Capital BLUE

Medical Loss Ratio (MLR) Questionnaire

The Medical Loss Ratio (MLR) minimum standard requires that health insurance companies spend a certain percentage of premium dollars on medical claims and activities that improve health care quality. Rebates are due to payers if insurers fail to meet minimum loss ratios of 80 percent in the small group market and 85 percent in the large group market. For each calendar year, Capital BlueCross and its affiliates will calculate and pay rebates, if required, to eligible groups prior to September 30 of the following calendar year.

To help us determine rebate eligibility for the next calendar year, we ask that our group customers complete a short informational questionnaire. The specific information being requested is listed below.

Thank you in advance for providing the information needed to process rebates. If you have any questions, contact our support team at 888.267.2242.

Group Details

You will be completing this questionnaire on behalf of the group below.

GROUP INFORMATION

Group Number: ______________________________

Group Name: ______________________________

GROUP CONTACT INFORMATION—The person named below is the primary contact for this group.

Name: ______________________________

Phone Number: ______________________________

Email Address: ______________________________

Your Tax Identification Number

We need certain tax and Employee Retirement Income Security Act (ERISA) information in order to issue your rebate. Please enter your W-9 name, Tax Identification Number (TIN), and Federal Tax Classification as they appear on your Federal W-9 Form.

Your group name exactly as it appears on your W-9 form: ______________________________

Your Tax ID Number (TIN): ______________________________

Your Federal Tax Classification: (select one from the list below)

Individual/Sole Proprietorship—A sole proprietor is someone who owns an unincorporated business by himself or herself. However, if you are the sole member of a domestic limited liability company (LLC), you are not a sole proprietor if you elect to treat the LLC as a corporation.

C Corporation—In forming a corporation, prospective shareholders exchange money, property, or both, for the corporation's capital stock. A corporation generally takes the same deductions as a sole proprietorship to figure its taxable income. A corporation can also take special deductions. For federal income tax purposes, a C corporation is recognized as a separate taxpaying entity. A corporation conducts business, realizes net income or loss, pays taxes, and distributes profits to shareholders.

The profit of a corporation is taxed to the corporation when earned, and then is taxed to the shareholders when distributed as dividends. This creates a double tax. The corporation does not get a tax deduction when it distributes dividends to shareholders. Shareholders cannot deduct any loss of the corporation.

S Corporation—S corporations are corporations that elect to pass corporate income, losses, deductions, and credit through to their shareholders for federal tax purposes. Shareholders of S corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates. This allows S corporations to avoid double taxation on the corporate income. S corporations are responsible for tax on certain built-in gains and passive income.

To qualify for S corporation status, the corporation must meet the following requirements:

- Be a domestic corporation.
- Have only allowable shareholders
  - including individuals, certain trust, and estates; and
  - may not include partnerships, corporations, or nonresident alien shareholders.
- Have no more than 100 shareholders.
- Have one class of stock.
- Not be an ineligible corporation; i.e., certain financial institutions, insurance companies, and domestic international sales corporations.

Partnership—A partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor, or skill, and expects to share in the profits and losses of the business.

A partnership must file an annual information return to report the income, deductions, gains, losses, etc., from its operations, but it does not pay income tax. Instead, it “passes through” any profits or losses to its partners. Each partner includes his or her share of the partnership’s income or loss on his or her tax return. Partners are not employees and should not be issued a Form W-2.

Trust/Estate—A relationship created at the direction of an individual, in which one or more persons hold the individual’s property subject to certain duties to use and protect it for the benefit of others.

Limited Liability C Corporation—Limited liability company that has filed a Form 8832 or a Form 2553 to be taxed as a corporation.

Limited Liability S Corporation—Limited liability company that has filed a Form 8832 or a Form 2553 to be taxed as a corporation.

Limited Liability Partnership—Limited liability company that is treated as a partnership for federal tax purposes.

Exempt Payee—Entity which is exempt from backup withholding.

Non-Profit—Tax-exempt, nonprofit corporation or association.

Government—Generally have the authority to create and enforce laws and impose taxes. Federal government includes all branches of the federal government system in addition to military organizations. State governments have the authority to exercise powers specified under the state’s constitution. Local governments are usually subdivisions of states and are created by charter. Local governments also include instrumentalities controlled by governments such as city hospitals, recreation centers, etc.

Your ERISA Plan Classification

The Employee Retirement Income Security Act (ERISA) is a federal law that governs employer-sponsored benefit plans. Your ERISA classification is important because it will determine how MLR rebates, if any, are distributed. Your options are described in more detail when you select a plan below. Select the option that best describes your group health plan. You may want to contact your legal counsel if you are unsure which option applies to you.

