

Frequently Asked Questions for the Federal Medical Loss Ratio (MLR) Rebate Program

What is the MLR Rebate?

Generally speaking, health insurance companies (or insurers) are required to spend a certain amount of premium dollars on claims and quality improvement, thus limiting the amount of premium dollars that can be spent on administrative expenses for fully insured coverage. When insurers do not meet these requirements, they rebate the difference to the affected policyholders.

Who oversees the rebate process?

The insurers report their information to the U.S. Department of Health and Human Services (HHS), who then oversees the program. HHS annually announces average rebates expected to be awarded to policyholders of insurers who did not meet the MLR requirement.

Who are rebates provided to?

Rebates are provided if the insurer did not meet the MLR standard. If applicable, insurers will provide the rebates to policyholders. Rebates will vary in amount for everyone depending on the insurer they have and the circumstances of their coverage (i.e. individual coverage, family coverage, etc.). In addition, in the individual market, the rebates should go directly to the consumer. However, if consumers are getting their insurance from their employer – the employer will be receiving the rebate. Keep in mind, if an insurer met the federal government's MLR requirements, no rebates will be awarded to its policyholders.

Does this apply to everyone?

No, the federal MLR standard only applies to fully insured plans. Self-insured plans are not impacted by this provision and therefore will not be providing rebates. If you receive health insurance through your employer ask your employer whether this applies to your plan.

When are the rebates provided?

Insurers report their information to HHS by July 31 of each year and rebates are due September 30.

What form will the rebates take?

The insurer may choose to issue the rebate as either a payment to the policyholder or as a premium credit.

Who should I call if I have questions about my rebate?

HHS can answer specific questions about how this provision operates. You can contact them by calling 1-877-696-6775 or by visiting their website at www.hhs.gov.