

# Large Group Aggregate Rates

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**Pritika Dutt**

**Deputy Director, Office of Financial Review**

# Requirements of SB 546 (2015)

## Large Group Aggregate Rates

- Requires large group health plans to file aggregate rate information with the DMHC by October 1, 2016, and annually thereafter.
  - The information submitted on October 1, 2018, was for the period of January 1, 2018 – December 31, 2018.
- Requires the DMHC to conduct a public meeting annually to permit a public discussion regarding changes in the rates, benefits and cost sharing in the large group market.

# Requirements of SB 546 (2015)

## Large Group Aggregate Rates

Requires health plans to include information in their notice of premium rate change indicating whether the rate change is greater than the average increase for CalPERS and Covered California.

Year	Covered California	CalPERS
2016	4.0%	7.7%
2017	13.2%	3.9%
2018	21.1%	2.5%
2019	8.7%	1.1%

# Large Group Aggregate Rates Measurement Year 2018

- 24 Health Care Service Plans were required to file, including:
  - Seven statewide plans
  - Ten regional plans
  - Two cross-border plans
  - Five In-Home Support Services (IHSS) plans
- Over 7.8 million enrollees in roughly 13,600 renewing groups affected by the rate changes.
- Analysis excludes data from cross-border and IHSS plans.

# Average Rate Increase

Category	Unadjusted Average Rate Increase	Adjusted Average Rate Increase	Number of Enrollees	Average Premium Per Member Per Month (PMPM)
All Plans	5.4%	5.7%	7,714,728	\$487.99
Kaiser	4.7%	4.9%	5,034,656	\$468.80
All Plans Minus Kaiser	6.6%	7.0%	2,784,810	\$514.80

# Statewide Plans

Plan Name	Number of Enrollees	Number of Renewing Groups	Percentage of Large Group Total	Unadjusted Average Rate Increase	Adjusted Average Rate Increase	Average Premium PMPM
Kaiser	5,034,656	7,827	65.3%	4.7%	4.9%	\$468.80
Anthem Blue Cross	1,044,835	1,989	13.5%	6.0%	7.3%	\$527.57
Blue Shield	424,996	890	5.5%	6.4%	4.8%	\$524.54
UnitedHealthcare	415,094	538	5.4%	9.3%	9.0%	\$508.97
Health Net	283,962	509	3.7%	6.6%	7.1%	\$545.00
Aetna Health	139,018	586	1.8%	8.5%	10.1%	\$475.75
Cigna Healthcare	114,984	287	1.5%	7.4%	7.4%	\$558.00
<b>Total:</b>	<b>7,457,545</b>	<b>12,626</b>	<b>96.7%</b>	<b>5.5%</b>	<b>5.7%</b>	<b>\$486.85</b>

# Regional Plans

Plan Name	Number of Enrollees	Number of Renewing Groups	Percentage of Large Group Total	Unadjusted Average Rate Increase	Adjusted Average Rate Increase	Average Premium PMPM
Western Health Advantage	77,913	211	1.0%	3.4%	5.0%	\$523.17
Sharp Health Plan	69,378	126	0.9%	3.5%	4.7%	\$489.45
Sutter Health Plus	40,492	189	0.5%	3.1%	3.9%	\$492.75
Valley Health Plan	20,940	2	0.3%	3.0%	3.0%	\$771.74
Ventura County Health Care Plan	14,537	6	0.2%	9.5%	9.5%	\$446.79
Scripps Health Plan	12,938	1	0.2%	0.0%	0.0%	\$478.24
Community Care	9,414	7	0.1%	3.9%	3.9%	\$442.00
Contra Costa Health Plan	8,789	4	0.1%	3.8%	3.8%	\$571.23
Chinese Community	2,556	27	0.0%	4.3%	4.3%	\$449.13
Seaside Health Plan	226	1	0.0%	0.0%	0.0%	\$527.34
<b>Total:</b>	<b>257,183</b>	<b>574</b>	<b>3.3%</b>	<b>3.5%</b>	<b>4.4%</b>	<b>\$520.88</b>

