

# Large Group Aggregate Rate Public Meeting

February 7, 2018

# Agenda

1. Introduction
2. Overview of the DMHC
3. Overview of the Requirements of SB 546
4. Summary of 2017 Large Group Rate Filing
5. Consumer Perspective on Large Group Health Insurance Premiums
6. Public Comment
7. Closing Remarks

# Panel

**Mary Watanabe, Deputy Director, Health Policy and Stakeholder Relations  
Department of Managed Health Care**

**Pritika Dutt, Deputy Director, Office of Financial Review  
Department of Managed Health Care**

**Cabe Chadick, FSA, MAAA, Senior Vice President & Principal  
Lewis & Ellis, Inc.**

**Dena B. Mendelsohn, JD, MPH, Senior Staff Attorney  
Consumers Union**

# Overview of the DMHC

**Mary Watanabe**

**Deputy Director, Health Policy and Stakeholder Relations**

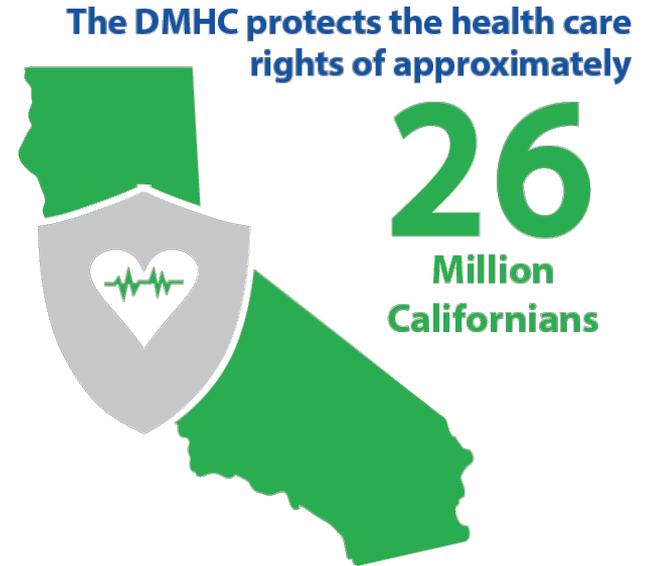
# DMHC Mission Statement

The California Department of Managed Health Care protects consumers' health care rights and ensures a stable health care delivery system.

# What is the DMHC?

## Regulator of full service and specialized health plans

- All HMO and some PPO/EPO products
- Some large group and most small group & individual products
- Most Medi-Cal Managed Care plans
- Dental, vision, behavioral health, chiropractic and prescription drug
- Medicare Advantage (for financial solvency)



# DMHC Key Functions

- Consumer Protection / DMHC Help Center
- License Health Plans & Ensure Compliance with State laws
- Medical Surveys of Health Plan Operations
- Financial Exams to Ensure Financial Stability
- Review Proposed Premium Rate Changes (Individual & Small Group Products)
- Take Enforcement Action Against Plans that Violate the Law

# DMHC Help Center

**1-888-466-2219**

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**HealthHelp.ca.gov**

# SB 17 (Hernandez) Prescription Drug Costs

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

# SB 17 (Hernandez)

## Prescription Drug Costs

- Health plans must report to the DMHC:
  - 25 most frequently prescribed drugs
  - 25 most costly drugs by total annual spending
  - 25 drugs with highest year-over-year increase in total annual spending
- Health plans must report by October 1, 2018 and annually thereafter
- DMHC will issue report to Legislature with aggregate data beginning January 1, 2019 and annually thereafter
- Aggregate data will be included in DMHC's annual public meeting on aggregate trends in large group market

# SB 17 (Hernandez)

## Prescription Drug Costs

- Additional reporting requirements for large group market:
  - Percent of premium attributable to drug costs for the prior year for each category of prescription drugs (e.g., generic, brand name, and brand name/generic specialty)
  - Year-over-year increase, as a percentage, in per member, per month costs for each category
  - Year-over-year increase in per member, per month costs for drug prices compared to other components of the health care premium
  - Specialty tier formulary list
  - Percentage of the premium attributable to prescription drugs administered in a doctor's office that are covered under the medical benefit as separate from the pharmacy benefit, if available
  - Information on use of a pharmacy benefit manager, if any, including which components of prescription drug coverage are managed by the pharmacy benefit manager

# Overview of the Requirements of SB 546

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

# Requirements of SB 546

- 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, 2017, was for the period of January 1, 2017 – December 31, 2017.
- 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

- 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.