ERISA Plan—An employee welfare benefit plan that is subject to the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. 1001 et seq.).

Nonfederal Governmental Plan (e.g., commonwealth, municipalities, and counties)—Any employee benefit plan established or maintained by any state or political subdivision of a state, or any agency or instrumentality of a state or political subdivision.

Not a governmental plan AND not subject to ERISA (e.g., church plans)

a. A governmental plan is any employee benefit plan established or maintained by the government of the United States, any state or political subdivision of a state, or any agency or instrumentality of the United States, a state, or a political subdivision of a state.

b. A church plan is any employee benefit plan established or maintained by a church or association of churches that is exempt from the federal tax code under Code Section 501.

As a nongovernment, non-ERISA plan, you can decide whether to receive rebates directly (and use the money to benefit your subscribers) or to have Capital BlueCross issue rebates directly to your current subscribers. If you want to receive rebates directly, read the following carefully and then check the first box on the following page. As required by the final MLR rule, Capital BlueCross must first have your assurance that rebates, if any, shall benefit your subscribers.

We hereby certify and provide Capital BlueCross with assurance that:

The plan is a nongovernmental plan which is not subject to the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. 1001 *et seq*)(ERISA) and as the *contract holder*, we will use the amount of the rebate that is proportionate to the total amount of premium paid by all subscribers under the policy, for the benefit of subscribers in one of the following ways, at our option:

i. For all subscribers covered under any option offered under the *contract holder*'s group health plan at the time the rebate is received by the policyholder, to reduce the subscribers' portion of premium for the subsequent policy year;
ii. For subscribers covered, at the time the rebate is received by the *contract holder*, under the group health plan option for which the issuer is providing a rebate, to reduce the subscribers' portion of premium for the subsequent policy year;
iii. A cash refund to subscribers enrolled in the group health plan option, at the time the rebate is received by the contract holder, for which the issuer is providing a rebate; and
iv. The reduction in future premium or the cash refund received be divided evenly among such subscribers; divided based on each subscriber's actual contributions to premium; or apportioned in a manner that reasonably reflects each subscriber's contributions to premium.

The portion of a rebate based upon former subscribers' contributions to premium will be aggregated and used for the benefit of current subscribers in the group health plan in any manner indicated above.

Select one of the following if you are a nongovernment, non-ERISA plan.

The group has read and agrees to follow the requirements for rebate use described here. If a rebate is due, the group shall use the proceeds to benefit its subscribers.

The group requests Capital BlueCross to distribute rebates directly to its subscribers. Rebates, if any, shall be in equal amounts without regard to how much each subscriber paid toward premium.

Your Group Size

An important factor in the rebate calculation process is whether an employer is considered a large or small group under the Patient Protection and Affordable Care Act (PPACA). Eligibility for potential rebates, if any, will be based in part on your group size. For MLR purposes, on business days during the preceding calendar year, a large employer has employed an average of at least 51 or over employees and a small employer has employed an average of at least one but no more than 50 employees.

Calculating the Average Number of Employees—Enter the total number of employees* employed by your company on business days for each month during the 2016 calendar year. Include those who worked only a portion** of the month.

January		April		July		October	
February		May		August		November	
March		June		September		December	

Your average* number of employees for calendar year 2016 is**: ____________________

EXAMPLE: In January, you had 10 full-time employees, 2 part-time employees, and one person who worked until the 15th of the month. There are 21 business days in January, 10 of which fall between the 1st and 15th. Ten divided by 21 is 0.5. Your average number of employees for January is 12.5 [10+2+(1*0.5)]. Repeat this calculation for each month.

*	An employee is any individual employed by the employer, so both full- and part-time employees are counted.
**	For employees who worked a portion of a month, divide the number of business days for the month the employee was employed by the total number of business days in that month.
***	The average is calculated by adding the monthly employee counts and dividing that number by 12.

On January 1, 2017, how many employees were enrolled on your coverage? ____________

If there are one or two individuals enrolled as of January 1, 2017, are the individuals enrolled a sole proprietor and/or spouse? Answer **Yes or No**. ____________

Your Verification of Data Submitted

I hereby certify that the information provided here is accurate. I understand that the information will be used by Capital BlueCross and its affiliates in order to comply with its obligations under law, including but not limited to provisions under the federal Patient Protection and Affordable Care Act relating to the calculation of medical loss ratios, entitlement to, and the calculation of any rebates that may be due to the group and/or its subsidiaries.

Check here if you agree.

Signature:		*Required if returning by paper copy	
Print Name:		Date:	