

Harvard Pilgrim Health Care  
1 Wellness Way  
Canton, MA 02021  
harvardpilgrim.org



<Current Date>

<Employer Name>

<Employer Address 1>

<Employer Address 2>

<Employer City>, <Employer State>, <Employer Zip>

## IMPORTANT INFORMATION ABOUT YOUR HEALTH INSURANCE PREMIUM REBATE

Dear Employer,

You will be receiving a rebate for 2024 from Harvard Pilgrim Health Care. This rebate is issued in accordance with the medical loss ratio (MLR) requirements of the Affordable Care Act. The Affordable Care Act requires that all health insurers spend a certain percentage of premiums on claims and expenses that improve health care quality. This percentage is known as the minimum MLR. If a health insurer does not meet the minimum MLR requirement, the insurer must issue rebates to all employers within the affected line of business.

A required *Notice of Health Insurance Premium Rebate* is included with this mailing. This notice provides information on how MLR rebates are calculated.

### What to know:

As the employer/administrator of the group health plan, you may have certain responsibilities regarding use of this MLR rebate.

For general information and guidance on the usage of this rebate, you may consult with your legal advisor or contact the U.S. Department of Labor at **866-444-3272**.

### Your rebate

Please find your rebate check enclosed.

For additional information on the MLR rebate, visit [www.harvardpilgrim.org/mlrrebate](http://www.harvardpilgrim.org/mlrrebate).

### Questions?

If you have additional questions after reading the enclosed notice, please call us at **800-637-4751 option 1** (TTY: **711**). Representatives are available Mondays, Tuesdays, Thursdays and Fridays from 8:30 a.m. to 5 p.m., and Wednesdays from 10 a.m. to 5 p.m.

Sincerely,

Broker and Employer Service Team

Enclosure: Notice of Health Insurance Premium Rebate

## Notice of Health Insurance Premium Rebate

<Current Date>

<Employer Name>

<Employer Address 1>

<Employer Address 2>

<Employer City>, <Employer State> <Employer Zip>

Re: Health Insurance Premium Rebate for Year 2024; Policy <Group Policy Number>

Dear Employer:

This letter is to inform you that Harvard Pilgrim Health Care will be rebating a portion of your health insurance premiums through your employer or group policy holder. This rebate is required by the Affordable Care Act — the health reform law.

The Affordable Care Act requires Harvard Pilgrim Health Care to rebate part of the premiums it received if Harvard Pilgrim Health Care does not spend at least 80 percent of premiums on health care services, such as doctors and hospital bills, and on activities to improve health care quality, such as efforts to improve patient safety. No more than 20 percent of premiums may be spent on administrative costs such as salaries, sales, and advertising. This is referred to as the “Medical Loss Ratio” standard or the 80/20 rule. The 80/20 rule in the Affordable Care Act is intended to ensure that consumers get value for their health care dollars. You can learn more about the 80/20 rule at [www.healthcare.gov/health-care-law-protections/rate-review/](http://www.healthcare.gov/health-care-law-protections/rate-review/) and [www.cms.gov/CCIIO/Programs-and-Initiatives/HealthInsurance-Market-Reforms/Medical-Loss-Ratio](http://www.cms.gov/CCIIO/Programs-and-Initiatives/HealthInsurance-Market-Reforms/Medical-Loss-Ratio).

The Affordable Care Act allows States to require health insurers to meet a higher ratio. Massachusetts sets a higher Medical Loss Ratio standard, so Harvard Pilgrim Health Care must meet a 88% Medical Loss Ratio, meaning that 88% of premiums must be spent on medical services and activities to improve healthcare quality, and no more than 12% of premiums can be spent on administrative costs.

### What the Medical Loss Ratio Rule Means to You

The Medical Loss Ratio is calculated based on total premiums and claims of all similar-sized groups insured by an insurer in a state, using a three-year average. It is not based only on your group’s premiums and claims. In Massachusetts, from 2022 to 2024, Harvard Pilgrim Health Care spent on average only 87.6% of premium dollars on health care and activities to improve health care quality. Since it missed the 88% by 0.4%, Harvard Pilgrim Health Care must rebate 0.4% of a total of \$926,758,963 of its after-tax premium revenue in your market segment. We are required to send your group’s portion of this rebate to your employer or group policyholder by September 15, 2025, or apply it to your group’s health insurance premium that is due no later than September 15, 2025. Employers or group policyholders must follow certain rules to determine whether and how much of the rebate must be used for your benefit.

### **Ways in Which an Employer Can Distribute the Rebate**

If your group health plan is a non-federal governmental plan (such as coverage sponsored by a state or local government for its employees), the employer or group policyholder must distribute the employees' portion of the rebate in one of two ways:

- Reduce premium for the upcoming year; or
- Provide a cash rebate to employees or subscribers.

If your group health plan is a church plan, the employer or group policyholder has agreed to distribute the employees' portion of the rebate in one of the two ways described above.

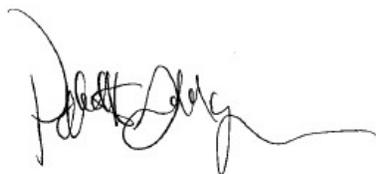
If your group health plan is not a governmental plan or a church plan, it likely is subject to the Federal Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, the employer or the administrator of the group health plan may have fiduciary responsibilities regarding use of the Medical Loss Ratio rebates. Some or all of the rebate may be an asset of the plan, which must be used for the benefit of the employees covered by the policy. Employees or subscribers should contact the employer or group policyholder directly for information on how the rebate will be used. For general information about your rights regarding the rebate, you may contact the Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or review the Department's technical guidance on this issue on its web site at [www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04](http://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04).

### **Need more information?**

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact Harvard Pilgrim Health Care toll-free at 1-800-637-4751 or visit [www.harvardpilgrim.org/mlrrebate](http://www.harvardpilgrim.org/mlrrebate).

Contact your employer or Administrator directly for information on how the rebate will be distributed. For general information about your rights regarding the rebate if your group health plan is subject to ERISA, you may contact the Department of Labor's Employee Benefits Security Administration at 866-444-EBSA (3272) or review the Department's technical guidance on this issue on its website at [www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04](http://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/technical-releases/11-04).

Sincerely,



Patrick Gilligan  
Chief Executive Officer  
Point32Health