

DEPARTMENT OF  
**Managed  
Health Care**

www.healthhelp.ca.gov  
1-888-HMO-2219

February 6, 2012

**Brent A. Barnhart**  
Director

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 care service 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

STATE OF CALIFORNIA  
EDMUND G. BROWN JR.  
GOVERNOR

980 9th Street  
Suite 500  
Sacramento, CA 95814-2724

320 West 4th Street  
Suite 880  
Los Angeles, CA 90013-2353

HEALTH AND HUMAN  
SERVICES AGENCY

916-324-8176 Voice  
916-322-9430 Fax

213-620-2744 Voice  
213-576-7183 Fax

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 fourth quarterly Unreasonable Rate Filings Report.

Between October 1, 2011 and December 31, 2011, the DMHC received 24 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/>.

Although there were not any rate filings found unreasonable, the DMHC, through the rate review process, was able to negotiate lower rates with Health Net of California, Inc. (Health Net) on two rate review filings:

- For its small employer group business, Health Net initially requested a 12-month rate increase, averaging 12.3%. After review by, and discussions with, the DMHC, Health Net agreed to lower its average rate increase request to 9.6%, affecting approximately 180,478 subscribers.
- For its Cal Choice business, Health Net proposed a 12-month rate increase, averaging 12.6%. After review by, and discussions with, the DMHC, Health Net agreed to lower its average rate increase request to 10.1%. This will affect approximately 26,814 subscribers.

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:

Melanie Moreno, Chief Consultant, Senate Health Committee  
Scott Bain, Consultant, Senate Health Committee  
Katie Trueworthy, Consultant, Senate Health Committee  
Teri Boughton, Chief Consultant, Assembly Health Committee  
Keely Bosly, Consultant, Senate Budget and Fiscal Review  
Andrea Margolis, Consultant, Assembly Budget Committee  
Brendan McCarthy, Consultant, Senate Appropriations Committee  
Lisa Murawski, Consultant, Assembly Appropriations Committee  
Diane Van Maren, 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

DMHC Unreasonable Rate  
Filings Quarterly Report  
February 6, 2012  
Page 3

Peter Anderson, Consultant, Assembly Republican Caucus  
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  
Donna Campbell, Deputy Secretary of Legislation, California Health & Human Services Agency