

MLR COVER LETTER #2



[Date 1]

[Group or Member Name 2a]  
123 North Pole 2b  
Somewhere, Near 12345 2c]

Dear [Plan Administrator or Member 3]:

According to regulations under the Patient Protection and Affordable Care Act (PPACA), as an insurer we are required to spend a minimum percentage of groups' premiums on medical expenses, i.e., clinical services and healthcare quality improving activities, or rebate the difference. This percentage is known as the Medical Loss Ratio (MLR). The MLR rebates are based upon aggregated market data in each state and not upon a particular group health plan's experience. [SENTENCE 1- You are receiving this letter because you are receiving a rebate. SENTENCE 2-You are receiving this letter to notify you that your current/former group employer is receiving a rebate for the [YYYY 4b] refund year. SENTENCE 3- You are receiving this letter because you elected to have your rebate equally distributed to your employees. Attached is a sample of the letter we sent to your employees. SENTENCE 4- You are receiving this letter because your group employer elected to have their rebate equally distributed to their employees. 4a]

In any one year, there are several reasons why our medical loss ratio might fall short of the federal thresholds. Some examples are:

- The actual costs or utilization of medical care increased at a slower rate than was anticipated
- An expensive prescription drug or particular medical service is replaced by lesser cost options
- More people use features of their plan that work to contain costs, such as going to preferred providers or switching from brand name to generic drugs

Also, the fewer lives covered in a state, the more loss ratios can vary from year to year, and a small number of unexpected large medical claims can have a substantial impact. This inherent volatility must be taken into account when pricing.

Factors such as these can be challenging to predict in advance, which is necessary when determining premiums. Trustmark Life Insurance Company balances these concerns with the desire to provide affordable products for its customers.

[If you have any questions, please call 800.522.1246, option 8. 5]

[Sincerely,

A handwritten signature in black ink, appearing to read "Bernadette M. Wendell".

Bernadette M. Wendell  
2<sup>nd</sup> Vice President, Administration 6]