

FOR IMMEDIATE RELEASE

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Department of Managed Health Care Declares Health Plan Rate Increases by Blue Shield and Aetna Unreasonable

After lengthy negotiations, three other rate increases reduced saving Californians more than \$13 million and one anticipated rate increase cancelled saving an estimated \$6 million

(Sacramento) – The California Department of Managed Health Care (DMHC) Director Brent A. Barnhart today declared Blue Shield’s 11.8 percent health plan premium increase and Aetna’s 11.4 percent increase unreasonable. Blue Shield’s increase was effective March 1 and impacts 27,000 individual policyholders. Aetna’s increase is effective April 1 and impacts 20,000 small group policyholders. The unreasonable findings are based upon reviews of the plans’ historical and projected medical trends and utilization assumptions.

“I am disappointed that after lengthy negotiations, Blue Shield and Aetna were unwilling to bring their proposed health plan increases down to a reasonable level,” said Barnhart.

Director Barnhart also announced that three proposed premium rate increases were reduced as a result of negotiations with the health plans involved. This action will save nearly 222,000 California policyholders a total of more than \$13.3 million.

“Through DMHC actuaries’ in-depth review of three rate filings, and successful negotiation with the two health plans involved, the DMHC is saving nearly 222,000 Californians a total of more than \$13.3 million in health plan premiums over the next year,” said Barnhart.

Negotiated Reductions						
Health Plan	Effective Date	Type of Health Plan Product	Number of Californians Impacted	Proposed Increase (AVERAGE)	Negotiated Reduction (AVERAGE)	Savings
Anthem Blue Cross	2/1/13	Individual	94,000	15.0%	12.5%	\$11.5 M
Anthem Blue Cross	4/1/13	Small Group	108,000	4.0%	3.7%	\$1.5M
Aetna	2/1/13	Small Group	20,000	10.9%	10.6%	\$0.3 M
Total Number of Californians Impacted			222,000	Total Savings		\$13.3M

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Department of Managed Health Care

Press Release

Brent A. Barnhart
Director

For those rate increases that have already taken effect, the plans have agreed to issue credits on upcoming bills for the negotiated reductions. The reductions were primarily due to an adjustment of underlying medical cost trends.

Additionally, Anthem Blue Cross agreed to not request a rate increase for small group policies renewing in the third quarter of 2013. The DMHC estimates that forgoing the anticipated increase will save California policyholders approximately \$6 million.

Since January 2011, the DMHC has saved Californians approximately \$53 million through its health plan rate review program. Under existing state law, proposed rate increases for individual or small group health plans must be filed with the DMHC. Department actuaries perform an in-depth review of all proposed rate increases to ensure that the proposed rate changes are justified by underlying medical costs and trends. The DMHC does not have the authority to approve or deny rate increases; however, the department's review improves accountability in health plan rate setting and often results in a reduction in the proposed rate increase.

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About the DMHC

The DMHC regulates managed care health plans in California, protects the rights of approximately 20 million health plan enrollees, educates consumers on their health care rights and responsibilities, and preserves the financial stability of the managed health care system. Since 2000, the department has helped more than 1 million Californians resolve health plan problems through its Help Center. Information and assistance is available 24/7 at www.HealthHelp.ca.gov or by calling 1-888-466-2219.

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