FOR MEMBERS OF TUFTS HEALTH DIRECT (INDIVIDUALS)

TUFTS HEALTH PUBLIC PLANS

2020 Medical Loss Ratio (MLR) - What You Need To Know

What is Medical Loss Ratio (MLR)?

Both Massachusetts (MA) and federal law (Affordable Care Act) require that health insurance companies spend a minimum percentage of premium dollars on medical claims, including clinical services and activities designed to improve health care quality. The MLR standard applies to health insurance plans offering group or individual coverage. It does not apply to self-insured plans.

What defines the Small and Large Group market?

For 2020, the MLR measure for Small Group is 1 to 50 total employees. Large Group is 51 or more total employees.

What was the required Medical Loss Ratio for 2020?

- Individual and Small Group Market – 88%

What were the 2020 Medical Loss Ratio results for Tufts Health Public Plans, Inc.?

- Individual and Small Group Market – 87.5%

How does MLR impact me?

- If you had individual coverage in a market segment where Tufts Health Plan did not meet the MLR requirement, then Tufts Health Plan will issue a rebate check or premium credit.
- If you had employer group coverage in a market segment where Tufts Health Plan did not meet the MLR requirement, then Tufts Health Plan will issue your employer a rebate check and premium credit.

When will the rebates go out?

Massachusetts state and/or federal MLR rebates and notification letters will be sent to employer groups and individuals, postmarked by August 31, 2021.

How does my employer distribute rebates to employees?

If your group health plan is subject to the Federal Employee Retirement Income Security Act of 1974 (ERISA), your employer may have fiduciary responsibilities regarding use of the Medical Loss Ratio rebates. Some or the entire rebate may be an asset of the plan, which must be used for the benefit of the employees covered by the policy. For general information about your employer's responsibilities regarding the rebate, ask your benefits administrator or your Human Resources Department.

It will be your employer's responsibility to distribute the rebate to their employees according to the Department of Labor Rebate Regulations.

What are the tax implications?

Rebates may have a tax impact both to plans receiving rebates and to consumers. Please consult your tax advisor for information on how a rebate will impact you, or contact the IRS at 800-829-1040.

Are individuals who are not receiving a rebate getting notified?

No, only individuals who will be receiving an MLR rebate for 2020 will be notified.

Continued on the next page.

For more information, contact Member Services at 888-257-1985.

TUFTS Health Plan
tuftshealthplan.com

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Will subscribers be notified if their employers are receiving a rebate?

Yes. The notice we send to enrolled subscribers whose employers are receiving a Massachusetts state and/or federal rebate will be postmarked no later than August 31, 2021.

What is considered an activity that improves health care quality?

Activities that improve health care quality, increase the likelihood of desired health outcomes, and are grounded in evidence-based medicine are to be included in medical costs for the medical loss ratio calculation.

Quality Improvement programs are designed to achieve the following goals:

- Improve health outcomes, including an increased likelihood of desired outcomes compared to a baseline and reduced health disparities among specified populations;
- Prevent hospital readmissions;
- Improve patient safety and reduce medical errors, lower infection and mortality rates;
- Increase wellness and promote health activities; or
- Enhance the use of health care data to improve quality, transparency, and outcomes.

Examples of quality improvement activities include the following care and disease management and care coordination services:

- Arranging and managing transitions;
- Medication and care compliance;
- Programs to support shared decision-making with patients, their families, and the patient's representatives;
- Use of medical homes (as defined in the Affordable Care Act);
- 24/7 NurseLine (with some exceptions);
- Comprehensive discharge planning;
- Prospective medical and drug utilization review;
- Certain wellness and health promotion activities (e.g., coaching and incentives);
- Fraud and abuse programs (the lesser of expenses and recoveries);
- Certain limited health technology (HIT) expenses.

Quality improvement activities must be designed to improve the quality of care received by an enrollee and be able to be objectively measured for producing verifiable results and achievements.

What activities are not considered quality improvement activities in the MLR calculation?

Activities designed primarily to control or contain costs are not to be reported as quality improvement. When calculating medical costs, the following items are not considered part of medical costs, and thus are administrative costs:

- Cost containment expenses that do not otherwise meet quality improvement criteria set forth above, which may include:
  - Retrospective and concurrent utilization review;
  - Most fraud prevention activities (beyond those that recover incurred claims);
  - Provider network contracting and management costs;
  - Provider credentialing;
  - Costs associated with calculating and administering enrollee/employee incentives.
- Clinical data collection without data analysis;
- Claims adjudication expenses;
- Marketing expenses;
- Broker commissions.