

June 1, 2023

**Please respond  
by 06/30/2023**

As a valued customer of Blue Cross and Blue Shield of Kansas City (Blue KC), your confidence in the healthcare coverage we provide is important to us. That's why we make sure to accurately follow the guidelines defined under the Affordable Care Act (ACA). With that in mind, we need to clarify some important information **annually** with you that may impact your future coverage.

The ACA includes several requirements that apply differently based on whether an employer is determined to be a large or small employer. One important example is the requirement that insurance companies report their medical loss ratio (MLR) to a federal agency and pay rebates if certain MLR targets are not met. Rebates are paid based on whether the targets are met for the individual market, the small group market, and the large group market.

Insurance companies are also required to comply with certain rating and benefit requirements for small employer insurance products. In order to comply with the ACA's requirements, please have an authorized employee who is knowledgeable about such information (e.g., group administrator or benefits coordinator) complete a short form regarding the number of individuals employed by your company. Please note that if your group size has changed since the last time you completed this form, Blue KC may need to make modifications to your insurance coverage to ensure ACA compliance. Your broker will reach out to you prior to making such changes.

**To complete your online form, type one the following into your browser or use the QR code:**

[https://bluekc.az1.qualtrics.com/jfe/form/SV\\_0VRZQI7W1UgcQ6y](https://bluekc.az1.qualtrics.com/jfe/form/SV_0VRZQI7W1UgcQ6y)  
<https://bit.ly/MLR23>



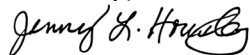
**Log in using your Blue KC Group ID**

Should you prefer a paper version of this questionnaire, one has been enclosed for your convenience. **Respond online by using the information above, or by faxing or scanning your completed form using the fax number/email address listed on the form.**

Based on the information you provide, your group size will be categorized as **SMALL** (50 or fewer employees) or **LARGE** (51 or more employees) for the purposes of applying the ACA requirements.

For your convenience, we have provided a list of Frequently Asked Questions with this letter. If you have additional questions, please contact your broker or Blue KC marketing representative.

Sincerely,



Jenny Housley  
Senior Vice President  
Chief Marketing Officer



## Frequently Asked Questions

- 1. Why is Blue KC asking employers to complete this form?** Many provisions of the ACA apply differently to large and small employers. We need each employer to provide this information so it can be allocated to the appropriate group size category.
- 2. How do employers determine their group size?** The most recent Health and Human Services (HHS) guidance provides that "An employer's number of employees is determined by averaging the total number of all employees employed on business days during the preceding calendar year."
- 3. What if the employer had another carrier's insurance for part of the year?** We still need to know the average number of employees for the entire year regardless of how long an employer was with Blue KC during that year. This allows Blue KC to allocate employers to the appropriate category.
- 4. Why does Blue KC need to know all of an employer's employees if rebates are only going to those who are covered by insurance?** The ACA has defined how group size is determined, so we must count all employees to put employers into the appropriate group size segment.
- 5. Why is Blue KC asking for 2022 data?** For the purposes of categorizing employers, HHS requires us to use 2022 group size data for the 2023 reporting year. For the 2024 reporting year, we will use 2023 group size data, etc. We will need to get this information from employers every year.
- 6. Who will get an MLR rebate: the employer or the employees?** Analysis of our loss ratio will be done at the end of each year to determine if a certain employer segment might be eligible for a rebate. Generally, if a certain employer segment is eligible for a rebate, we will issue a check for the total rebate amount to the employers in that segment. The employer is then responsible for allocating a portion of the rebate to its employees. Employers should consult their legal counsel for more information on how to allocate the rebate.
- 7. Are rebate calculations based on 2022 data or 2023 data?** Both – the 2022 group size data will be used to determine if the group is a large or small employer for purposes of determining medical loss ratio for the 2022 reporting period. However, only those who actually paid premiums during the reporting year (2023) would be eligible for a rebate.
- 8. What if the employer does not provide Blue KC with this information?** We need this information to allocate each employer to the appropriate category. Those employers may not receive a rebate if we don't have the group in the appropriate category, as it is possible that one group size segment would be eligible for a rebate when the other is not.
- 9. When will rebates be paid?** If rebates are determined to be owed, the 2023 calendar year rebates for those who are eligible will be paid by September 30, 2024.



## MLR Employer Size Form

For the purposes of the Affordable Care Act (ACA) insurers need to be informed of the average number of full-time, part-time, and seasonal employees employed on business days during calendar year 2022. Employees do not need to be eligible for insurance coverage to be counted. If you are a newly formed company in 2023, please answer based on the average number of employees anticipated during the calendar year 2023.

### What does employee count mean?

- The average number of full-time, part-time, and seasonal employees employed on business days during calendar year 2022, regardless of whether they were covered by the health plan. This average will be used to determine your group's classification for 2023 Medical Loss Ratio purposes.
- Does not include retirees.
- Includes all employees of commonly controlled companies, as defined by the IRS. Contact your tax advisor for the definition of commonly controlled company.

### Please check one:

- In calendar year 2022, the employee count was 50 or fewer
- In calendar year 2022, the employee count was 51 or more

### If you checked 50 or fewer employees, please answer the following two questions.

#### Check yes or no:

1. In calendar year 2022, the Company was wholly owned by an individual or an individual and spouse.  
 Yes  No
2. In calendar year 2022, the individual or individual and spouse were the only employees enrolled in the health plan  
 Yes  No

By signing below, you are confirming that the information provided regarding the number of employees is accurate and that you are an authorized employee of the employer.

Respondent's Name: \_\_\_\_\_

Respondent's Title: \_\_\_\_\_

Respondent's Phone #: \_\_\_\_\_

Respondent's Email: \_\_\_\_\_

Respondent's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Please fax to 816-471-2269**  
**or send a scanned copy to [MLRsurvey@BlueKC.com](mailto:MLRsurvey@BlueKC.com)**

