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Producer Service Fee CMS guidance for Aetna small group 51-100 new business and renewals in New Jersey

On May 27, 2015, CMS issued *CCIIO Technical Guidance (CCIIO 2015-0001): Questions and Answers Regarding the Medical Loss Ratio (MLR) Reporting and Rebate Requirements*. To quote in part: "The purpose of this bulletin is to provide guidance regarding: the limited circumstances in which a health insurance issuer may, for MLR reporting purposes, exclude agent and broker fees or commissions from earned premium under 45 CFR Section 158.130..."

We are still interpreting this guidance, but it raises questions that we're in the process of working through. Rather than asking you and your clients to wait while we evaluate the effect of the new guidance in numerous states, we're making a proactive decision to address the issue. Specific to New Jersey, starting with August 1, 2015 effective dates, we will revert from the Producer Service Fee, or brokerage fee, to commission for our New Jersey-based 51-100 size cases new business and renewals. The New Jersey-based plan sponsors using brokerage fees in the 51-100 size cases that renewed or sold on July 1, 2015 will revert back to commission upon their July 1, 2016 renewal. Revised commission schedules are being developed and you will be alerted when they become available.

We're making every effort to be thoughtful as we navigate this new course. Our mission is to be mindful of your time, your effort and your financial investment. As we continue to work within this guidance, we will communicate with you and do our best to keep you informed.

If you have additional questions, please contact your local Aetna representative.

Thank you.