PAP-652-A-0

May 13, 2020

Account Number: 1111111 Reference Number: 5555555

24036-1

TEST COMPANY JOHN DOE 01 MAIN ST ANYWHERE MA 01111

Dear JOHN DOE:

Enclosed you'll find the annual surveys from Blue Cross Blue Shield of Massachusetts. We collect and use this data to satisfy federal government requirements. The surveys included are:

- 1. Employer Tax ID (EIN). This survey collects information to facilitate Internal Revenue Service Form 1095 employee reporting obligations.
- 2. Medicare Secondary Payer (MSP) Calculation. This survey helps us determine the total number of employees who worked at your company in 2019 and 2020 so that we can properly determine payment primacy for your employees' claims.
- 3. Patient Protection and Affordable Care Act (PPACA) Calculation. This survey helps us determine the size of your company (small or large) so we can calculate our Medical Loss Ratio (MLR) for the companies we insure, and determine if you're eligible for a rebate.

Note: Although both the MSP and the PPACA surveys ask about employee size, you must complete both surveys to comply with federal regulations. This is because these surveys have different purposes, and calculate employer group size differently.

What Is The Deadline For Returning The Surveys?

Please respond to all three surveys within the next 10 business days to avoid receiving follow-up calls and letters. Your timely response to these surveys 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 surveys and send them to:





To respond by phone, please call us at: 888-703-7302



To respond by fax, please complete the enclosed surveys and fax them 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: Surveys (Part 1 & 2), FAQs

Part 1: Medicare Secondary Payer Calculation

| | Employ | er Group Size Sur | vey |
|--|---------------------------------|---|---|
| | TEST COMPANY 1111111 | Reference Number: | 5555555 |
| Employer Identification N | lumber (EIN): 11 | 1111111 | |
| Step 1. If your primary E | IN (listed above) is | s incorrect or blank, ple | ease provide the correct EIN: |
| Note: If primary EIN is correct, skip | to the next step. | | |
| Step 2. What was your fi Note: Please count each associate the group numbers relating to you | employed as one employ | | full-time and part-time employees associated with |
| | • | | a single box to indicate the employer). Week 1 began January 1, 2019. |
| OPTION 1 19 or Fewer Employ My company employed 19 or fever full- and/or part-time employees or more weeks in 2019. | ver My comp for 33 and/or pa | DN 2 -99 Employees pany employed 20-99 full- part-time employees for 20 or peks in 2019. | OPTION 3 100+ Employees My company employed 100+ full- and/or part-time employees for 50% or more of its regular business days in 2019. |
| Please indicate the month in w your company reached the 33r week (doesn't have to be consecutive weeks) of employ | d your col week (de | ndicate the month in which mpany reached the 20th pesn't have to be utive weeks) of employing | Please indicate the month in which your company reached 50% of its regular business days employing |

consecutive weeks) of employing 20-99 employees, and continue to Step 3: May 🗌 September [June October [July 🗌 November [August [December [

or fewer employees, and continue

October [

November [

December [

to Step 3:

August [

September [

fullor **50%** or days in n which 6 of its regular business days employing 100+ employees, and continue to Step 3: June 🗌 September [July 🗌 October [August [November [December [

