

From: DMHC Licensing eFiling
Subject: 2017 Rate Posting and Large Group Notice
Date: Friday, October 7, 2016 1:50:00 PM

Dear Health Plan Representative,

The DMHC will be posting the Covered California and CalPERS rate increases for 2017 on our website today, please see attached, "All Plan Letter-SB 546 (Renewal Notices) 2017."

If you have any questions, please contact Wayne Thomas at (213) 576-7572.

Thank you

ALL PLAN LETTER

DATE: October 6, 2016

TO: Full Service Health Plans

FROM: **Gil Riojas**

Deputy Director, Office of Financial Review

SUBJECT: SB 546 Implementation – Large Group Renewal Notice Requirements

California Health and Safety Code section 1374.21, subdivision (a), as amended by SB 546 (Leno, 2015), requires all commercial full-service health care service plans (“plans”) to comply with new disclosure requirements relating to large group renewal notices. Specifically, no change in premium rates or changes in coverage stated in a group health care service plan contract shall become effective unless the plan has delivered in writing a notice indicating the change or changes at least 60 days prior to the contract renewal effective date. For the purpose of this section, large group plans include In Home Support Services (IHSS) products. This letter provides plans with confirmation of the timing and content requirements of the notices.

Timing

Beginning with June 2016 renewals, plans shall comply with the new notice requirements.

Content

Renewal notices delivered by plans shall include a statement comparing the proposed rate change stated in a group health plan service contract to the average rate increases negotiated by CalPERS and by Covered California. The statement must include information on whether the rate change is greater than, less than or equal to the CalPERS and Covered California average rate increases. The Department has confirmed and will post on its website the following average rate increases for use in the notices:

CalPERS = 3.92% for calendar year 2017

Covered California = 13.2% for individual market products in calendar year 2017

These percentages shall be used until the Department and CDI provide updated rates, likely in late 2017. The Department encourages plans to include the actual percentages for CalPERS and Covered California in the notice. Alternatively, plans can include information or a link to the Department's website for more information on the specific average rate increases above used in the comparison.

Section 1374.21 also requires the notice to include information regarding the excise tax; however, the Department has confirmed is not applicable in 2016 through 2019 and accordingly need not be included in the notice.

If the final rates are different from those proposed in the initial notice due to negotiations on rates or changes in benefits, plans are not required to send additional notices.

If you have any questions about compliance with the notice requirements of SB 546, please contact Wayne Thomas at (213) 576-7572.