didn't exist in 2019, you should base your group-size count on the average number of employees you reasonably expect to employ on business days in 2020.
5	<b>Why is it important for me to report this information?</b>	MLR is calculated separately for small and large employer group markets. Rebates are determined based on your employer group.
6	<b>Why is this survey necessary? Can't Blue Cross Blue Shield of Massachusetts use the number of employees enrolled in our plan to determine our group size?</b>	According to federal law, employer size, for MLR calculation purposes, is based on the average number of employees employed on business days during the preceding calendar year [for reference, see Section PHS Act §2791(e)(2) and (4)]. This calculation includes each full-time, part-time, and seasonal employee. Since the total number of employees enrolled in your plan may be different than the total number of employees working during that time frame, we need you to provide us with that information, as we don't know the total number of employees at your organization in 2019.
7	<b>Do I have to include part-time employees when determining my employer size?</b>	Yes. For the purposes of this survey, your employee count includes all full-time and part-time employees.
8	<b>I own my company. Am I considered an employee?</b>	Yes.
9	<b>Do I need to include retirees in my total employee count?</b>	Retirees are generally not considered employees, unless they were active employees for all or a portion of 2019. Count only employees who were active during the 2019 calendar year.
10	<b>My company is a sole proprietorship. Do I still need to complete this survey?</b>	Yes. If your company is a sole proprietorship, don't count yourself or your spouse as employees (for purposes of this survey only).
11	<b>Could my survey answers affect my premium payments?</b>	Possibly. The purpose of this survey is to determine your employer group size to calculate our MLR and determine if any rebates are due to your company in 2021. Indirectly, the MLR calculations could lead to future changes in your premium, as we review premium rates on each employer's anniversary date to determine if changes are necessary.
12	<b>Should I include out-of-state employees in my count?</b>	Yes. You should count all of your employees who were active for all or a portion of 2019, even if they weren't enrolled in your plan or didn't live in Massachusetts.
13	<b>Does this mean my company might be considered a large group for MLR purposes, and a small group for other purposes?</b>	Yes. Because the definitions of employer size are different for various federal laws and programs, your organization might be classified differently for different purposes.
14	<b>If my company is due a rebate, when will I receive it?</b>	If your company is due a rebate for 2020, we'll issue a rebate on your premium in time for you to distribute rebates to employees by September 30, 2021.