| Note: Please count each associate employed the group numbers relating to your specific ac | as one employee. This count must include all full-t | ime and part-time employees associated with |
|--|---|---|
| group size that accurately corres Note: If none of the categories reaching the sufficient number | three options below and check a sin ponds to your organization for 2020. below currently describes your control of weeks, you're still obligated to the your company changes catego | Week 1 began January 1, 2020. ompany, due to not yet oinform Blue Cross Blue |
| | | |
| OPTION 1 | OPTION 2 | OPTION 3 |
| 19 or Fewer Employees | ☐ 20–99 Employees | ☐ 100+ Employees |
| My company employed 19 or fewer | My company employed 20–99 full- | My company employed 100+ full- |
| full- and/or part-time employees for 33 or more weeks in 2020. | and/or part-time employees for 20 or more weeks in 2020. | and/or part-time employees for 50% or more of its regular business days in 2020. |
| Please indicate the month in which | Please indicate the month in which | = |
| your company reached the 33rd week (doesn't have to be | your company reached the 20th week (doesn't have to be | Please indicate the month in which your company reached 50% of its |
| consecutive weeks) of employing 19 | consecutive weeks) of employing | regular business days employing |
| or fewer employees, and continue | 20-99 employees, and continue to | 100+ employees and continue to the |
| to the reverse side: | the reverse side: | reverse side: |
| August ☐ October ☐ | May ☐ September ☐ | |
| | | June ☐ September ☐ |
| September November | June ☐ October ☐ | July |
| December □ | July ☐ November ☐ | |
| | | August |

Please Complete the Patient Protection and Affordable Care Act MLR Calculation Survey on the Next Page

August [

December \square



December

Part 2: Patient Protection and Affordable Care Act MLR Calculation **Employer Group Size Survey**

Employer Name: TEST COMPANY

Account Number: 1111111 Reference Number: 5555555

This survey will determine whether your company is a "small" or "large" employer group. This determination will help us calculate the 2020 Medical Loss Ratio (MLR), as well as your company's eligibility for any potential MLR rebate.

| Please indicate the average number of employee calculating the MLR, by selecting your employer | | in 2019, as defined below for |
|---|--|-----------------------------------|
| Sole Proprietorship (don't count yourself or | your spouse as employees (for | purposes of this survey only)) |
| Small Employer (average of 50 or fewer em | ployees AND at least one emp | loyee on January 1, 2020) |
| Large Employer (average of 51 or more employer) | ployees AND at least two empl | |
| * For purposes of counting employees and determine determined by averaging the total number of all employeed calendar year [Section PHS Act §2791(e) employee. An employee is "any individual employed | ployees employed on business (2) and (4)]. This includes each | days during the and seasonal |
| We'll use this employer size categorization to calcular receive a rebate for reporting year for 2020. Rebates | • | |
| We'll also rely on you to distribute rebate funds (if apguidelines. | oplicable) proportionally to you | |
| Sign and Return: By signing and returning this for information and confirm your understanding that we Medicare secondary payer law, and to calculate MLI return the completed and signed form within the | rely on your answers to proces R and any associated rebate a | ss your claims in accordance with |
| Name and Title (Please Print) | Signature | Date |

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Annual Medicare Secondary Payer (MSP) Calculation Process Frequently Asked Questions (FAQs)

