

May 13, 2020

Account Number: 3333333
Reference Number: 7777777

24036-1

TEST COMPANY
JOHN DOE
01 MAIN ST
ANYWHERE MA 01111

Dear JOHN DOE:

Blue Cross Blue Shield of Massachusetts is conducting our annual Patient Protection and Affordable Care Act (PPACA) survey to satisfy federal government requirements. This survey defines the size of your company (small or large) for potential rebate purposes.

Why You Should Complete This Survey

The PPACA requires insurance companies to report our Medical Loss Ratio (MLR) to federal regulators annually, and pay rebates to our accounts if certain MLR targets aren't met. The calculation of the MLR is based, in part, on the size of the employer groups that we insure. To calculate MLR for 2020 and determine if any rebate is due to your company in 2021, we need to know whether your company should be categorized as a "small" or "large" employer group.





Why You Need to Calculate and Report the Number of Employees

If we're required to issue MLR rebates in 2021, the size of your company will be a factor in determining if you'll be eligible for a rebate. That's why we're asking you to complete the enclosed *Employer Group Size Survey* and indicate your company's average number of employees in 2019, consistent with the definition provided in the survey.

If a rebate is due to your company based on the MLR calculations, you must provide detailed reporting information, which we're required by law to retain and report to federal regulators. You must also distribute the rebate funds (if applicable) proportionally to your employees, based on their premium contribution.

When to Return This Survey

Please respond **within the next 10 business days** to avoid receiving unnecessary follow-up calls and letters. Your timely response to this survey will help us determine if your company will receive a rebate for reporting year 2020. Rebates would be issued in 2021. We prefer that you respond online, but you can also respond by mail, phone, or fax. See below for details.

 To respond online , visit bcbsma.GroupSizeUpdateCenter.com and provide the requested information. You'll need your Account Number and Reference Number (located at the top right of this page).	
 To respond by mail , please complete the enclosed survey and send it to: Blue Cross Blue Shield of Massachusetts PO BOX 543099 OMAHA, NE 68154	 To respond by phone , please call us at: 888-703-7302  To respond by fax , please complete the enclosed survey and fax it to: 402-384-6695

Questions?

If you have questions, refer to the enclosed *Frequently Asked Questions* sheet, or call us at 888-703-7302. Thank you for your response.

Sincerely,

Blue Cross Blue Shield of Massachusetts

Enclosures: Patient Protection and Affordable Care Act MLR Calculation Employer Group Size Survey, FAQs

Patient Protection and Affordable Care Act MLR Calculation Employer Group Size Survey

Employer Name: TEST COMPANY
Account Number: 3333333

Reference Number: 7777777

Employer Identification Number (EIN): 333333333

Step 1. If your primary EIN (see above) is incorrect or blank, please provide the correct EIN:

Note: If the primary EIN is correct, skip to the next step.

Step 2. This survey will determine whether your company is a “small” or “large” employer group for calculating the 2020 Medical Loss Ratio (MLR) and potential rebate. Please complete the following:

Please indicate the average number of employees* your company employed in 2019, as defined below for calculating the MLR, by selecting your employer size:

- ☐ Sole Proprietorship (don't count yourself or your spouse as employees (for purposes of this survey only))
- ☐ Small Employer (average of 50 or fewer employees AND at least one employee on January 1, 2020)
- ☐ Large Employer (average of 51 or more employees AND at least two employees on January 1, 2020)

* For purposes of counting employees and determining group size, an employer's number of employees is determined by averaging the total number of all employees employed on business days during the *preceding calendar year* [Section PHS Act §2791(e)(2) and (4)]. This includes each full-time, part-time, and seasonal employee. An employee is “any individual employed by an employer” [PHS Act §2791(d)(5)].

We'll use this employer size categorization to calculate the 2020 MLR and help determine whether your company will receive a rebate for reporting year 2020. Rebates would be issued in 2021.

We'll also rely on you to distribute rebate funds (if applicable) proportionally to your employees, according to federal guidelines.

