

2021 Tax Year Premium Rebates

Member Frequently Asked Questions

BACKGROUND

Annually, Optima Health is required to file a Medical Loss Ratio (MLR) report to document the amount of member premiums spent on medical costs. Per the Affordable Care Act (ACA), health plans are required to spend a minimum of 80% of premium dollars every calendar year on healthcare services and certain quality improvement activities for their members. This percentage is called the Medical Loss Ratio (MLR). For the year ending December 31, 2021, our OptimaFit® Individual & Family Plans did not meet this requirement. As a result, Optima Health issued rebates to qualifying individual members. Per the ACA, these rebates are due to members by September 30, 2022.

The letter we sent uses language required by the Centers for Medicare & Medicaid Services (CMS). We were required to include certain data from our calculation in the letter, including the total premiums (approximately \$132 million), and the percentage we were required to refund (8.8%). Rebates were paid at the policy (subscriber) level, not member level, as allowed by statute.

OPTIMA HEALTH INDIVIDUAL & FAMILY PLAN SUBSCRIBERS

1. Why did I get a check?

You received a check because you were covered by an OptimaFit® Individual & Family Plan at some point during the 2021 calendar year AND premium payments were made on your behalf, whether by the subscriber, the government via the Advanced Premium Tax Credit (APTC), or a third-party entity (for example, the Virginia Department of Health). Optima Health is required to reimburse a portion of the premium to members when it does not spend at least 80% of premium dollars on medical expenses and certain quality improvement activities.

2. How are rebates calculated?

The U.S. Department of Health and Human Services (HHS) issued detailed instructions to health insurers for calculating MLR rebates. In its simplest form, MLR rebates are calculated by taking the amount spent on medical claims and qualified health quality initiatives and dividing it by the premiums collected, minus certain federal and state taxes and fees. Optima Health files its calculations with all applicable regulatory agencies—HHS, the National Association of Insurance Commissioners (NAIC), and state regulatory agencies in our service area—as required by law.

3. Is there a tax consequence for this refund?

Please consult a tax expert on whether this income is taxable or not. Optima Health cannot provide tax guidance.

2021 Tax Year Premium Rebates

Member FAQs

4. Does the fact that rebates were paid mean that Optima Health overcharged their members?

No. Premiums are typically set far in advance of when they take effect. In setting prices, insurers project the expected cost of medical claims based on the then-current cost trends, which do not perfectly predict future results.

5. I have a Marketplace plan and received a subsidy in 2021. Will my refund be calculated into my yearly income/subsidy reconciliation with the Marketplace?

If you had a subsidy in 2021, you may have to report the rebate on your tax return. Please consult your tax advisor or the Internal Revenue Service (IRS) for questions. The IRS has some frequently asked questions posted on its [website](#).

6. My check is for more than the amount of premium I paid out of pocket because I received a subsidy. Why can't you refund the government their portion?

Your check is correct. The calculation the government requires includes both the member's portion of the premium plus any subsidy you received from the government. CMS regulations require companies to issue refunds directly to the members, including the subsidy. Unfortunately, Optima Health has no mechanism to return funds to the government.

Since you received a subsidy, you may have a tax consequence on your tax return. Although we can't advise you on your taxes, we can suggest you reach out to a tax professional or the IRS for how to report this on your tax return. Optima Health did not issue 1099s for individuals who received a rebate.

7. Will I be taxed on this refund?

Please speak with a tax professional or the IRS for information on how to treat the rebate. Optima Health will not issue 1099s related to this check. The letter you received was a required government form letter. You can still cash the check, but you may want to set aside some money in case there is a tax implication.

8. When will my check arrive?

Checks for the 2021 year rebate will be mailed September 26–30, 2022. Please allow four weeks for delivery prior to contacting the email address. Reissued checks take approximately two to three weeks to process in our office. Please allow six weeks from the validation of your email for delivery.

Checks will be delivered by the U.S. Postal Service. Tracking of these checks is not available.

9. Can I come pick up my check?

To protect the health and safety of our members and employees, we cannot allow access to our buildings at this time.

10. Can my money be sent to me electronically?

Unfortunately, we do not have a way to electronically send money at this time.

2021 Tax Year Premium Rebates

Member FAQs

11. What should I do if I didn't receive my check?

Please send a **secure** email to MLRrebate@sentara.com for assistance. Please provide the following:

- subscriber's full name
- subscriber's member ID number or the last four digits of the subscriber's SSN
- subscriber's birthdate
- mailing address—please include the original address if it changed since 2021

12. Whom do I contact at Optima Health if I have any questions about my check?

Please send a **secure** email to MLRrebate@sentara.com for assistance. Please provide the following:

- subscriber's full name
- subscriber's member ID number or the last four digits of the subscriber's SSN
- subscriber's birthdate
- mailing address—please include the original address if it changed since 2021

If the subscriber is deceased, please provide the above information, a copy of the death certificate, the legal documentation naming the executor of the estate, and the proper name to whom we should make the check payable.

If a subscriber had a name change since 2021, please provide the above documentation, the legal documentation supporting the name change, and the proper name to whom we should make the check payable.

Since you received a subsidy, you may have a tax consequence on your tax return. Although we can't advise you on your taxes, we can suggest you reach out to a tax professional or the IRS for how to report this on your tax return. Optima Health did not issue 1099s for individuals who received a rebate.

EMPLOYER GROUP MEMBERS

13. Which employer groups are eligible for a premium rebate?

For the 2021 tax year, we will not issue rebates to any employer groups or their employees, as a larger percentage of premiums was spent on healthcare services for 2021.