2024 Federal Medical Loss Ratio (MLR) Summary

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Medical Loss Ratio (MLR) Requirements

- Commercial health plans are required to spend at least 80% of premium revenues on medical care and quality improvement for individual and small group plans, and at least 85% for large group plans.

- If a health plan fails to meet the applicable MLR standards in any given year, the health plan is required to provide a premium rebate to its policyholders.

MLR Calculation

$$\text{MLR} = \frac{\text{Total Incurred Claims + Quality Improvement (QI) Expenses}}{\text{Premium Revenue – Taxes, Licensing \& Regulatory Fees}}$$

Total Incurred Claims

Total incurred claims refers to the total payments made by a health plan for medical services provided to members.

- Payments made to healthcare providers for covered medical services.
- Claims incurred during the reporting year, regardless of when they are paid.
- Reserves for unpaid claims.

Quality Improvement Expenses

- Quality improvement (QI) expenses are costs incurred by a health plan that are designed to improve health outcomes and enhance the quality of care provided to members.
- Examples of excluded expenses are routine administrative costs, marketing expenses, and utilization management.

Premium Revenue

- Premium revenue represents all monies paid by members or employer groups for healthcare coverage.
- For the purposes of the MLR calculation, premium revenue is adjusted by deducting taxes and regulatory fees.

Individual Market – Full Service

- MLR Requirement = 80%
- 13 Health Plans
- MLR Range = 85.2% to 113.0%
- No Rebates Paid

Small Group Market – Full Service

- MLR Requirement = 80%
- 12 Health Plans
- MLR Range = 78.5% to 99.8%
- $13.4 million in Rebates Paid

Large Group Market – Full Service

- MLR Requirement = 85%
- 22 Health Plans
- MLR Range = 85.2% to 119.5%
- No Rebates Paid

Small Group Market – Specialized

- MLR Requirement = 80%
- 1 Health Plan
- MLR = 68.8%
- OptumHealth Physical Paid Rebates Totaling $2,147

Large Group Market – Specialized

- MLR Requirement = 85%
- 3 Health Plans
- MLR Range = 71.2% to 98.4%
- 2 Plans Paid Rebates = $1.9 million

  - OptumHealth Behavioral paid $1.6 million
  - OptumHealth Physical paid $342,221

Rebates Paid by Health Plans 2011-2024

Year	Rebate	Year	Rebate
2011	$43.2M	2018	$73.1M
2012	$42.8M	2019	$109.3M
2013	$5.5M	2020	$95.7M
2014	$88.9M	2021	$99.9M
2015	$25.9M	2022	$80.4M
2016	$2M	2023	$26.7M
2017	$72.3M	2024	$15.3M

Questions