Sign and Return: By signing and returning this form and completing this survey, you certify the accuracy of this information and confirm your understanding that we rely on your answers to calculate MLR and any associated rebate as required by federal law. **Please return the completed and signed survey within the next 10 business days.**

Name & Title (Please Print)

Signature

Date

Annual Medical Loss Ratio (MLR) Calculation Frequently Asked Questions (FAQs)

No.	Question	Response
1	Why does Blue Cross Blue Shield of Massachusetts need my company's employee identification number (EIN)?	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	What is the Patient Protection and Affordable Care Act (PPACA)'s medical loss ratio (MLR)?	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	What are the definitions of "small" and "large" employer groups for the purposes of the PPACA and MLR?	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	What if my company was a new employer and didn't have any employees in 2019?	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	Why is it important for me to report this information?	MLR is calculated separately for small and large employer group markets. Rebates are determined based on your employer group.
6	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?	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	Do I have to include part-time employees when determining my employer size?	Yes. For the purposes of this survey, your employee count includes all full- and part-time employees.
8	I own my company. Am I considered an employee?	Yes.
9	Do I need to include retirees in my total employee count?	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	My company is a sole proprietorship. Do I still need to complete this survey?	Yes. If your company is a sole proprietorship, don't count yourself or your spouse as employees (for purposes of this survey only).
11	Could my survey answers affect my premium payments?	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	Should I include out-of-state employees in my count?	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	Does this mean my company might be considered a large group for MLR purposes, and a small group for other purposes?	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	If my company is due a rebate, when will I receive it?	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.

May 13, 2020

Account Number: 4444444
Reference Number: 8888888

24036-2

TEST COMPANY
JOHN DOE
01 MAIN ST
ANYWHERE MA 01111

SECOND REQUEST

Dear JOHN DOE:

REMINDER: Your company may be eligible for a rebate. Blue Cross Blue Shield of Massachusetts is conducting our annual Patient Protection and Affordable Care Act (PPACA) survey to satisfy federal government requirements. This survey defines the size of your company (small or large) for potential rebate purposes.

Why You Should Compete This Survey

The PPACA requires insurance companies to report our Medical Loss Ratio (MLR) to federal regulators annually and pay rebates to our accounts if certain MLR targets aren't met. The calculation of the MLR is based, in part, on the size of the employer groups that we insure. To calculate MLR for 2020 and determine if any rebate is due to your company in 2021, we need to know whether your company should be categorized as a "small" or "large" employer group.





Why You Need to Calculate and Report the Number of Employees

If we're required to issue MLR rebates in 2021, the size of your company will be a factor in determining if you'll be eligible for a rebate. That's why we're asking you to complete the enclosed *Employer Group Size Survey* and indicate your company's average number of employees in 2019, consistent with the definition provided in the survey.

If a rebate is due to your company based on the MLR calculations, you must provide detailed reporting information, which we're required by law to retain and report to federal regulators. You must also distribute the rebate funds (if applicable) proportionally to your employees based on their premium contribution.

When to Return This Survey

Please respond **within the next five business days** to avoid receiving additional follow-up calls and letters. Your timely response to this survey will help us determine if your company will receive a rebate for reporting year 2020. Rebates would be issued in 2021. We prefer that you respond online, but you can also respond by mail, phone, or fax. See below for details.

 To respond online , visit bcbsma.GroupSizeUpdateCenter.com and provide the requested information. You'll need your Account Number and Reference Number (located at the top right of this page).	
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If you have questions, refer to the enclosed *Frequently Asked Questions* sheet, or call us at 888-703-7302. Thank you for your response.

Sincerely,

Blue Cross Blue Shield of Massachusetts

Enclosures: Patient Protection and Affordable Care Act MLR Calculation Employer Group Size Survey, FAQs

Patient Protection and Affordable Care Act MLR Calculation Employer Group Size Survey

Employer Name: TEST COMPANY
Account Number: 4444444

Reference Number: 8888888

Employer Identification Number (EIN): 444444444

Step 1. If your primary EIN (see above) is incorrect or blank, please supply the correct EIN:

Note: If the primary EIN is correct, skip to the next step.

Step 2. This survey will determine whether your company is a “small” or “large” employer group for calculating the 2020 Medical Loss Ratio (MLR) and potential rebate. Please complete the following:

Please indicate the average number of employees* your company employed in 2019, as defined below for calculating the MLR, by selecting your employer size:

- ☐ Sole Proprietorship (don't count yourself or your spouse as employees (for purposes of this survey only))
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We'll also rely on you to distribute rebate funds (if applicable) proportionally to your employees, according to federal guidelines.

Sign and Return: By signing and returning this form and completing this survey, you certify the accuracy of this information and confirm your understanding that we rely on your answers to calculate MLR and any associated rebate as required by federal law. **Please return the completed and signed survey within the next five business days.**

Name & Title (Please Print)

Signature

Date

Annual Medical Loss Ratio (MLR) Calculation Frequently Asked Questions (FAQs)

No.	Question	Response
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