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Medical Loss Ratio (MLR) Notice
August 2012

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This communication provides information regarding how The Empire Plan performed with respect to medical loss ratio (MLR). MLR is one of the components of the Affordable Care Act, the health reform law passed in 2010.

The MLR provision of the Affordable Care Act requires all health insurance companies/programs to spend a certain portion of insurance premium dollars on health care claims and programs to improve health care quality. If these thresholds are not met, the insurers may have the obligation to rebate certain amounts back to the applicable policyholder. The law provides guidance regarding the calculation and reporting of medical loss ratio as well as, where applicable, the criteria for when rebates to policyholders must be paid.

The MLR is not calculated at the individual plan or enrollee level, but based on the collective experience of each insurer (UnitedHealthcare and Empire BlueCross Blue Shield) that makes up The Empire Plan. This notice is to advise you that UnitedHealthcare and Empire BlueCross Blue Shield met the government threshold on the plan dollars that were used to pay health claims along with programs to improve health care quality.

This means The Empire Plan insurers met the 2011 MLR requirements and are *not* required to issue any rebates.

Medical Loss Ratio Information

The Affordable Care Act requires health insurers in the individual and small group markets to spend at least 80 percent of the premiums they receive on health care services and activities to improve health care quality (in the large group market, this amount is 85 percent). This is referred to as the Medical Loss Ratio (MLR) rule or the 80/20 rule. If a health insurer does not spend at least 80 percent of the premiums it receives on health care services and activities to improve health care quality, the insurer must rebate the difference.

A health insurer's Medical Loss Ratio is determined separately for each State's individual, small group and large group markets in which the health insurer offers health insurance. In some States, health insurers must meet a higher or lower Medical Loss Ratio. No later than August 1, 2012, health insurers must send any rebates due for 2011 and information to employers and individuals regarding any rebates due for 2011.

You are receiving this notice because your health insurer had a Medical Loss Ratio for 2011 that met or exceeded the required Medical Loss Ratio. For more information on Medical Loss Ratio and your health insurer's Medical Loss Ratio, visit www.HealthCare.gov.