



EmblemHealth[®]

55 Water Street, New York, New York 10041-8190

June 26, 2013

<<Subscriber or Policyholder Name>>
<<Address 1>>
<<Address 2>>
<<City>>, <<State>> <<Zip Code + 4>>

Re: Health Insurance Premium Rebates for the Federal Employees Health Benefits (FEHB) Program

Policy Number: <Policy #XXXXXX>

Dear <<Subscriber or Policyholder Name>>:

GHI HMO Select, Inc. (GHI HMO) did not meet the medical loss ratio (MLR) target as required by the Affordable Care Act. We are required to send the attached notice explaining the MLR target and process.

This cover letter clarifies how the MLR applies to the Federal Employees Health Benefits (FEHB) Program. The U.S. Office of Personnel Management (OPM) is the policyholder for all health plans in the FEHB Program, and therefore the rebate is being issued to OPM from the FEHB Program carriers.

Any rebates received by OPM will be used to adjust premium rates for this health plan. This ensures that the rebate will be shared between health plan enrollees and the Federal agencies that pay for the FEHB Program.

Sincerely,

Charlene A. Maher
Senior Vice President
Marketing and Sales



EmblemHealth®

55 Water Street, New York, New York 10041-8190

Important Plan Information

June 26, 2013

<Subscriber or Policyholder Name>
Attn: <BillAttn>
<Address 1>
<Address 2>
<City>, <State> <ZIP Code + 4>

Re: Health Insurance Premium Rebate for Year 2012; Policy # <Policy #XXXXXX>

Dear <BillAttn>:

This letter is to inform you that GHI HMO Select, Inc. (GHI HMO) will be rebating a portion of your health insurance premiums through your employer or group policy holder. This rebate is required by the Affordable Care Act – the health reform law.

The Affordable Care Act requires GHI HMO to rebate part of the premiums it received if it does not spend at least 85 percent of the premiums GHI HMO receives on health care services, such as doctors and hospital bills, and activities to improve health care quality, such as efforts to improve patient safety. No more than 15 percent of premiums may be spent on administrative costs such as salaries, sales, and advertising. This is referred to as the “Medical Loss Ratio” standard or the 85/15 rule. The 85/15 rule in the Affordable Care Act is intended to ensure that consumers get value for their healthcare dollars. You can learn more about the 85/15 rule and other provisions of the health reform law at:

<http://www.healthcare.gov/law/features/costs/value-for-premium/index.html>

What the Medical Loss Ratio Rule Means to You

The Medical Loss Ratio rule is calculated on a State by State basis. In New York, GHI HMO did not meet the 85/15 target standard. In 2012, GHI HMO spent only 82.6% of a total of \$18,841,972 in premium dollars on health care and activities to improve health care quality. Since it missed the 85 percent target by 2.4% of premium it receives, GHI HMO must rebate 2.4% of the total health insurance premiums paid by the employer and employees in your group health plan. We are required to send this rebate to your employer or group policyholder by August 1, 2013, or apply this rebate to the health insurance premium that is due on or after, August 1, 2013. Employers or group policyholders must follow certain rules for distributing the rebate to you.

(Continued)

Group Health Incorporated (GHI), GHI HMO Select, Inc. (GHI HMO), HIP Health Plan of New York (HIP), HIP Insurance Company of New York and EmblemHealth Services Company, LLC are EmblemHealth companies. EmblemHealth Services Company, LLC provides administrative services to the EmblemHealth companies.

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Ways in Which an Employer Can Distribute the Rebate

If your group health plan is a non-Federal governmental plan, the employer or group policyholder must distribute the rebate in one of two ways:

- Reducing premium for the upcoming year; or
- Providing a cash rebate to employees or subscribers that were covered by the health insurance on which the rebate is based.

If your group health plan is a church plan, the employer or group policyholder has agreed to distribute the portion of the rebate that is based on the total amount all of the employees contributed to the health insurance premium in one of the ways discussed in the prior paragraph.

If your group health plan is not a governmental plan or a church plan, it likely is subject to the Federal Employee Retirement Income Security Act of 1974 (ERISA). Under ERISA, the employer or the administrator of the group health plan may have fiduciary responsibilities regarding use of the Medical Loss Ratio rebates. Some or all of the rebate may be an asset of the plan, which must be used for the benefit of the employees covered by the policy. Employees or subscribers should contact the employer or group policyholder directly for information on how the rebate will be used. For general information about your rights regarding the rebate, you may contact the Department of Labor's Employee Benefits Security Administration at **1-866-444-EBSA** (3272) or review the Department's technical guidance on this issue on its Web site at: <http://www.dol.gov/ebsa/newsroom/tr11-04.html>

Need more information?

If you have any questions about the Medical Loss Ratio and your health insurance coverage, please contact GHI HMO toll-free at **1-877-244-4466** or www.emblemhealth.com.

Contact your employer or Administrator directly for information on how the rebate will be distributed. For general information about your rights regarding the rebate if your group health plan is subject to ERISA, you may contact the Department of Labor's Employee Benefits Security Administration at **1-866-444-EBSA** (3272) or review the Department's technical guidance on this issue on its Web site at: <http://www.dol.gov/ebsa/newsroom/tr11-04.html>

Sincerely,

A handwritten signature in black ink that reads "Charlene A. Maher".

Charlene A. Maher
Senior Vice President
Marketing and Sales