| MSP rules depend on the number of employees an employer had over a period of time during the current or previous calendar year. You should count deceased employees at a time when they were working and had "current employment status." If you have questions about your company's MSP obligations, please call the CMS at 1-800-999-1118 or your own legal counsel. | 17 Do I need to include deceased employees in my total employee count? |
|---|---|
| In applying MSP provisions, CMS considers the corporation's total amount of employees both inside and outside of Massachusetts | 16 What if my company has out-of-state employees? |
| CMS determines primacy based on company size only, not on the organization that bought or sold the company. Primacy determination for disability is based on when the company fell below 100 employees or employed 100 or more employees. Primacy determination for working aged is based on when the company fell below 20 employees or employed 20 or more employees. For more information, refer to the MSP provision regarding the employees' requirement. | What if my company has been bought or sold? |
| eimer: 1. The religious order pays FICA taxes on behalf of the individual, OR 2. The individual from the religious order is receiving remuneration for services provided, regardless of whether the religious order pays taxes on behalf of that individual. | complete the survey? |
| Yes. An individual is counted as an active employee if the member of the religious order hasn't taken a vow of poverty. This requires that | 14 Are religious accounts or organizations required to |
| The Medicare primacy rule that applies to accounts with fewer than 20 employees states that you must have fewer than 20 employees for 20 or more weeks in the calendar year. We ask the question in a different way so that we can accurately determine primacy. Because there are 52 weeks in the calendar year, we ask if you've employed fewer than 20 people for 33 weeks, to avoid situations where a company may have employed both fewer than and more than 20 employees for 20 weeks. | Why do you ask if my company employed 1–19 employees for 33 weeks, when the Medicare rule states that we must be in that category for 20 or more weeks? |
| The purpose of the survey is to determine the correct way to process claims for your company to ensure Medicare compliance. If your answers to this survey determine that a primacy change is necessary, we'll contact you to explain what this means to your company, and how it may affect your premium payments and benefits. | Could my survey answers affect my premium payments or benefits? |
| Yes. The Federal Government classifies sole proprietorships as small businesses; therefore, the MSP rules regarding companies that employ fewer than 20 or fewer than 100 employees would apply. | 11 My company is a sole proprietorship. Do I still need to complete the survey? |
| Retirees are generally not counted as employees, unless they're receiving payments subject to FICA taxes (for example, consulting work). In this case, each retiree must be counted as an employee. | 10 Do I need to include retirees in my total employee count? |
| No, you're not considered an employee. You're considered a self-employed owner of a company | 9 I'm a self-employed owner of my company. Am I considered an employee? |
| Yes. For purposes of this survey, an employee is defined as an individual who received payments from the employer that are subject to FICA taxes. For a more detailed description of an employee, please refer to the definitions on the back of this FAQ form. | 8 Do I have to include part-time employees in my total employee count? |
| An employer is considered to employ 20 or more employees when the employer has 20 or more employees for each working day in each of 20 or more calendar weeks in the current year or preceding year. | When is an employer considered to have 20 or more employees? |
| MSP law requirements are based on the total number of employees, not on the number of employees enrolled in the health plan | 6 Why is this survey necessary? Can't Blue Cross Blue Shield of Massachusetts use the number of employees enrolled on our plan? |
| Specific rules dictate when Blue Cross Blue Shield of Massachusetts is considered the primary payer. Please refer to the back of this FAQ form for details on rules and definitions, such as the Working Aged, Disability, and End-Stage Renal Disease (ESRD) rules. | 5 When is Blue Cross Blue Shield of Massachusetts considered the primary payer? |
| Specific rules dictate when Mediare is considered the primary payer. For details, please refer to the rules and definitions on the back of this FAQs form. | 4 When is Medicare considered the primary payer? |
| Blue Cross Blue Shield of Massachusetts requires this information to pay your employees' claims in accordance with the MSP law | Why is it important for me to report this information? |
| The MSP is a federal law that determines whether Medicare or an employer group health plan pays for health claims first. The rules are outlined on the back of this FAQ form, but if you have questions, please call the Centers for Medicare and Medicaid Services (CMS) at 1-800-999-1118, or your own legal counsel. | What is the Medicare Secondary Payer (MSP) law? |
| 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. | Why does Blue Cross Blue Shield of Massachusetts need my company's employee identification number (EIN)? |
| Response | No. Question |

Medicare Secondary Payer Rules and Definitions

Medicare Secondary Payer Rules:

Working Aged Rule – A group health plan of an employer with 20 or more employees for 20 or more weeks in the current or previous calendar year is the primary payer for a plan participant who is entitled to Medicare due to age, and who has coverage under the plan based on his or her current employment.

employment. If a plan is the primary payer for plan participants entitled to Medicare due to disability, the plan is also the primary payer for plan participants entitled year is the primary payer for a plan participant who is entitled to Medicare due to disability, and who has coverage under the plan based on his or her current Disability Rule - A group health plan of an employer with 100 or more employees for 50 percent or more of its regular business days during the previous calendar to Medicare due to age.

End-Stage Renal Disease (ESRD) Rule – A group health plan of an employer of any size is the primary payer for a plan participant (other than a health plan that only covers the self-employed owner) who is entitled to Medicare due to ESRD for the first 30 months of the ESRD Medicare entitlement.

