

Florida Blue
MLR-Correspondence
P.O. Box 40626
Jacksonville, FL 32203



Date

Name

Address

City, State Zip

Policy #: <#####>

Dear <First> <Last>,

In 2016, the overall medical costs for our members were lower than expected. This news means that your employer will get a rebate for a portion of 2016 health plan premiums. The amount of the rebate is based on Medical Loss Ratio (MLR) guidelines from the Affordable Care Act.

Your employer can use this rebate in one of two ways. They can:

- Lower group premiums for the upcoming year by the amount of the rebate or
- Give the rebate in cash to the employees that were covered by their health plan during 2016

If you have specific questions about the MLR rebate, you can:

- Contact your employer
- Visit www.floridablue.com/hcr/medical-loss-ratio
- Visit www.healthcare.gov/health-care-law-protections/rate-review/
- Contact the Department of Labor's Employee Benefits Security Administration at 866-444-3272

Thank you for being a Florida Blue member. We look forward to serving you for years to come.

Sincerely,



Patrick J. Geraghty
Chief Executive Officer
Florida Blue

ENCLOSURE

Letter required by HealthCare.gov and the Centers for Medicare and Medicaid Services

Health insurance is offered by Florida Blue. HMO coverage is offered by Florida Blue HMO, an affiliate of Florida Blue. These companies are Independent Licensees of the Blue Cross and Blue Shield Association.

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Florida Blue
MLR-Correspondence
P.O. Box 40626
Jacksonville, FL 32203

Notice of Health Insurance Premium Rebate

August 9, 2016

NAME
ADDRESS
City, State Zip

RE: Health Insurance Premium Rebate for Year 2015; Policy # XXXXXX Group #: XXXXX

Dear NAME:

This letter is to inform you that Florida Blue will be rebating a portion of your health insurance premiums through your employer or group policy holder. This rebate is required by the Affordable Care Act - the health reform law.

The Affordable Care Act requires Florida Blue to rebate part of the premiums it received if it does not spend at least 80 percent of the premiums Florida Blue receives on health care services, such as doctors and hospital bills, and activities to improve health care quality, such as efforts to improve patient safety. No more than 20 percent of premiums may be spent on administrative costs such as salaries, sales and advertising. This is referred to as the "Medical Loss Ratio" standard or the 80/20 rule. The 80/20 rule in the Affordable Care Act is intended to ensure that consumers get value for their health care dollars. You can learn more about the 80/20 rule and other provisions of the health reform law at: <http://www.healthcare.gov/health-care-law-protections/rate-review/>.

What the Medical Loss Ratio Rule Means to You

The Medical Loss Ratio rule is calculated on a State by State basis. In Florida, Florida Blue did not meet the 80/20 standard. In 2015, Florida Blue spent only 79.4% of a total of \$838,936,029 in premium dollars on health care and activities to improve health care quality. Since it missed the 80 percent target by 0.6% of premium it receives, Florida Blue must rebate 0.6% of the total health insurance premiums paid by the employer and employees in your group health plan. We are required to send this rebate to your employer or group policy holder by September 30, 2016, or apply this rebate to the health insurance premium that is due on or after September 30, 2016. Employers or group policyholders must follow certain rules for distributing the rebate to you.

Ways in Which an Employer Can Distribute the Rebate

If your group health plan is a non-Federal governmental plan, the employer or group policyholder must distribute the rebate in one of two ways:

- Reducing premium for the upcoming year; or
- Providing a cash rebate to employees or subscribers that were covered by the health insurance on which the rebate is based.

If your group health plan is a church plan, the employer or group policyholder has agreed to distribute the portion of rebate that is based on the total amount all of the employees contributed to the health insurance premium in one of the ways discussed in the prior paragraph.

If your group health plan is not a governmental plan or a church plan, it likely is subject to the federal Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, the employer or the administrator of the group health plan may have fiduciary responsibilities regarding use of the Medical Loss Ratio rebates. Some or all of the rebate may be an asset of the plan, which must be used for the benefit of the employees covered by the policy. Employees or subscribers should contact the employer or group policyholder directly for information on how the rebate will be used. For general information about your rights regarding the rebate, you may contact the Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or review the Department's technical guidance on this issue on its web site at <http://www.dol.gov/ebsa/newsroom/tr11-04.html>.

Need more information?

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact Florida Blue toll-free at 1-866-728-7034 or www.floridablue.com/hcr/medical-loss-ratio.

Contact your employer or Administrator directly for information on how the rebate will be distributed. For general information about your rights regarding the rebate if your group health plan is subject to ERISA, you may contact the Department of Labor's Employee Benefits Security Administration at 1-866-444-EBSA (3272) or review the Department's technical guidance on this issue on its web site at <http://www.dol.gov/ebsa/newsroom/tr11-04.html>.

Sincerely,



Patrick J. Geraghty
Chairman of the Board & CEO
Florida Blue