	Covered California	CalPERS
2016	4.0%	7.7%
2017	13.2%	3.9%
2018	21.1%	2.5%

# Summary of 2017 Large Group Rate Filing

**Cabe Chadick, FSA, MAAA, Senior Vice President & Principal  
Lewis & Ellis, Inc.**

# Premium Rate

- Premium Rate is the amount you or your employer pays for health coverage.
- Factors that may impact large group premium rates include:
  - Age
  - Geography/Location
  - Family size
  - Occupation/Industry
  - Health Status Factors (experience and utilization)

# Summary of 2017 Filing

- 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
- Nearly 7.8 million enrollees in over 13,400 renewing groups affected by the rate changes.

# Average Rate Increase

Category	Unadjusted Average Rate Increase	Adjusted Average Rate Increase	Number of Enrollees	Average Premium Per Member Per Month
All Plans	3.9%	4.5%	7,717,007	\$453.71
Kaiser	3.1%	3.5%	4,951,604	\$448.34
All Plans Minus Kaiser	5.2%	6.2%	2,765,402	\$463.33
Most Common Plan	3.8%	4.2%	N/A	N/A

Note: Excludes cross-border and IHSS plans

# 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 Per Member Per Month
Kaiser	4,951,605	7,740	64.2%	3.1%	3.5%	\$448.34
Anthem Blue Cross	1,132,157	2,143	14.7%	4.5%	6.4%	\$433.67
Blue Shield	438,759	839	5.7%	5.3%	6.1%	\$494.91
United Health Group	384,708	287	5.0%	4.8%	3.7%	\$476.15
Health Net	318,495	563	4.1%	5.6%	7.2%	\$505.09
Aetna	139,473	637	1.8%	9.8%	11.7%	\$448.74
Cigna	126,553	290	1.6%	7.2%	7.2%	\$418.00
<b>Total:</b>	<b>7,491,750</b>	<b>12,499</b>	<b>97.1%</b>	<b>3.8%</b>	<b>4.5%</b>	<b>\$452.19</b>

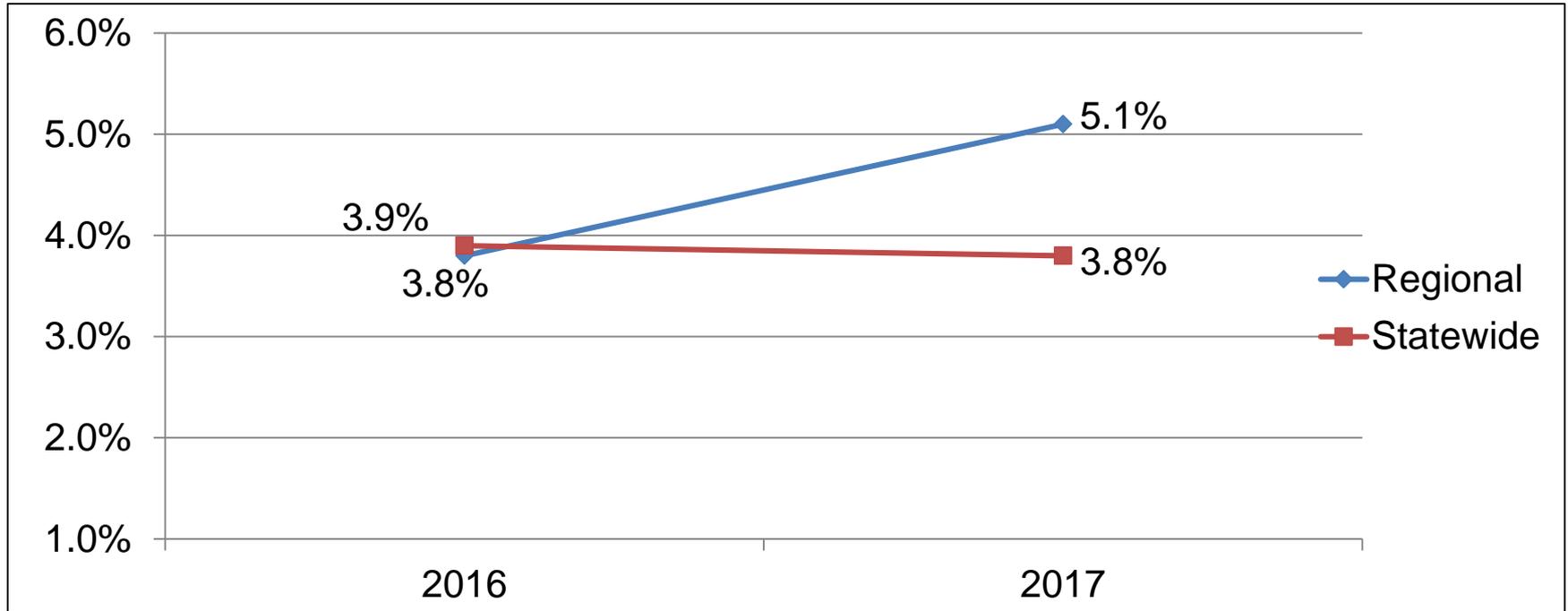
Note: Excludes cross-border and IHSS plans