# Product Type

Product Type	Average Rate Increase	Minimum	Maximum	Average Premium PMPM
PPO	6.6%	5.9%	6.8%	\$602.00
POS	6.4%	5.3%	8.1%	\$536.33
HDHP	6.2%	-10.3%	9.5%	\$443.84
HMO	5.3%	0.0%	24.0%	\$480.77
EPO	0.0%	0.0%	0.0%	\$762.73

# Actuarial Value

Product Type	Number of Covered Lives by Actuarial Value*					
	≥ 90%	80 – 89	70 – 79	60 – 69	< 60%	All
HMO	5,386,887	1,183,050	202,375	49,987	2,720	6,825,019
PPO	236,609	215,682	8,332	0	0	460,623
HDHP	1,563	114,568	215,767	82,667	2,677	417,242
POS	88,105	14,889	2,298	18	0	105,310
EPO	37,737	5,177	0	0	0	42,914
<b>Total:</b>	<b>5,750,901</b>	<b>1,533,366</b>	<b>428,772</b>	<b>132,672</b>	<b>5,397</b>	<b>7,851,108</b>

\* Number of covered lives includes enrollees that did not have a rate change

# Medical Expenses as Percentage of Premium

	2016			2017		
	Premium	Medical Expenses	Medical Expenses as % of Premium	Premium	Medical Expenses	Medical Expenses as % of Premium
<b>All</b>	\$438	\$384	87.6%	\$450	\$402	89.3%
<b>Statewide w/o Kaiser</b>	\$437	\$377	86.2%	\$444	\$385	86.7%
<b>Kaiser</b>	\$436	\$385	88.4%	\$451	\$410	90.8%
<b>Regional</b>	\$474	\$430	90.7%	\$496	\$449	90.6%

# Administrative Expenses as Percentage of Premium

	2016			2017		
	Premium	Admin Expenses	Admin Expenses as % of Premium	Premium	Admin Expenses	Admin Expenses as % of Premium
<b>All</b>	\$438	\$28	6.4%	\$450	\$25	5.6%
<b>Statewide w/o Kaiser</b>	\$437	\$39	9.0%	\$444	\$40	9.1%
<b>Kaiser</b>	\$436	\$20	4.6%	\$451	\$16	3.5%
<b>Regional</b>	\$474	\$45	9.5%	\$496	\$42	8.4%

# Net Income as Percentage of Premium

	2016			2017		
	Premium	Net Income	Net Income as % of Premium	Premium	Net Income	Net Income as % of Premium
All	\$438	\$7	1.7%	\$450	\$11	2.5%
Statewide w/o Kaiser	\$437	\$3	0.6%	\$444	\$9	2.1%
Kaiser	\$436	\$11	2.6%	\$451	\$13	2.8%
Regional	\$474	-\$7	-1.5%	\$496	\$2	0.5%

# Medical Allowed Trend

Plan Type	2016	2017	2018	2019
All Plans	6.2%	5.5%	5.4%	5.5%
Statewide w/o Kaiser	6.8%	6.6%	6.8%	6.6%
Kaiser	4.4%	4.4%	5.1%	4.4%
Regional	6.1%	5.0%	5.0%	4.7%

# Pharmacy Allowed Trend

Plan Type	2016	2017	2018	2019
All Plans	8.9%	7.4%	7.0%	8.5%
Statewide w/o Kaiser	13.7%	11.3%	11.8%	11.0%
Kaiser	8.9%	6.0%	6.0%	5.0%
Regional	6.1%	5.0%	5.5%	8.0%

# Large Group Prescription Drug Cost

- Prescription drug costs accounted for 11.6% of the total health care premium.
- Specialty drugs represented more than 50% of the total prescription drug spending.
- The average premium increase was 4.1% and 0.8% was attributed to pharmacy costs.
- Percentage of premium attributed to drugs administered in a doctor's office ranged from 2% to 3%.
- 22 of the 24 health plans used Pharmacy Benefit Managers.

# Questions