Department of Health and Human Services

§ 158.220  Aggregation of data in calculating an issuer's medical loss ratio.

(a) Aggregation by State and by market. In general, an issuer’s MLR must be calculated separately for the large group market, small group market and individual market within each State. However, if a State requires the small group market and individual market to be merged, then the data reported separately under subpart A of this part for the small group and individual market in that State must be merged for purposes of calculating an issuer’s MLR and any rebates owing.

(b) Years of data to include in calculating MLR. Subject to paragraphs (c) and (d) of this section, an issuer’s MLR for an MLR reporting year is calculated according to the formula in §158.221 of this subpart and aggregating the data reported under this part for the following 3-year period:

1. The data for the MLR reporting year whose MLR is being calculated;

2. The data for the two prior MLR reporting years.

§ 158.211  Requirement in States with a higher medical loss ratio.

(a) State option to set higher minimum loss ratio. For coverage offered in a State whose law provides that issuers in the State must meet a higher MLR than that set forth in §158.210, the State’s higher percentage must be substituted for the percentage stated in §158.210. If a State requires the small group market and individual market to be merged and also sets a higher MLR standard for the merged market, the State’s higher percentage must be substituted for the percentage stated in §158.210 for both the small group and individual markets.

(b) Considerations in setting a higher minimum loss ratio. In adopting a higher minimum loss ratio than that set forth in §158.210, a State must seek to ensure adequate participation by health insurance issuers, competition in the health insurance market in the State, and value for consumers so that premiums are used for clinical services and quality improvements.