

Optum Health Medical Loss Ratio Rebate Information

What is a Medical Loss Ratio (MLR) rebate?

Federal law requires health insurance carriers to spend most of the premiums they collect on actual health care and quality-improvement activities, rather than administrative costs or profits. They must return the difference to subscribers in the form of a rebate.

Why did I receive a notice?

If you were enrolled in one of the City's Sutter Health Plan (SHP) medical plans last calendar year, you may receive a notice from Optum Health the following September or October.

- Example: you were enrolled in SHP in 2024, and you receive a notice in September/October 2025.
- Optum Health administers the chiropractic and acupuncture benefits for SHP, and the rebate is tied only to these benefits.
- Your notice is informational. It does not mean you are eligible to receive a rebate check.

How will the City issue rebate payments?

- The City must first receive the rebate check from Optum Health, along with information about which SHP plans the rebate applies to.
- The City usually receives this information about 30 days after all subscribers receive their notification letter from Optum Health.
- Once received, the City will determine eligibility using enrollment data as of the first of the month following the date the rebate was received.
 - Example: If the City receives the rebate on October 10, eligibility is based on SHP enrollment as of November 1.
- Eligible subscribers (the City employee or retiree enrolled in SHP) will receive their portion by check mailed to the address on file with the City. Dependents are not eligible for separate payments.
- Payments are generally issued in January.

Things to keep in mind

- Rebates are usually minimal amounts (a few dollars), since they are spread across all eligible subscribers.
- Rebates are considered taxable income. You may want to consult your tax advisor for further information. The City will not issue a 1099 for your issued rebate.
- No action is required from you to notify the City that you received a letter about a possible rebate, and the City does not need a copy of the letter you received.