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HHS Issues MLR Interim Final Rules

This morning HHS issued the long-awaited MLR interim final regulations. In prior posts, I discussed that insured mini-med plans and insured expatriate plans have been asking for an exception from these new requirements. Unfortunately, the interim regulations do not contain a blanket exception. However, the interim regulations do require an insurer to seperately report aggregate premium and expenditure data for expatriate plans and mini-med plans. (Mini-med is defined by HHS as a plan that has less than a $250,000 annual individual limit.)

In order to address the special circumstances of mini-med and expatriate plans, the interim final regulations then apply a nmumerical adjustment to the way the medical loss ratio is calculated for those plans. This adjustment is intended to address the unusual expense and premium structures of mini-med and expatriate plans. The adjustment is complicated, but it is intended to artificially increase the claims paid under these plans so that the plans can more easily pass the MLR percentage test (e.g., use of at least 85% of premiums on claims and related activities for large group markets).

Thus, the numerical adjustment will allow mini-med and expatriate plans to more easily pass the MLR test, but a separate determination will be needed for each plan. Further, the above special adjustment only applies for 2011, and HHS reserves the right to change the special adjustment in future years.

However, the MLR rules only apply to insured mini-med plans and insured expatriate plans. The MLR rules do not apply to self-insured plans. The following are links to the MLR regulations and an HHS fact sheet.

http://www.hhs.gov/ociio/regulations/medical_loss_ratio.html

http://www.ofr.gov/OFRUpload/OFRData/2010-29596_PI.pdf