

July 20, 2012

MEMORANDUM NO: 038-12HR

TO: Agency Administrators

FROM: Jamie Johnson, Senior Human Resources Coordinator

VIA: Rip Colvin, Executive Director

RE: Insurance Company Rebates

You may have heard from the media that approximately 1.3 million Florida residents will receive rebates from their health insurance companies. We have been advised by the Department of Management Services that this does not apply to the State Group Insurance Program participants.

The rebates are based on the federal health care reform requirement that fully insured health insurance companies, covering 50 or more employees, spend at least 85 percent of their premium dollars on medical claims in the 2011 plan year. No more than 15 percent can be spent on overhead costs such as administration, marketing, etc. Health insurance companies that spend less than 85 percent on patients are required to give their members rebates.

The Medical Loss Ratio is the difference between what insurance companies spend on patients and what they spend on overhead costs. In 2011, only the Health Maintenance Organization (HMO) plans were fully insured under the State Group Insurance Program and subject to this requirement. The Medical Loss Ratios reported by the HMO's on June 1, 2012 exceeded the minimum requirements--meaning the plans spent at least 85 percent of premiums on patient care. As a result, members of the State Group Insurance Program are not owed rebates and will not receive checks from the participating insurance companies.

If you have any questions, please contact Jamie Johnson at 850-488-2415, ext. 292 or at Jamie.Johnson@jac.myflorida.com.

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