



August 17, 2011

The Honorable Darrell Steinberg
President pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John Perez
Speaker of the Assembly
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Ed Hernandez, D.O.
Chair, Health Committee
California State Senate
State Capitol, Room 2191
Sacramento, CA 95814

The Honorable Bill Monning
Chair, Health Committee
California State Assembly
State Capitol, Room 6005
Sacramento, CA 95814

The Honorable Mark Leno
Chair, Budget and Fiscal Review
California State Senate
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Robert Blumenfield
Chair, Budget Committee
California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Tony Strickland
Vice Chair, Health Committee
California State Senate
State Capitol, Room 4062
Sacramento, CA 95814

The Honorable Dan Logue
Vice Chair, Health Committee
California State Assembly
State Capitol, Room 4158
Sacramento, CA 95814

The Honorable Robert Huff
Vice Chair, Budget and Fiscal Review
California State Senate
State Capitol, Room 3048
Sacramento, CA 95814

The Honorable Jim Nielsen
Vice Chair, Budget Committee
California State Assembly
State Capitol, Room 6031
Sacramento, CA 95814

RE: Unreasonable Rate Filings Quarterly Report (Health & Saf. Code §1385.11(d))

Dear Honorable Senators and Assembly Members:

Under SB 1163 (Leno – Chap. 661, Stats. 2010.), health plans must file with the Department of Managed Health Care (DMHC) specified premium rate information, provide certain actuarial certifications, and meet specified website and consumer notice requirements. SB 1163 also authorizes the DMHC to review premium rates, including unreasonable rate increases, as defined by the Patient Protection and Affordable Care Act.

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As required by SB 1163, and codified under Health and Safety Code section 1385.11, subdivision (d), the DMHC hereby reports to the California Legislature its second quarterly Unreasonable Rate Filings Report.

Between April 1, 2011 and June 30, 2011, the DMHC received 11 premium rate filings. To date, none of these rate filings have been found unreasonable. These filings are posted to the DMHC website for public comment at: <http://wpsso.dmhc.ca.gov/RateReview/>.

On April 29, 2011, the DMHC did make one determination that an Anthem Blue Cross (Anthem) individual rate filing, regarding two of its PPO products, was "unreasonable." This filing was originally submitted to the DMHC on December 29, 2010, for rates that were to be effective April 1, 2011. However, Anthem delayed the rate increase until May 2, 2011. This filing is also available for public comment and review on the DMHC rate review website (<http://wpsso.dmhc.ca.gov/RateReview/>).

If you have any questions about these matters, the DMHC welcomes the opportunity to assist you.

Sincerely,



Brent A. Barnhart, Director
Department of Managed Health Care

cc: Peter Hansel, Staff Director, Senate Health Committee
Scott Bain, Consultant, Senate Health Committee
Lisa Chan-Sawin, Consultant, Senate Health Committee
Melanie Moreno, Chief Consultant, Assembly Health Committee
Teri Boughton, Consultant, Assembly Health Committee
Keely Bosly, Consultant, Senate Budget and Fiscal Review
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David Panush, Consultant, Senate President Pro Tempore
Agnes Lee, Consultant, Speaker of the Assembly
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Michael Webb, Acting Deputy Secretary of Legislation, Business, Transportation & Housing Agency