



Unreasonable Health Plan Premium Rate Filings Report

January 1, 2013, through March 31, 2013

April 1, 2013, through June 30, 2013

July 1, 2013, through September 30, 2013

October 1, 2013, through December 31, 2013

February 28, 2014

UNREASONABLE HEALTH PLAN PREMIUM RATE FILINGS REPORT

The Department of Managed Health Care (DMHC) is the country's first government agency solely dedicated to regulating health plans and assisting consumers to resolve disputes with health plans. The DMHC oversees 65 full-service health plans, including all California HMOs and some PPOs, as well as 52 specialized plans such as dental and vision. Overall, the DMHC regulates approximately 90 percent of the commercial health care marketplace in California.

Under Senate Bill 1163 (Leno – Chap. 661, Stats. 2010), full service health care service plans must file with the DMHC specified premium rate information, provide certain actuarial certifications, and meet specified website and consumer notice requirements. These filings are posted to the DMHC website for public comment at: <http://wps0.dmhc.ca.gov/RateReview/>

SB 1163 also authorizes the DMHC to review premium rates and make a determination if such rates are unreasonable, as defined by the federal Affordable Care Act. Although the DMHC may determine that premium rates are unreasonable, the DMHC does not have the authority to approve or disapprove premium rates. On a quarterly basis, the DMHC must report to the California State Legislature any unreasonable rate increases filed by health care service plans as required by SB 1163, and codified under Health and Safety Code section 1385.11, subdivision (d). Copies of all previously submitted Unreasonable Health Plan Premium Rate Filings Quarterly Reports are available for review on the DMHC's website at: http://www.dmhc.ca.gov/aboutthedmhc/gen/gen_legisqrpts.aspx

This report reflects the DMHC rate review activities for all four quarters of calendar year 2013.

January 1, 2013, through March 31, 2013

The DMHC reviewed 19 premium rate filings and found two of those rate filings unreasonable.

On March 6, 2013, the DMHC made two determinations that Blue Shield's individual rate filing and Aetna's small group rate filing were unreasonable. Blue Shield's 11.8% increase was effective March 1, 2013, impacting 27,000 individual enrollees. Aetna's 11.4% increase was effective April 1, 2013, impacting 20,000 small group enrollees. Both plans implemented these rates despite the unreasonable findings.

In addition, the DMHC rate review process resulted in two health plans reducing their rates for three rate filings:

- Anthem Blue Cross, for its individual business, initially requested 12-month rate increases, averaging 15.0% effective February 1, 2013. After review by, and discussions with, the DMHC, Anthem agreed to lower its average rate request to 12.5%. This reduction affects approximately 94,000 enrollees, generating total savings estimated at \$11.5 million
- Anthem Blue Cross, for its small group business, initially requested 12-month rate increases, averaging 4.0% effective April 1, 2013. After review by, and discussions with, the DMHC, Anthem agreed to lower its average rate request to 3.7%. This reduction affects approximately 108,000 enrollees, generating total savings estimated at \$1.5 million. Additionally, Anthem

agreed to withhold a quarterly rate increase for small group policies renewing in the third quarter of 2013. The DMHC estimates that forgoing the third quarter increase saves enrollees approximately \$6 million.

- Aetna, for its small group business, submitted two cohorts with its rate filing. For the first cohort with renewal dates of February 2013 through March 2013, Aetna initially requested 12-month rate increases averaging 10.9% effective February 1, 2013. After review by, and discussions with, the DMHC, Aetna agreed to lower its average rate request to 10.6% effective February 1, 2013. For the second cohort with renewal dates of April 2013 through June 2013, Aetna initially requested 12-month rate increases averaging 13.1% effective April 1, 2013. After review by, and discussions with DMHC, Aetna agreed to lower its average rate request to 11.4% effective April 1, 2013, however, the DMHC still found this rate increase to be unreasonable. Aetna implemented this rate despite the unreasonable finding. The reduction for both cohorts affects approximately 40,000 enrollees, generating total savings estimated at \$1.8 million.

April 1, 2013, through June 30, 2013

The DMHC reviewed 10 premium rate filings and found none of those rate filings unreasonable.

The DMHC rate review process resulted in United Healthcare (United) reducing its rates for two rate filings:

- United, for its individual business, initially requested 12-month rate increases, averaging 18.0% effective July 1, 2013. After review by, and discussions with, the DMHC, United requested on June 28, 2013, that the rate filing be withdrawn. This withdrawal affects approximately 4,500 enrollees, generating total savings estimated at \$2.4 million.
- United, for its small group business, initially requested 12-month rate increases, averaging 8.3% effective November 1, 2013. After review by, and discussions with, the DMHC, United agreed to lower its average rate request to 6.6%. This reduction affects approximately 4,640 enrollees, generating total savings estimated at \$0.4 million.

July 1, 2013, through September 30, 2013

The DMHC reviewed 12 premium rate filings. The DMHC found none of those rate filings unreasonable.

October 1, 2013, through December 31, 2013

The DMHC reviewed 16 premium rate filings. The DMHC found none of those rate filings unreasonable.