

Annual Medical Loss Ratio Calculation Frequently Asked Questions (FAQs)

| No. | Question | Response |
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| 1 | Why does Blue Cross Blue Shield of Massachusetts need my company's employee identification number (EIN)? | Just as Medicare requires health plans to provide information about the number of employees in each of our accounts, Medicare also requires health plans to provide them with the EIN (also referred to as tax identification number or TIN) of each account. Medicare uses this information to more accurately ensure that claims are paid in the correct primacy (priority) relative to each account's size. If your company includes many subgroups, then we only need to capture the primary account's EIN for the purposes of this survey. |
| 2 | What is the Patient Protection and Affordable Care Act's (PPACA) medical loss ratio (MLR)? | The Patient Protection and Affordable Care Act is a federal law. One requirement of this law is that health insurance companies report their medical loss ratio to federal regulators and pay rebates if certain medical loss ratio targets are not met. The calculation of the medical loss ratio is based, in part, on the size of the insurance company's employer groups. In order to calculate medical loss ratio for 2018 and determine if any rebates are due in 2019, we need to know whether your company should be categorized as a "small" or "large" employer group, as defined by the Patient Protection and Affordable Care Act. |
| 3 | What are the definitions of "small" and "large" employer groups for the purposes of the Patient Protection and Affordable Care Act and medical loss ratio? | A small employer is an employer that employed an average of at least 1, but not more than 50 employees on business days during the preceding calendar year, and that employs at least 1 employee on the first day of the plan year. A large employer is an employer that employed an average of at least 51 employees on business days during the preceding calendar year, and that employs at least 1 employee on the first day of the plan year. |
| 4 | What if my company was a new employer and did not have any employees in 2017? | If your company was not in existence in 2017, you should base your group-size count on the average number of employees you reasonably expect to employ on business days in 2018. |
| 5 | Why is it important for me to report this information to Blue Cross Blue Shield of Massachusetts? | Medical loss ratio is calculated separately for small and large employer group markets. To calculate MLR for 2018, and determine if any rebates are due to your company in 2019, we need to know whether your company should be categorized as a "small" or "large" employer group for the 2017 reporting year. |
| 6 | Why is this certification form necessary? Can't Blue Cross Blue Shield of Massachusetts just go by the number of employees enrolled on our plan to determine our group size? | According to federal law, employer size, for medical loss ratio 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 on your plan may be different than the total number of employees working during the time frame noted above, we need you to provide us with the correct information, as we do not know the total number of employees at your organization in 2017. |
| 7 | Do I have to include part-time employees when determining my employer size? | Yes. For the purposes of this questionnaire, 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? | No, unless they were active employees for all or a portion of 2017. Count only employees who were active during the 2017 calendar year. Retirees are not considered employees. |
| 10 | My company is a sole proprietorship. Does this survey apply to me? | Yes. |
| 11 | Could my answers to these questions affect my premium payments? | Possibly. The purpose of this survey is to determine your employer group size to calculate our medical loss ratio and to determine if any rebates are due in 2019. Indirectly, the medical loss ratio calculations could lead to future changes in your premium, as Blue Cross Blue Shield of Massachusetts reviews 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 2017, regardless of whether they were enrolled in your Blue Cross Blue Shield of Massachusetts plan or where they were located. |
| 13 | Does this mean my company might be considered a large group for MLR purposes, even though I am 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 it is determined that my company is due a rebate, when will I receive it? | If your company is due a rebate, Blue Cross Blue Shield of Massachusetts will issue a rebate on your premium in time for you to distribute rebates to employees by September 30, 2019. |