# 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 Per Member Per Month
Western Health Advantage	77,000	213	1.0%	4.4%	5.0%	\$508.49
Sharp Health Plan	60,253	122	0.8%	4.3%	3.6%	\$475.85
Sutter	25,437	146	0.3%	2.2%	-0.5%	\$468.73
Valley Health	19,153	2	0.3%	6.1%	5.4%	\$753.00
Ventura County Health Care Plan	15,093	6	0.2%	14.6%	16.1%	\$401.71
Scripps	11,204	1	0.1%	0.0%	0.0%	\$449.02
Contra Costa	9,165	4	0.1%	9.2%	9.2%	\$551.58
Community Care	4,849	2	0.1%	8.3%	8.3%	\$367.00
Chinese Comm.	2,879	39	0.0%	10.5%	10.5%	\$493.63
Seaside	224	1	0.0%	0.0%	0.0%	\$523.21
<b>Total:</b>	<b>225,257</b>	<b>536</b>	<b>2.9%</b>	<b>5.1%</b>	<b>4.8%</b>	<b>\$504.45</b>

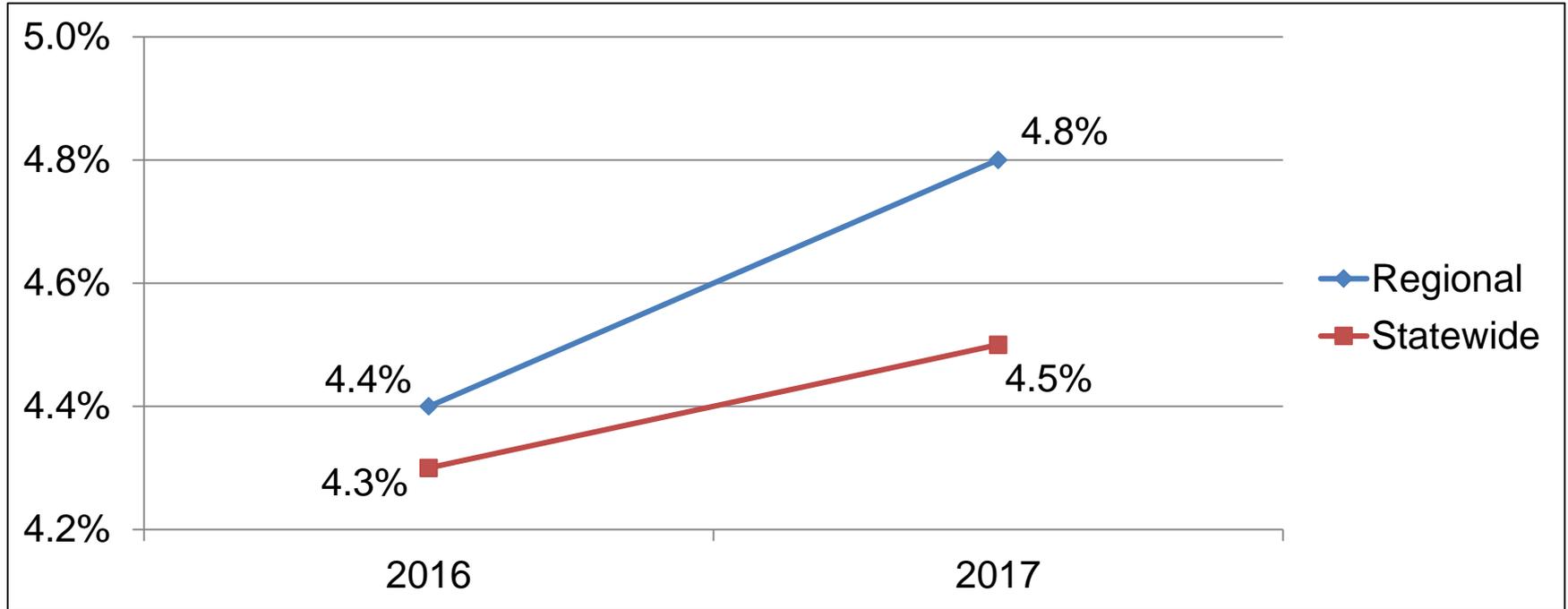
Note: Excludes cross-border and IHSS plans