Important Definitions:

and Blue Shield of Massachusetts. For purposes of this survey, you should count the employees in all controlled or affiliated corporations. If you participate in a affiliated service group of corporations, such as a parent company, even if not all of the corporations participate in the same health care plan through Blue Cross the greater number of employees at any given time. multiple-employer health plan, where two or more unaffiliated companies offer a single health plan to their employees, "Your Company" means the company with Your Company - For purposes of this survey, "Your Company" includes any other corporations that are part of the same controlled group of corporations or

employed company owner does not counted as an employee. A retiree is counted as an employee only if he or she received payments subject to FICA taxes (e.g., employees, consultants, or seasonal employees. working as a consultant). All employees who meet this definition should be counted, regardless of their status as full-time or part-time employees, leased Employee - For purposes of this survey, an "employee" is defined as an individual who received payments subject to FICA taxes from the employer. A self-

Medicare / CMS Resources

Link to Medicare Secondary Payer – Working Aged MSP Course

Payer/Downloads/MSP-Working-Aged.pdf https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Medicare-Secondary-

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

| N _O . | Question | Response |
|------------------|---|--|
| - | 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. |
| 2 | 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 that employs at least two employees on the first day of the plan year. |
| ω | What if my company was a new employer and didn't have any employees in 2019? | If your company was not in existence 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. |
| 4 | 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. |
| QI | Why is this survey necessary? Can't Blue Cross Blue Shield of Massachusetts use the number of employees enrolled on | 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 |
| თ | 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-time and part-time employees. |
| 7 | I own my company. Am I considered an employee? | Yes. |
| œ | Do I need to include retirees in my total employee count? | Refirees are gererally 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. |
| 9 | 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). |
| 10 | 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. |
| | 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. |
| 12 | 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. |
| သံ | 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

24036-2

Account Number: 2222222 Reference Number: 6666666

SECOND REQUEST

TEST COMPANY JOHN DOE 01 MAIN ST ANYWHERE MA 01111

Dear JOHN DOE:

REMINDER: Your company may be eligible for a rebate. Enclosed you'll find the annual surveys from Blue Cross Blue Shield of Massachusetts. We collect and use this data to satisfy federal government requirements. The surveys included are:

- 1. Employer Tax ID (EIN). This survey collects information to facilitate Internal Revenue Service Form 1095 employee reporting obligations.
- 2. Medicare Secondary Payer (MSP) Calculation. This survey helps us determine the total number of employees who worked at your company in 2019 and 2020 so that we can properly determine payment primacy for your employees' claims.
- 3. Patient Protection and Affordable Care Act (PPACA) Calculation. This survey helps us determine the size of your company (small or large) so we can calculate our Medical Loss Ratio (MLR) for the companies we insure, and determine if you're eligible for a rebate.

Note: Although both the MSP and the PPACA surveys ask about employee size, you must complete both surveys to comply with federal regulations. This is because these surveys have different purposes, and calculate employer group size differently.

What Is The Deadline For Returning The Surveys?

Please respond to all three surveys within the next five business days to avoid receiving additional follow-up calls and letters. Your timely response to these surveys 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 surveys and send them to:





To respond by phone, please call us at: 888-703-7302



To respond by fax, please complete the enclosed surveys and fax them 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: Surveys (Part 1 & 2), FAQs

Part 1: Medicare Secondary Payer Calculation

| | | Emplo | yer Group Size Surv | ey |
|---------|-----------------------------------|-------------------------|---|---|
| | Employer Name: Account Number: | TEST COMPANY 2222222 | Reference Number: | 6666666 |
| Emp | loyer Identification | Number (EIN): | 22222222 | |
| Step | 1. If your primary | EIN (listed above |) is incorrect or blank, plea | ase provide the correct EIN: |
| Note: I | f primary EIN is correct, s | kip to the next step. | | |
| Note: I | | ate employed as one emp | ount at the end of 2019? _ ployee. This count must include all f | ull-time and part-time employees associated with |
| | | | | single box to indicate the employer Week 1 began January 1, 2019. |

e box to indicate the employer k 1 began January 1, 2019.

