
FEHB Program Carrier Letter

All FEHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2013-08
Fee-for-Service [7]

Experience-rated HMO [7]

Date: 04/10/2013
Community-rated [6]

SUBJECT: Affordable Care Act (ACA) Medical Loss Ratio (MLR) in the Federal Employees Health Benefits (FEHB) Program

Summary

This letter outlines the ACA MLR procedures for FEHB carriers and their related entities. The ACA requires all issuers to provide MLR calculations to the Department of Health and Human Services (HHS) by June 1st and to issue any owed MLR rebates to policyholders by August 1st of each year. The Office of Personnel Management (OPM) is the policyholder for all FEHB plans.

Procedures for Submission

All carriers are required to notify OPM's Office of the Actuary by June 1st whether or not their ACA MLR calculation indicates they may owe a rebate to OPM as the policyholder. Carriers must include any ACA MLR rebates from subcontractors or separate legal entities that provide services under their FEHB contract. Carriers should notify the Office of the Actuary by answering the question, "Based on the ACA MLR calculation you filed with HHS, will you owe a rebate to OPM?" in the 2014 Rating Proposal. Community Rated Carriers will find this question in QG22 of Part 2 – 2014 Proposal Instructions and Experience Rated Carriers will find the question on the "HHS MLR" tab of the Experience Rated Proposal Excel file. If a carrier answers "Unsure" they must send the answer to the Office of the Actuaries at actuary@opm.gov by June 1st. If a rebate is owed to OPM, the carrier must then follow the instructions on the attached 'ACA MLR Submission Template' (Attachment A) to submit the rebate check and required information by August 1st.

Carriers owing an ACA MLR rebate to OPM will issue one check for each plan option that does not meet or exceed the ACA MLR threshold. The rebate check will include the amount for self-only and self-and-family enrollment codes for each option; the amount owed by any subcontractor the carrier uses for each plan option; and the amount owed by any other legal entity providing services to enrollees of each plan option (see the example at the bottom of Attachment A). Carriers are responsible for communicating with their contractors, subcontractors, and related entities providing services to FEHB enrollees to ensure OPM receives the ACA MLR information and any owed rebates directly from the carrier in one payment for each option by August 1st.

In the event a carrier determines an error in the ACA MLR calculation that results in a rebate being owed to OPM after June 1st but before August 1st, the carrier must immediately notify the Office of the Actuary of the error by emailing actuary@opm.gov. The carrier must then follow the instructions in the Template in Attachment A to submit the rebate check and required information by August 1st. If an error in the ACA MLR calculation that results in a rebate being owed to OPM is determined after August 1st, the carrier must immediately contact the Office of the Actuary by emailing actuary@opm.gov. The carrier must immediately complete the Template in Attachment A and follow the instructions for submitting the rebate check and required information to OPM.

Communication with Enrollees

HHS requires carriers owing an ACA MLR rebate to send a standard notice to enrollees notifying them of the rebate. The HHS notice does not contain information on how the ACA MLR rebates are applied to the

FEHB Program. OPM recommends that carriers use the cover letter in Attachment B to clearly communicate with enrollees about how the ACA MLR rebate is applied to the FEHB Program. Please note this cover letter does not replace the required HHS notice and should be included with the HHS required notification.

Changes for 2014

Final regulations issued by HHS change the ACA MLR filing date from June 1st to July 31st and the ACA MLR rebate date from August 1st to September 30th to accommodate the premium stabilization program schedule that begins with 2014 MLR reporting year.¹ The original deadlines of June 1st and August 1st still apply for 2013 and 2014. The later dates will apply beginning with reporting of 2014 plan year information in 2015.

Questions

If you have questions about the ACA MLR process please contact Charlotte Lewis at Charlotte.Lewis@opm.gov.

Sincerely,

John O'Brien
Director
Healthcare and Insurance

Attachments

¹ 78 Fed. Reg. 15522 (11 March 2013)

Attachment A

ACA Medical Loss Ratio Submission Template for Plans

DUE AUGUST 1, 2013

Carriers owing OPM an ACA MLR Rebate for the 2012 plan year must fill out the following table and mail it with their payments to the address listed below. An example of a completed table is shown at the end of this worksheet.

Plan Name					
Plan Code	Plan Option	Self Enrollment Code	Self and Family Enrollment Code	ACA MLR (%)	ACA MLR Rebate to OPM (\$)

You may expand this table if you need to add more options.

All checks must be made payable to the Office of Personnel Management. A separate check must be issued for each FEHB plan option owing an MLR rebate. For example, if you offer a High option and a CDHP option in the FEHB, you must send OPM two checks. The 3-digit enrollment codes must appear on the check. **You must submit this form with each check you send to OPM.**

All checks must be issued no later than August 1, 2013. Please mail checks, along with this form, to the following address:

U.S. Office of Personnel Management
 1900 E St., NW, Room 3H25
 Trust Funds – Benefits Insurance
 ATTN: Melanese Wynn, Supervisor
 Washington, DC 20415

A copy of this form must be sent to the following contacts by email:

Your Contract Specialist
 Office of the Actuaries: actuary@opm.gov
 Trust Funds: Melanese.wynn@opm.gov or Victoria.liang@opm.gov

Example of Completed Form:

Plan Name	Health Plan ABC				
Plan Code	Plan Option	Self Enrollment Code	Family Enrollment Code	ACA MLR	ACA MLR Rebate to OPM
YY	High	YY1	YY2	84.22%	\$600,000
YY	CDHP	YY4	YY5	84.22%	\$500,000

YY1 and YY2 must appear on the check mailed to OPM for the High option. YY4 and YY5 must appear on the check mailed to OPM for the CDHP option.

Attachment B

**Health Insurance Premium Rebates for the
Federal Employees Health Benefits (FEHB) Program**

Dear [enrollee]:

[Name of health plan] did not meet the medical loss ratio (MLR) target as required by the Affordable Care Act. We are required to send the attached notice explaining the MLR target and process. This cover letter clarifies how the MLR applies to the Federal Employees Health Benefits (FEHB) Program.

The U.S. Office of Personnel Management (OPM) is the policyholder for all health plans in the FEHB Program, and therefore the rebate is being issued to OPM from the FEHB Program carriers. Any rebates received by OPM will be used to adjust premium rates for this health plan. This ensures that the rebate will be shared between health plan enrollees and the Federal agencies that pay for the FEHB Program.

Sincerely,

[health plan contact]