

Distribution of Rebates by Group Policyholders

The federal law and regulations restrict how group policyholders can use the MLR rebates received from insurers. The restrictions differ depending on whether the plan is a federal governmental plan, a non-federal governmental plan, a plan governed by ERISA, or a plan that is neither a government plan nor governed by ERISA.

Below is a general summary of regulations issued by the U.S. Department of Health and Human Services (HHS) and guidance issued by the U.S. Department of Labor (DOL) and does not constitute legal or tax advice to group policyholders. **Group policyholders should consult with their own legal and tax advisers regarding their handling of MLR rebates. Aetna cannot offer guidance.**

Group Policyholder	Requirements for Group Policyholder Use and Distribution of Rebates
ERISA Plans	If your policy is issued in connection with a group health plan subject to ERISA, Aetna will distribute the MLR rebate to the policyholder. ERISA plans are subject to the jurisdiction of the Department of Labor (DOL). The DOL has issued Technical Release 2011-04 (Dec. 2, 2011), which provides guidance to assist plan sponsors in determining how MLR rebates may be used. Click here to review the guidance.
Federal Governmental Plans (e.g., FEHBP)	The use of rebate dollars is governed by the legal requirements under federal law applicable to the government agency.
Non-Federal Governmental Plans (e.g., state or local government plans)	Different rules apply to health plans sponsored by state and local governments for the benefit of their employees. Under MLR regulation issued by HHS, insurers must distribute MLR rebates for these policies to the policyholder. The policyholder, in turn, must use the amount of an MLR rebate that is proportionate to the premiums paid by subscribers in one of the following ways (at the policyholder's option): • To reduce the subscribers' (the individual enrollees) portion of premium for the subsequent policy year, for all subscribers covered (at the time the rebate is received) under <i>any</i> option offered under the policyholder's group health plan (not just the option for which the issuer is providing the rebate); • To reduce the subscribers' portion of premium for the subsequent policy year, for <i>only</i> those enrollees covered (at the time the rebate is received) under the group health plan <i>option</i> for

	which the issuer is providing the rebate; or • As a cash refund to subscribers enrolled in the group health plan option (at the time the rebate is received) for which the issuer is providing a rebate. The reduction in future premium or the cash refund may, at the policyholder's option, be (1) divided evenly among subscribers, (2) divided based on each subscriber's actual contributions toward premium, or (3) apportioned in a manner that reasonably reflects each subscriber's contributions toward premium. Note that amounts attributable to former subscribers must be aggregated and used for the benefit of current enrollees in the manner described above.
Non-ERISA, Non-Governmental Plans (e.g., church plans)	If your group health plan is not a governmental plan or an ERISA plan, and the group policyholder received the rebate, then the policyholder must use the rebate dollars according to the rules set forth above for Non-federal governmental plans .