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Did You Know ?

Employers of all size are subject to certain ERISA provisions.

One such provision is that the employer provides a Summary Plan Description, or SPD to participants. This document is used to communicate Plan rights and obligations.

For Health & Welfare Benefit Plans, it is fairly common for the SPD to be a combination of a complete description of

How to Handle Medical Loss Ratio Rebates

If an insurer does not meet the Medical Loss Ratio standards enacted by the Patient Protection and Affordable Care Act, it is required to issue a rebate to its policyholders. Under this provision, large group insurers must spend at least 85% of premium dollars on claims and other activities to improve health care quality. Small group insurers and individual policy insurers must spend a minimum of 80% on these same activities.

Beginning August, 2012 insurers must provide rebates to enrollees if their medical loss ratio does not meet the minimum standards for the previous calendar year.

The rebate checks will be issued by August 1, and the information that a rebate is being distributed available by June 1, 2012.

For employer groups, the insurer may enter into an agreement with the group policyholder to distribute the rebate on behalf of the insurer. In addition, the option of using rebate dollars to payment future premiums rather than distributing to participants/former participants is also available.

It is important to remember, if you get a rebate check this is not just employer dollars, but must be allocated in the same manner in which it was paid for premium. For example, if the employer contribution is 50%, then the employer keeps 50% of the rebate dollars, but the other 50% is refunded to the participant/former participant.

For more information, be sure to call us.

Comparative Effectiveness Fee Payment

the Plan's terms and conditions, such as a Certificate of Coverage, and the required ERISA disclosure language.

It is important to understand an insurance company's Certificate of Coverage, or Summary of Benefits is not a SPD.

If you need an SPD or additional information, please be sure to let us know.

Health System Measurement Project

The Federal Department of Health and Human Services (HHS) recently launched a web-based tool designed to let a consumer access data on various health trends and compare those national trends with trends at the state/regional level. For more information:

[Health Measurement Tool](#)

According to an IRS proposal, group health plan sponsors will have until July 31, 2013 to pay the new fees that apply to both fully-insured and self-funded coverage. These "Comparative Effectiveness" fees begin for plan years ending on or after October 1st 2012. See below for additional information:

The fees apply to fully-insured and self-insured group health plans for active or former employees, but not retiree only plans. They also apply to some HRAs and Health FSAs.

Excepted benefit plans are exempt from these fees; for example, stand-alone dental or vision.

Insurers will file the appropriate reports and pay the fees for insured policies. Self-insured plans must do this themselves and cannot delegate this to third parties or vendors. Plan sponsors will file IRS Form 720 to report the fees and make annual payments. (This form has yet to be updated.)

The fee is calculated by taking the average number of covered lives under the policy and multiplying by \$1. The fee increases to \$2 for the following plan year.

These fees will fund an institute set up under PPACA to research the effectiveness and outcomes of various medical treatments and services, procedures and drugs.

As always, we hope you enjoyed this edition of our monthly newsletter. We thank you for the confidence you have placed in our firm and look forward to servicing all of your insurance needs.

Your friends at Stuckey Insurance

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