# Unadjusted Average Rate Increase



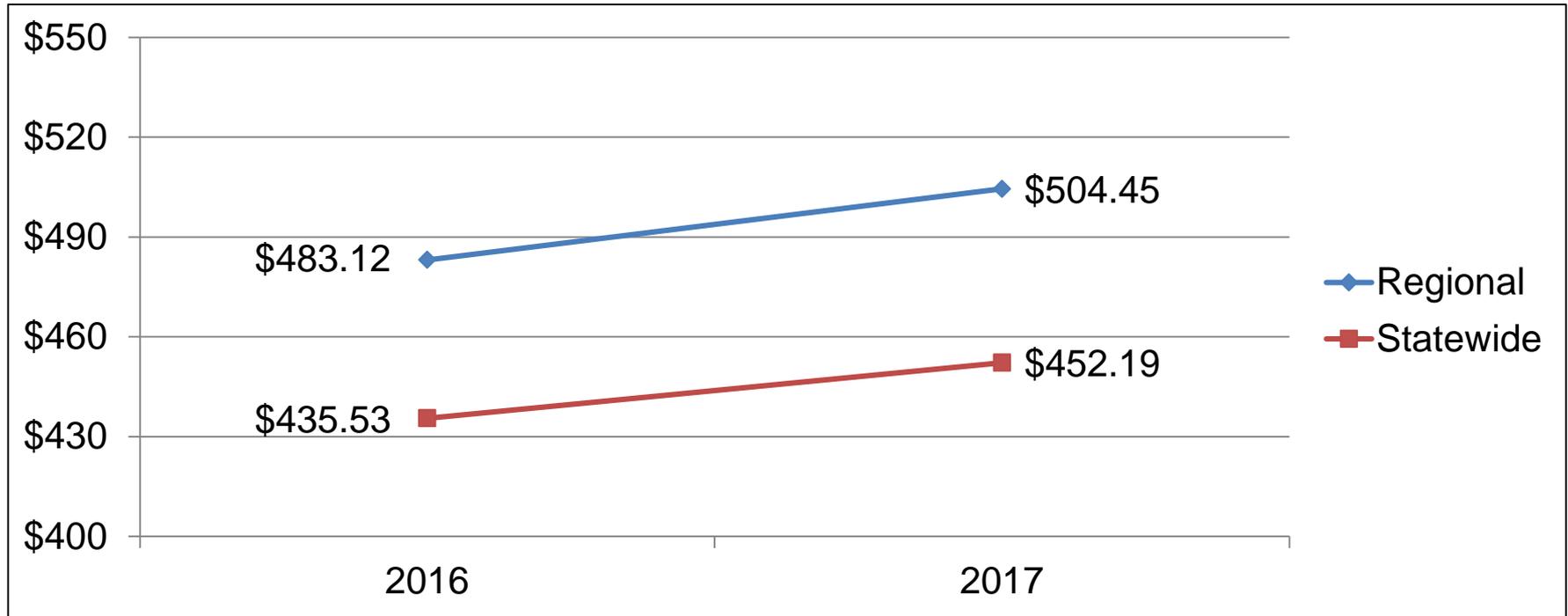
Note: Excludes cross-border and IHSS plans

# Adjusted Average Rate Increase



Note: Excludes cross-border and IHSS plans

# Average Premium PMPM



Note: Excludes cross-border and IHSS plans

# Product Type

Product Type	Average Rate Increase	Minimum	Maximum	Average Premium Per Member Per Month
PPO	5.0%	4.5%	6.4%	\$531.62
POS	6.4%	3.7%	7.5%	\$499.43
EPO	3.6%	N/A	N/A	\$348.49
HMO	3.8%	0.0%	14.6%	\$450.40
HDHP	3.2%	1.9%	5.2%	\$406.56