| My company emplo | e employees for 33 |
|--|---|
| Please indicate th your company rea week (doesn't hav consecutive week or fewer employed to Step 3: | nched the 33rd re to be (s) of employing 19 |
| August 🗌 | October 🗌 |
| September [| November |
| | December [|

OPTION 1

| My company e | Employees mployed 20–99 full- e employees for 20 or 1 2019. |
|--|---|
| your company week (doesn't consecutive w | e the month in which reached the 20th have to be reeks) of employing ees, and continue to |
| May 🗌 | September [|
| June 🗌 | October [|
| July 🗌 | November |
| August □ | December |

| My company en and/or part-time | nployees nployed 100+ full- employees for 50% or lar business days in |
|--------------------------------|---|
| your company regular busine | the month in which reached 50% of its ss days employing ss, and <u>continue to</u> |
| June 🗌 | September |
| July 🗌 | October |
| August 🗌 | November |
| | December |

| Note: Please count | S your current emp each associate employed a relating to your specific ac | as one employee. Th | r 2020? is count must include all full | l-time and part-time em | oloyees associated with | SPMA2 |
|---|---|---|--|--|--|-------------|
| group size tha Note: If none reaching the | t accurately corres of the categories sufficient number | ponds to your of below curren of weeks, you | pelow and check a si organization for 2020 tly describes your ou're still obligated to any changes catego |). Week 1 began company, due to to inform Blue 0 | January 1, 2020. o not yet Cross Blue | |
| | | | | | | Accou |
| OPTION 1 | : | OPTION 2 | | OPTION 3 | | |
| ☐ 19 or Few | er Employees | □ 20–99 | Employees | │ | mployees | |
| My company emplo | | My company e | mployed 20–99 full- | My company en | nployed 100+ full- | Number |
| full- and/or part-tim or more weeks in | e employees for 33 | and/or part-time | e employees for 20 or | | e employees for 50% or allar business days in | |
| of more weeks m | 2020. | more weeks | 1 2020. | 2020. | iiai business days iri | 222 |
| Please indicate th | | 1 | e the month in which | | | 22222 |
| your company rea | | your company week (doesn't | reached the 20th | 1 | the month in which reached 50% of its | 10 |
| | s) of employing 19 | , | reeks) of employing | | ss days employing | |
| or fewer employed | es, and <u>continue</u> | 20-99 employe | ees, and <u>continue to</u> | 100+ employee | es and <u>continue to the</u> | <u>=</u> െ |
| to the reverse side | <u>e:</u> | the reverse si | <u>de:</u> | reverse side: | | 66 6 |
| August 🗌 | October | May □ | September | | 0 1 1 - | 6666666 |
| Contombor - | November 🗆 | lune 🗆 | October □ | June □ | September | |
| September | November | June 🗌 | October [| July □ | October | |
| | December | July 🗌 | November | , | <u>-</u> | |
| | _ | | _ | August □ | November | |
| | | August □ | December | | | |

Please Complete the Patient Protection and Affordable Care Act MLR Calculation Survey on the Next Page



December

Part 2: Patient Protection and Affordable Care Act MLR Calculation Employer Group Size Survey

Employer Name: TEST COMPANY

Account Number: 22222222 Reference Number: 6666666

This survey will determine whether your company is a "small" or "large" employer group. This determination will help us calculate the 2020 Medical Loss Ratio (MLR), as well as your company's eligibility for any potential MLR rebates.

