

HHS Issues Final Rule of Medical Loss Ratios: DOL Issues Related Guidance on Rebates

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The Department of Health and Human Services (HHS) recently issued its final rule on medical loss ratios (MLR). Under the Patient Protection and Affordable Care Act, insurance companies are required to spend 80 percent (individual and small group markets) or 85 percent (large group markets) of premium dollars on health care expenses. For insurance companies that do not meet the MLR standards, such issuers are required to provide rebates to their policyholders. Notably, the final rule streamlines the rebate process for group policies, and directs issuers to provide rebates to the group policyholder (generally, the employer). Policyholders must ensure that the rebate is used for the benefit of the subscribers of the group health plan. The Department of Labor (DOL) has issued related guidance on the treatment of rebates paid pursuant to the MLR requirements. For group health plans subject to ERISA, the rebates may constitute "plan assets," and if that's the case, the policyholder would be required to comply with ERISA's fiduciary requirements when handling such proceeds. A copy of the HHS final rule is available [here](#). A copy of the DOL's Technical Release is available [here](#).