Note: Excludes cross-border and IHSS plans

# Rating Method

Category	Percentage of Renewing Groups	Number of Enrollees Affected	Unadjusted Average Rate Increase	Average Premium Per Member Per Month
Community	70%	1,171,672	4.5%	\$475.76
Blended	19%	1,011,385	4.5%	\$447.87
Experience	11%	5,533,951	3.7%	\$450.00

Note: Excludes cross-border and IHSS plans

# Actuarial Value

Product Type	Number of Covered Lives by Actuarial Value					
	0.9 – 1.00	0.8 – 0.899	0.7 – 0.799	0.6 – 0.699	< 0.60	All
HMO	5,208,088	1,274,437	186,574	85,768	86	6,754,953
PPO	227,255	236,239	30,559	527	0	494,580
EPO	39,183	5,665	0	0	0	44,848
POS	96,703	5,962	0	0	0	102,665
HDHP	6,917	145,123	184,760	52,222	1,119	390,141
<b>Total:</b>	<b>5,578,146</b>	<b>1,667,426</b>	<b>401,893</b>	<b>138,517</b>	<b>1,205</b>	<b>7,787,187</b>

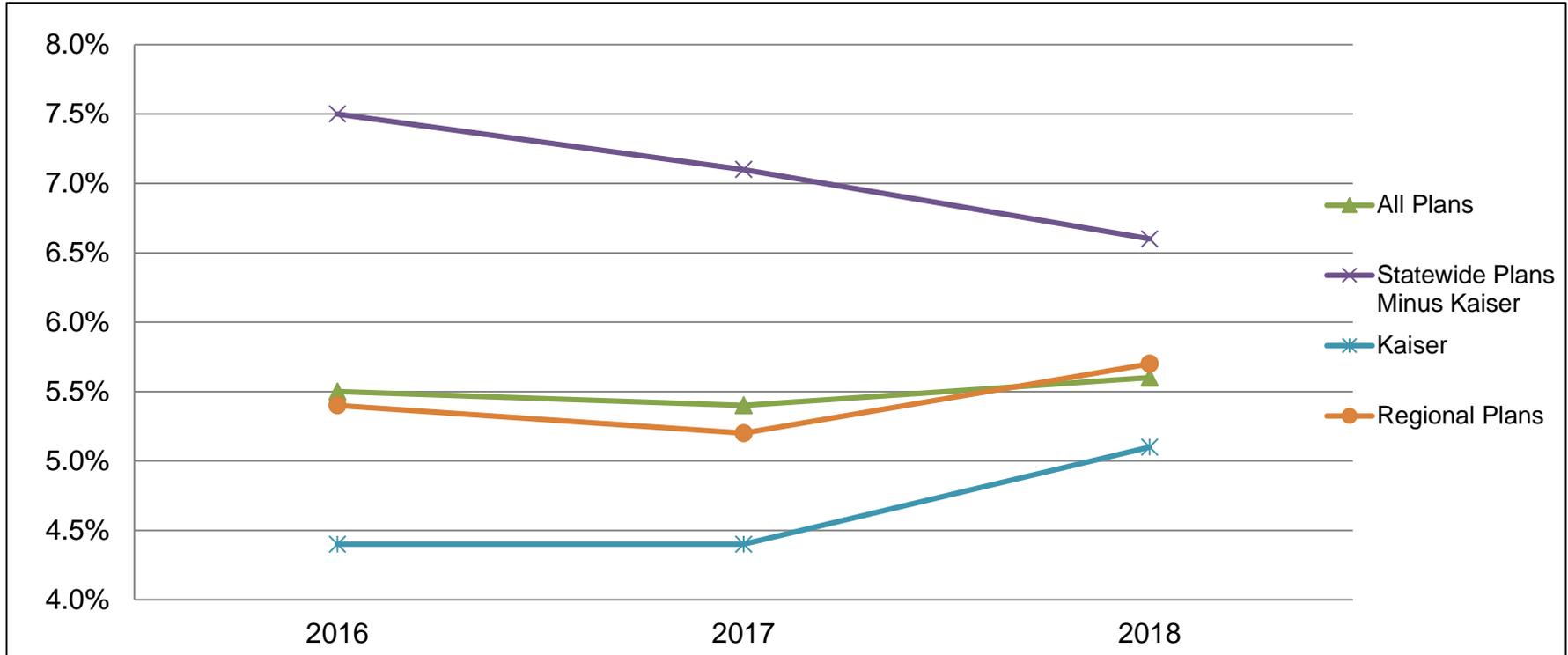
Note: Excludes cross-border and IHSS plans; However, number of covered lives includes enrollees that did not have a rate change