| Please indicate the average number of employees* scalculating the MLR, by selecting your employer size | | elow for |
|--|---|--------------------------------------|
| Sole Proprietorship (don't count yourself or you | r spouse as employees (for purposes of this surv | ey only)) |
| Small Employer (average of 50 or fewer employ | vees AND at least one employee on January 1, 20 | 020) |
| Large Employer (average of 51 or more employ | rees AND at least two employees on January 1, 2 | 2020) |
| * For purposes of counting employees and determining determined by averaging the total number of all employ preceding calendar year [Section PHS Act §2791(e)(2) employee. An employee is "any individual employed by | ees employed on business days during the and (4)]. This includes each full-time, part-time, a | |
| We'll use this employer size categorization to calculate receive a rebate for reporting year 2020. Rebates would | | |
| We'll also rely on you to distribute rebate funds (if applic guidelines. | cable) proportionally to your employees, accordin | g to federal |
| Sign and Return: By signing and returning this form a information and confirm your understanding that we rely Medicare secondary payer law, and to calculate MLR are return the completed and signed form within the new | on your answers to process your claims in according any associated rebate as required by federal la | uracy of this rdance with aw. Please |
| Name and Title (Please Print) | Signature | Date |

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Annual Medicare Secondary Payer (MSP) Calculation Process Frequently Asked Questions (FAQs)

| MSP rules depend on the number of employees an employer had over a period of time during the current or previous calendar year. You should count deceased employees at a time when they were working and had "current employment status." If you have questions about your company's MSP obligations, please call the CMS at 1-800-999-1118 or your own legal counsel. | 7 Do I need to include deceased employees in my total employee count? | 17 |
|---|---|--|
| In applying MSP provisions, CMS considers the corporation's total amount of employees both inside and outside of Massachusetts. | 6 What if my company has out-of-state employees? | 16 |
| CMS determines primacy based on company size only, not on the organization that bought or sold the company. Primacy determination for disability is based on when the company fell below 100 employees or employed 100 or more employees. Primacy determination for working aged is based on when the company fell below 20 employees or employed 20 or more employees. For more information, refer to the MSP provision regarding the employees' requirement. | 5 What if my company has been bought or sold? | 15 |
| either: 1. The religious order pays FICA taxes on behalf of the individual, OR 2. The individual from the religious order is receiving remuneration for services provided, regardless of whether the religious order pays taxes on behalf of that individual. | | and the second s |
| Yes. An individual is counted as an active employee if the member of the religious order hasn't taken a vow of poverty. This requires that | | 14 |
| The Medicare primacy rule that applies to accounts with fewer than 20 employees states that you must have fewer than 20 employees for 20 or more weeks in the calendar year. We ask the question in a different way so that we can accurately determine primacy. Because there are 52 weeks in the calendar year, we ask if you've employed fewer than 20 people for 33 weeks, to avoid situations where a company may have employed both fewer than and more than 20 employees for 20 weeks. | 3 Why do you ask if my company employed 1–19 employees for 33 weeks, when the Medicare rule states that we must be in that category for 20 or more weeks? | ಘ |
| The purpose of the survey is to determine the correct way to process claims for your company to ensure Medicare compliance. If your answers to this survey determine that a primacy change is necessary, we'll contact you to explain what this means to your company, and how it may affect your premium payments and benefits. | 2 Could my survey answers affect my premium payments or benefits? | 12 |
| Yes. The Federal Government classifies sole proprietorships as small businesses; therefore, the MSP rules regarding companies that employ fewer than 20 or fewer than 100 employees would apply. | 1 My company is a sole proprietorship. Do I still need to complete the survey? | |
| Retirees are generally not counted as employees, unless they're receiving payments subject to FICA taxes (for example, consulting work). In this case, each retiree must be counted as an employee. | Do I need to include retirees in my total employee count? | 10 |
| No, you're not considered an employee. You're considered a self-employed owner of a company. | I'm a self-employed owner of my company. Am I considered an employee? | 9 |
| Yes. For purposes of this survey, an employee is defined as an individual who received payments from the employer that are subject to FICA taxes. For a more detailed description of an employee, please refer to the definitions on the back of this FAQ form. | Do I have to include part-time employees in my total employee count? | ω |
| An employer is considered to employ 20 or more employees when the employer has 20 or more employees for each working day in each of 20 or more calendar weeks in the current year or preceding year. | | 7 |
| MSP law requirements are based on the total number of employees, not on the number of employees enrolled in the health plan. | | 6 |
| Specific rules dictate when Blue Cross Blue Shield of Massachusetts is considered the primary payer. Please refer to the back of this FAQ form for details on rules and definitions, such as the Working Aged, Disability, and End-Stage Renal Disease (ESRD) rules. | When is Blue Cross Blue Shield of Massachusetts considered the primary payer? | Οī |
| Specific rules dictate when Mediare is considered the primary payer. For details, please refer to the rules and definitions on the back of this FAQs form. | When is Medicare considered the primary payer? | 4 |
| Blue Cross Blue Shield of Massachusetts requires this information to pay your employees' claims in accordance with the MSP law. | Why is it important for me to report this information? | ω |
| The MSP is a federal law that determines whether Medicare or an employer group health plan pays for health claims first. The rules are outlined on the back of this FAQ form, but if you have questions, please call the Centers for Medicare and Medicaid Services (CMS) at 1-800-999-1118 , or your own legal counsel. | What is the Medicare Secondary Payer (MSP) law? | 2 |
| 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. | Why does Blue Cross Blue Shield of Massachusetts need my company's employee identification number (EIN)? | ــ |
| Response | | No. |

