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CC: HHS IEA (OS/IEA)HHSIEA@hhs.gov
Date: 7/24/2014 9:29:20 AM
Subject: HHS releases 2013 MLR savings report

HHS Intergovernmental and External Affairs Notification

July 24, 2014

From: Paul Dioguardi
Director, Office of Intergovernmental and External Affairs
U.S. Department of Health and Human Services

RE: HHS releases 2013 MLR savings report

Health and Human Services Secretary Sylvia M. Burwell announced today that consumers have saved a total of \$9 billion on their health insurance premiums since 2011 because of the Affordable Care Act.

Created through the law, the 80/20 rule, also known as the Medical Loss Ratio (MLR) rule, requires insurers to spend at least 80 percent of premium dollars on patient care and quality improvement activities or pay a rebate back to consumers. An HHS report released today shows that last year alone, consumers nationwide saved \$3.8 billion up front on their premiums as insurance companies operated more efficiently. Additionally, consumers nationwide will save \$330 million in refunds, with 6.8 million consumers due to receive an average refund benefit of \$80 per family. This standard and other Affordable Care Act standards contributed to consumers saving approximately \$4.1 billion on premiums in 2013, for a total of \$9 billion in savings since the MLR program's inception.

The report shows that since the rule took effect, more insurers year over year are meeting the 80/20 standard by spending more of the premium dollars they collect on patient care and quality, and not red tape and bonuses.

If an insurer did not spend enough premium dollars on patient care and quality improvement, they must pay refunds to consumers in one of the following ways:

- a refund check in the mail;
- a lump-sum reimbursement to the same account that was used to pay the premium;
- a reduction in their future premiums; or
- if the consumer bought insurance through their employer, their employer must provide one of the above options, or apply the refund in another manner that benefits its employees, such as more generous benefits.

You may access the report [here](#)
Additional information on MLR is available [here](#)

Questions or Concerns? Contact HHSIEA@hhs.gov