



STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE

November 10, 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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Director

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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 third quarterly Unreasonable Rate Filings Report.

Between July 1, 2011 and September 30, 2011, the DMHC received 13 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://wps0.dmhc.ca.gov/RateReview/>.

The DMHC rate review process resulted in Kaiser Foundation Health Plan (Kaiser) reducing their rates on two rate review filings:

- Kaiser, for its small group business entitled "SBU HMO", initially requested 12-month rate increases, averaging 10.7%. After review by, and discussions with, the DMHC, Kaiser agreed to lower its average rate increase request to 9.5%. This will affect approximately 190,000 subscribers, with a savings totalling approximately \$13.5 million.
- For Kaiser's "SBU POS" product, Kaiser proposed a 12-month rate increase, averaging 12%. After review, and discussions with the DMHC, Kaiser also agreed to lower its average rate increase request to 10.8%. This will affect approximately 240 subscribers, with a savings totalling approximately \$40,800.

These filings are also available for public comment and review on the DMHC rate review website at: (<http://wps0.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:

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  
Andrea Margolis, Consultant, Assembly Budget Committee  
Katie Johnson, Consultant, Senate Appropriations Committee  
Lisa Murawski, Consultant, Assembly Appropriations Committee  
David Panush, Consultant, Senate President Pro Tempore  
Agnes Lee, Consultant, Speaker of the Assembly  
Joe Parra, Consultant, Senate Republican Caucus  
Tim Conaghan, Consultant, Senate Republican Caucus  
Kirk Feely, Consultant, Senate Republican Caucus  
Peter Anderson, Consultant, Assembly Republican Caucus

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Kevin Hanley, Consultant, Assembly Republican Caucus  
Eric Swanson, Director, Assembly Republican Fiscal Office  
Michelle Baca, Consultant, Assembly Republican Fiscal Office  
Leonor Ehling, Director, Senate Office of Research  
Gareth Elliot, Legislative Secretary, Governor's Office  
Lark Park, Deputy Legislative Secretary, Governor's Office  
Michael Webb, Acting Deputy Secretary of Legislation, Business, Transportation & Housing Agency  
Donna Campbell, Deputy Secretary of Legislation, California Health & Human Services Agency