

Brief Notes

News for
Brokers and Consultants

February 23, 2012 Vol. 21 No. 828

3 Penn Plaza East, Newark, NJ 07105-2200

Applies to: Select fully insured groups with 200 and fewer enrollees

2010 Group-Size Information for Medical Loss Ratio (MLR) reporting due March 9, 2012

The federal Affordable Care Act (ACA) established new rules related to medical loss ratio (MLR) for insured business in the individual and small and large group markets. Under the new rules, if a health insurer does not meet certain MLR requirements, affected individual and group customers and their health plan enrollees may be entitled to a health insurance rebate.

The enrollment information we have on file is not sufficient to determine a company's size and any potential rebates due. The new rules require Horizon Blue Cross Blue Shield of New Jersey to determine our MLR and potential rebates due based on the company's total number of employees, including any affiliated companies, in the year 2010. To do this, we need group customers to tell us if their company is a small or large group under federal law.

According to the ACA:

- A *small group* averages 50 or fewer employees during a calendar year.
- A *large group* averages 51 or more employees during a calendar year.
- An *employee* is any person to whom a company issues a W-2, including full-time, part-time and seasonal employees, regardless of whether the person has medical coverage through that company.

On **February 24, 2012**, we will mail the *attached* letter to approximately 4,300 group administrators requesting group-size information for 2010. Included in the mailing are new groups that enrolled effective July 1, 2011 and later, and existing groups that did not respond to our initial requests for information in August 2011.

Please read the following questions and answers to help your clients understand the MLR rules and how to accurately report the required information.

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Horizon Blue Cross Blue Shield of New Jersey

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Q1. What is a medical loss ratio?

A1. A medical loss ratio (MLR) is the percentage of each health care premium dollar used to pay for clinical services and activities that improve health care quality provided to enrollees (your clients' employees and their dependents). For example, an MLR of 80 percent means that an insurer spends 80 cents of every premium dollar to pay for clinical services and activities that improve health care quality for enrollees.

Q2. How will the group-size information be used?

A2. The MLR percentage thresholds vary by group size, so it is very important that each group is reported correctly as either a small or large group.

Failure to submit this information could result in misreporting to the U.S. Department of Health and Human Services and could impact any potential MLR rebates for your clients and their employees.

Q3. Who is considered an employee?

A3. The federal definition of an employee is any person for which an employer issues a W-2 form (including full-time, part-time or seasonal employees), regardless of whether or not the employee has medical coverage through the employer.

NOTE: The federal definition is different from the New Jersey state definition. New Jersey defines employees for MLR purposes as the number of employees eligible for health coverage from the employer. New Jersey's definition excludes part-time employees, seasonal employees and any other employees not eligible for health coverage under the group's rules.

Q4. How do groups report their group-size information?

A4. On February 24, 2012, we will mail the *attached* letter to affected groups requesting their group size for 2010. The letter will instruct group administrators on how to report their group size.

Group administrators who have Internet access should:

1. Visit <www.HorizonBlue.com/MLR>.
2. Enter their *Group Number* and *Access Code* exactly as they appear on the letter.
3. Use the checkboxes to indicate if their company is a *small* or *large* group, as defined by the ACA. If they are unsure of their company's size, group administrators may select *I'm not sure* to use our online worksheet.

Group administrators who don't have Internet access should:

1. Call our Enrollment Team at 1-800-225-1955, enter their account number and select option 2 to speak with a representative.
2. Provide the representative with their *Group Number* and *Access Code* exactly as they appear on the letter, and tell us if their company is a *small* or *large* group, as defined by the ACA.
3. If they are unsure of their company's size, group administrators may use the worksheet on the back of the letter to determine their 2010 average employee count, before calling our Enrollment Team.

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You may report this information on your clients' behalf. To report your clients' group size in 2010:

1. Obtain your client's *Group Number* and *Access Code* (as they appear on your client's letter) and group size.
2. Visit www.HorizonBlue.com/MLR to use our online survey.

Q5. Will groups be required to provide this information every year?

A5. Yes. Beginning in early 2012 and every year thereafter, we will collect affected groups' prior year's:

- Group size.
- A summary of employer and employee premium contributions.
- ERISA status.

