

□□□□ Health care law provides rebates to more than 12 million consumers

Today, Health and Human Services (HHS) Secretary Kathleen Sebelius announced that 12.8 million Americans will benefit from \$1.1 billion in rebates from insurance companies this summer, because of the Affordable Care Act's 80/20 rule. These rebates will be an average of \$151 for each family covered by a policy.

The health care law generally requires insurance companies to spend at least 80 percent of consumers' premium dollars on medical care and quality improvement. Insurers can spend the remaining 20 percent on administrative costs, such as salaries, sales, and advertising. Beginning this year, insurers must notify customers how much of their premiums have been actually spent on medical care and quality improvement.

Insurance companies that do not meet the 80/20 standard must provide their policyholders a rebate for the difference no later than Aug. 1, 2012. The 80/20 rule is also known as the Medical Loss Ratio (MLR) standard.

"The 80/20 rule helps ensure consumers get fair value for their health care dollar," Secretary Sebelius said.

Consumers owed a rebate will see their value reflected in one of the following ways:

- a rebate check in the mail;
- a lump-sum reimbursement to the same account that they used to pay the premium if by credit card or debit card;
- a reduction in their future premiums; or
- their employer providing one of the above, or applying the rebate in a manner that benefits its employees.

Insurance companies that do not meet the 80/20 standard will send their policyholders a rebate

for the difference no later than Aug. 1, 2012. Consumers in every state will also receive a notice from their insurance company informing them of the 80/20 rule, whether their company met the standard, and, if not, how much of difference between what the insurer did or did not spend on medical care and quality improvement will be returned to them.

For the first time, all of this information will be publicly posted on HealthCare.gov this summer, allowing consumers to learn what value they are getting for their premium dollars in their health plan.

For many consumers, the 80/20 rule motivated their plans to lower prices or improve their coverage to meet the standard. This is one of the ways the 80/20 rule is bringing value to consumers for their health care dollars.

For a detailed breakdown of these rebates by state and by market, please visit: <http://www.healthcare.gov/law/resources/reports/mlr-rebates06212012a.html>

For the text of these proposed notifications, please visit: <http://cciio.cms.gov/resources/other/index.html#mlr>

For more information on the MLR provision in the Affordable Care Act: <http://www.healthcare.gov/news/factsheets/2010/11/medical-loss-ratio.html>

For more information on how the Affordable Care Act is creating a transparent market for health insurance, visit: <http://www.healthcare.gov/news/factsheets/2010/12/increasing-transparency.html>