



June 28, 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 Committee  
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  
Committee  
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:

In 2010, the California Legislature passed Senate Bill 1163 (Leno -- Chap. 661, Stats. 2010.) Under SB 1163, 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

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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.

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 first quarterly Unreasonable Rate Filings Report:

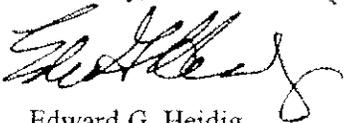
Between January 1, 2011, and March 31, 2011, the DMHC received premium rate filings from three health care service plans:

- 1) UnitedHealthcare of California (received March 31, 2011)
- 2) Health Net of California, Inc. (received March 2, 2011)
- 3) Sharp Health Plan (received February 27, 2011)

These filings are still under review, and will eventually be posted to the DMHC website for public comment at: <http://wpsso.dmhc.ca.gov/RateReview/>. During the first quarter, the DMHC has not made any determination of unreasonable rate increases, as specified under SB 1163.

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

Sincerely,



Edward G. Heidig  
Interim 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  
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  
Kevin Hanley, Consultant, Assembly Republican Caucus  
Eric Swanson, Staff Director, Assembly Republican Fiscal Caucus  
Michelle Baca, Consultant, Assembly Republican Fiscal Caucus  
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