Medicare Secondary Payer Rules and Definitions

Medicare Secondary Payer Rules:

Working Aged Rule – A group health plan of an employer with 20 or more employees for 20 or more weeks in the current or previous calendar year is the primary payer for a plan participant who is entitled to Medicare due to age, and who has coverage under the plan based on his or her current employment.

employment. If a plan is the primary payer for plan participants entitled to Medicare due to disability, the plan is also the primary payer for plan participants entitled year is the primary payer for a plan participant who is entitled to Medicare due to disability, and who has coverage under the plan based on his or her current Disability Rule - A group health plan of an employer with 100 or more employees for 50 percent or more of its regular business days during the previous calendar to Medicare due to age.

End-Stage Renal Disease (ESRD) Rule – A group health plan of an employer of any size is the primary payer for a plan participant (other than a health plan that only covers the self-employed owner) who is entitled to Medicare due to ESRD for the first 30 months of the ESRD Medicare entitlement.

Important Definitions:

and Blue Shield of Massachusetts. For purposes of this survey, you should count the employees in all controlled or affiliated corporations. If you participate in a affiliated service group of corporations, such as a parent company, even if not all of the corporations participate in the same health care plan through Blue Cross the greater number of employees at any given time. multiple-employer health plan, where two or more unaffiliated companies offer a single health plan to their employees, "Your Company" means the company with Your Company - For purposes of this survey, "Your Company" includes any other corporations that are part of the same controlled group of corporations or

employed company owner does not counted as an employee. A retiree is counted as an employee only if he or she received payments subject to FICA taxes (e.g., employees, consultants, or seasonal employees. working as a consultant). All employees who meet this definition should be counted, regardless of their status as full-time or part-time employees, leased Employee - For purposes of this survey, an "employee" is defined as an individual who received payments subject to FICA taxes from the employer. A self-

Medicare / CMS Resources

Link to Medicare Secondary Payer – Working Aged MSP Course

Payer/Downloads/MSP-Working-Aged.pdf https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Medicare-Secondary-

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

| No. | Question | Response |
|-----|---|--|
| - | 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. |
| 2 | 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 that employs at least two employees on the first day of the plan year. |
| ω | What if my company was a new employer and didn't have any employees in 2019? | If your company was not in existence 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. |
| 4 | 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. |
| QI | Why is this survey necessary? Can't Blue Cross Blue Shield of Massachusetts use the number of employees enrolled on | 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 |
| თ | 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-time and part-time employees. |
| 7 | I own my company. Am I considered an employee? | Yes. |
| œ | Do I need to include retirees in my total employee count? | Retirees are gererally 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. |
| 9 | 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). |
| 10 | 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. |
| | 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. |
| 12 | 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. |
| သံ | 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. |