The information will be used to determine MLRs and potential rebates due.

If you have questions about the federal MLR requirements, please contact your Horizon BCBSNJ sales representative or account executive.



Horizon Blue Cross Blue Shield of New Jersey

Three Penn Plaza East
Newark, NJ 07105-2200
www.HorizonBlue.com

February 24, 2012

Group Number: <maingrp>

Access Code: <Access Code>

<group_name>
<street>
<city>, <state> <zip>

2010 Group Size Information Needed by March 9, 2012

Dear Group Administrator:

The federal Affordable Care Act (ACA) established new rules related to medical loss ratio (MLR) for insured business in the individual and small and large group markets. Under the new rules, if your health insurer did not meet certain MLR requirements, your company and its health plan enrollees may be entitled to a health insurance rebate.

The enrollment information we have on file is not sufficient to determine your company's size and any potential rebates due. The new rules require Horizon Blue Cross Blue Shield of New Jersey to determine our MLR and potential rebates due based on the total number of employees in your company, including any affiliated companies, in the year **2010**. To do this, we need you to tell us if your company is a small or large group under federal law.

According to the ACA:

- A *small group* averages 50 or fewer employees during a calendar year.
- A *large group* averages 51 or more employees during a calendar year.
- An *employee* is any person to whom a company issues a **W-2**, including full-time, part-time and seasonal employees, regardless of whether the person has medical coverage through your company.

How to report your company's size

If you have Internet access:

1. Visit www.HorizonBlue.com/MLR.
2. Enter your *Group Number* and *Access Code* exactly as they appear above.
3. Use the checkboxes to indicate if your company is a **small** or **large** group, as defined by the ACA. If you are unsure of your company's size, select *I'm not sure* to use our online worksheet.

If you don't have Internet access:

1. Call our Enrollment Team at **1-800-225-1955**, enter your account number and select option **2**. Provide the representative with your *Group Number* and *Access Code* exactly as they appear above.
2. Tell us if your company is a **small** or **large** group, as defined by the ACA.
3. If you are unsure of your company's size, use the worksheet on the back of this letter to determine your 2010 average employee count, before calling our Enrollment Team.

(Over, please)

If you work with a broker, your broker may submit this information on your behalf. Please provide your broker with your company's *Group Number, Access Code* and size.

If you have questions about the MLR rules, please contact your broker or your Horizon BCBSNJ account executive.

Sincerely,



Al Bowles
Vice President
Commercial & Major Accounts Markets

Average Employee Count Worksheet

If you are unsure of your company's size as defined by the ACA, use this worksheet to determine your 2010 average employee count.

Employee Status	Jan. 2010	Feb. 2010	Mar. 2010	Apr. 2010	May 2010	Jun. 2010	Jul. 2010	Aug. 2010	Sept. 2010	Oct. 2010	Nov. 2010	Dec. 2010	TOTAL 2010	AVERAGE (Total ÷ 12)
Full-time														
Part-time														
Seasonal														

How to use the Average Employee Count Worksheet

- Enter the number of employees who worked for your company for each month in 2010. Remember:
 - An employee is *any person* who received a **W-2** from your company.
 - Use the number of people employed on the last day of the month.
 - For any month that your company was not in business, please enter **0**.
- Add the numbers across each row. Put the totals in the appropriate TOTAL 2010 boxes.
- Add the numbers in the TOTAL 2010 boxes. Put the sum of the numbers in the shaded box.
- Divide the number in the shaded box by 12 to get your company's average number of employees for 2010.
- Call **1-800-225-1955**, enter your account number and select option **2**, to report your company's size by **March 9, 2012**.

Here is a sample group calculation worksheet for your review:

Employee Status	Jan. 2010	Feb. 2010	Mar. 2010	Apr. 2010	May 2010	Jun. 2010	Jul. 2010	Aug. 2010	Sept. 2010	Oct. 2010	Nov. 2010	Dec. 2010	TOTAL 2010	AVERAGE (111 ÷ 12)
Full-time	2	2	2	2	2	4	4	4	3	4	5	5	39	9.25
Part-time	0	0	0	2	2	3	3	3	2	3	3	4	25	
Seasonal	0	0	0	0	0	16	17	14	0	0	0	0	47	
													111	