

**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 many subgroups, we only need the primary account's EIN for this survey.
2	What is the Patient Protection and Affordable Care Act's (PPACA) 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 2019 and determine if any rebates are due in 2020, 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 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 2 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 2018?	If your company was not in existence in 2018, you should base your group-size count on the average number of employees you reasonably expect to employ on business days in 2019.
5	Why is it important for me to report this information to Blue Cross Blue Shield of Massachusetts?	MLR is calculated separately for small and large employer group markets. To calculate MLR for 2019 and determine if any rebates are due to your company in 2020, we need to know whether your company should be categorized as a "small" or "large" employer group for the 2018 reporting year.
6	Why is this certification form necessary? Can't Blue Cross Blue Shield of Massachusetts use the number of employees enrolled on 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 on your plan may be different than the total number of employees working during that time frame, we need you to provide us with the correct information, as we don't know the total number of employees at your organization in 2018.
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 2018. Count only employees who were active during the 2018 calendar year. Retirees are not considered employees.
10	My company is a sole proprietorship. Does this survey apply to me?	Yes, we ask for your response to the survey in a timely manner. 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 answers to these questions 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 in 2020. Indirectly, the MLR 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 2018, even if they weren't enrolled in your Blue Cross Blue Shield of Massachusetts 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 2019, 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, 2020.