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Aetna and Coventry Health Plans MLR filings and related 2013 MLR rebate distribution

The Minimum Medical Loss Ratio (MLR) provision of the Affordable Care Act sets minimum percentages that health plans must spend on medical costs and quality improvement activities. Insurers file reports with the federal government detailing where they met the minimum, where they didn't, and how much they will pay their insured customers in rebates.

We're very pleased with Aetna's and Coventry Health Care's results. Across the entire country, Aetna and its subsidiaries, including Coventry Health Care, are paying a total of \$33.6 million. This represents approximately 0.15 percent of premium Aetna earned in 2013 for the MLR rebate eligible pools.

The rebates we are paying are modest, and most policyholders/employers won't receive a rebate at all.

Does this mean the minimum MLR provisions are working?

The Minimum MLR rules demonstrate an insurer's ability to accurately predict medical cost trend and price according to it. However, they do nothing to address rising medical costs. A 2012 Commonwealth Fund study found that America's high health care price tag is primarily due to high prices for medication and medical services, as well as a good deal of use of expensive technology. And at least a third of the American population is obese, a condition that drives up health spending. At the same time, the Institute of Medicine has estimated that waste and inefficiency in health care cost some \$750 billion a year.

These are the issues primarily driving the cost of health care premiums. Aetna, including Coventry Health Plans, is focused on addressing them through innovative programs and methods, health information technology, and consumer engagement.

However, we are committed to complying with the law. We are pleased with our ability to price appropriately in this third year of

External resources available on [Health Reform Connection](#):

- MLR FAQs
- Regulatory overview
- List of impacted pools

the law, and expect to continue improving our pricing accuracy so we can continue to grow our business and avoid future rebates. Our goal is to provide our customers with competitive pricing that reflects medical costs in their markets.

What happens next?

Beginning in June and by August 1st, Aetna and Coventry Health Plans are scheduled to mail rebate notices and checks to policyholders/employers and subscribers whose plans are due a rebate under the Minimum Medical Loss Ratio (MLR) provision of the Affordable Care Act. For group plans, rebate checks will be sent to the policyholder, with few exceptions.

Each mailing will include the government-required notice of health insurance premium rebate, as well as a letter from Aetna or Coventry Health Plans. For rebate checks sent to the policyholder, the government has issued rules on how policyholders may use the rebates. In certain circumstances, we will distribute the rebate to the subscribers instead of the policyholder. This happens if:

- The policyholder has terminated and we are not able to locate them, or
- A non-ERISA/non-government policyholder failed to provide the required written assurance that it would use the rebate payment according to the government rules

The federal government set guidelines that group employers or policyholders are required to follow when using rebate dollars. It is up to those group employers or policyholders to use these rebates according to the law. We have provided an overview of some of these guidelines for group employers or policyholders at www.healthreformplanMLR.com.

The overview provides information your policyholder needs to know about the minimum MLR provision. We are not providing legal advice and suggest that policyholders work with their legal counsel to decide how to use the rebate.

Targeted mail schedule

Wave	Audience	Timing
Wave 1	Individual subscribers with checks	Beginning June 16 th
Wave 2	Policyholders (plan sponsors) with and without checks	Beginning June 23 rd
Wave 3	Group subscribers with and without checks	Beginning July 7 th

MLR rebates will be distributed by August 1, 2014.

List of employees request process for both Aetna and Coventry Health Plans

After July 25, to request a list of employees in impacted pools (roster) on behalf of your impacted policyholder, call the MLR service center at [1-855-697-7509](tel:1-855-697-7509) between 8:00 a.m. and 8:00 p.m. Eastern time, Monday through Friday. You will need to provide the policyholder address and validate certain information.

There are two options for the policyholder to receive the list of employees, email or hard copy. If email is requested, it will go "send secure" from NCOMLRRebateAdmin@aetna.com mailbox and include instructions on how to open the message for viewing.

Sample Required Notice of Health Insurance Premium Rebate Letters and Aetna and Coventry cover letters:

Letters will come from Aetna or Coventry depending on the plan.

- [Individual package with check](#)
- [Plan sponsor package with check](#)
- [Policyholder package with check](#)
- [Subscriber package no check](#)
- [Subscriber package with check](#)

Sincerely,
Aetna and Coventry Health Plans