

Medical Loss Ratio (or 80/20 Rule) Commonly asked questions

Question	Answer
<p>What is Medical Loss Ratio (or 80/20 rule)?</p>	<p>The Affordable Care Act is the law that governs healthcare in the United States.</p> <p>Part of the law says that no more than 20% of premiums (the amount you pay for your health plan) can be spent on:</p> <ul style="list-style-type: none"> • Salaries • Sales • Advertising • Other administrative costs <p>The law requires LifeWise Assurance Company (LWAC) to spend at least 80% of premiums it receives on health care services and improving health care quality, such as:</p> <ul style="list-style-type: none"> • Doctor bills • Hospital bills • Efforts to improve patient safety <p>These requirements are referred to as “80/20 rule” or the “Medical Loss Ratio” standard. It is intended to ensure consumers get good value for their health care dollars.</p> <p>If LWAC doesn’t meet the 80/20 rule in a plan year, we must refund a portion of your premium (an amount of money called a rebate).</p>
<p>What year is in question?</p>	<p>In the 2023 calendar year, LWAC did not meet the 80/20 rule.</p>
<p>What is counted in the 80/20 calculation?</p>	<p>Calculation is based on:</p> <ul style="list-style-type: none"> • Total incurred claims LWAC paid during the year, plus (+) expenses for activities that improve health care quality divided by (÷) • Total premium paid to LWAC, minus (-) federal and state taxes, licensing, and regulatory fees
<p>What addresses were used to send the checks?</p>	<p>Rebate checks were sent to member addresses on file as of July 26, 2024.</p>
<p>When will checks be sent?</p>	<p>Rebate checks should be mailed by August 21, 2024.</p>

<p>What if a check needs to be reissued?</p>	<p>Call customer service at 800-971-1491. They can stop payment on the original check and reissue a new check for the member.</p>
<p>What happens to checks that are returned or not cashed?</p>	<p>If the check is not cashed:</p> <ul style="list-style-type: none"> • After 180 days, checks are held in our Unclaimed Property Compliance System. Members may ask to have the check reissued by calling customer service at 800-971-1491. • After 3 years, funds are considered unclaimed property. They are sent to the State of Washington Department of Revenue. To claim the funds at this point, the member should contact the Department of Revenue.