# Medical Allowed Trend

Plan Type	2016	2017	2018	Percent Change 2018 - 2017
All Plans	5.5%	5.4%	5.6%	0.2%
Statewide Plans Minus Kaiser	7.5%	7.1%	6.6%	-0.5%
Kaiser	4.4%	4.4%	5.1%	0.7%
Regional Plans	5.4%	5.2%	5.7%	0.5%

Note: Excludes cross-border and IHSS plans

# Medical Allowed Trend



# Medical Allowed Trend

## Statewide Plans

Plan Name	2016	2017	2018	Percent Change 2018 – 2017
Aetna	7.0%	7.6%	7.1%	-0.5%
Anthem Blue Cross	8.5%	8.3%	7.0%	-1.3%
Blue Shield	6.1%	5.5%	5.4%	-0.1%
Cigna	3.2%	5.5%	5.8%	0.3%
Health Net	9.9%	8.8%	8.8%	0.0%
Kaiser	4.4%	4.4%	5.1%	0.7%
United	6.6%	5.6%	7.1%	1.5%

# Pharmacy Allowed Trend

Plan Type	2016	2017	2018	Percent Change 2018 – 2017
All Plans	10.3%	7.6%	7.8%	0.2%
Statewide Plans Minus Kaiser	13.3%	10.2%	11.0%	0.8%
Kaiser	8.9%	6.0%	6.0%	0.0%
Regional Plans	6.4%	6.9%	8.5%	1.6%

Note: Excludes cross-border and IHSS plans

# Pharmacy Allowed Trend

## Statewide Plans

Plan Name	2016	2017	2018	Percent Change 2018 - 2017
Aetna	13.4%	11.7%	10.6%	-1.1%
Anthem Blue Cross	18.1%	10.8%	9.9%	-0.9%
Blue Shield	13.9%	12.4%	11.9%	-0.5%
Health Net	12.3%	12.3%	12.3%	0.0%
Cigna	8.1%	7.4%	9.4%	2.0%
Kaiser	8.9%	6.0%	6.0%	0.0%
United	13.9%	6.8%	13.8%	7.0%

# 2016 Expenses

Category	% of Premium			PMPM		
	Claims Expenses	Admin Expenses	Quality Improvement Expenses	Claims Expenses	Admin Expenses	Quality Improvement Expenses
All Plans	86.8%	6.1%	0.3%	\$379.61	\$26.58	\$1.38
Kaiser	88.3%	4.6%	0.1%	\$385.43	\$20.23	\$0.25
Statewide Plans Minus Kaiser	83.6%	8.5%	0.7%	\$364.41	\$36.93	\$3.24
Regional Plans	88.8%	10.7%	1.0%	\$422.89	\$49.66	\$5.12

# Large Group Rate Information

www.ratereview.dmhc.ca.gov

## Search Rate Review Filings

The DMHC reviews proposed health plan rate changes to make sure health plans are providing detailed information to the public that support rate increases. While the Department does not have the authority to deny rate increases, the DMHC's rate review efforts hold health plans accountable, ensure consumers get value for their premium dollar and saves Californians money.

Use the database below to search premium rate filings and submit public comments.

Want more information on understanding a rate filing? [Click Here.](#)

## Stay Informed

Stay informed on premium rates filed with the DMHC by signing up for email updates.

Enter Email

Why isn't my plan included? [?](#)

Health Plan <a href="#">?</a>	Filing Type <a href="#">?</a>	<input type="button" value="Large Group"/> <ul style="list-style-type: none"> <li><input type="checkbox"/> Individual</li> <li><input checked="" type="checkbox"/> Large Group</li> <li><input type="checkbox"/> Small Group</li> </ul>	Filing Status <a href="#">?</a>	Filing Type <a href="#">?</a>	Filter/Reset <a href="#">?</a>	Final Average Annual Rate Increase <a href="#">?</a>	Status <a href="#">?</a>	Effective Date <a href="#">?</a>	Total Members <a href="#">?</a>	Comments <a href="#">?</a>
<a href="#">San Francisco Community Health Authority</a>	Annual/Aggregate Filing		N	N/A	0.0%	Completed	2017	11,245	0	
<a href="#">Local Initiative Health Authority For L.A. County (L.A. Care Health Plan)</a>	Annual/Aggregate Filing		N	N/A	4.2%	Completed	2017	49,338	0	
<a href="#">San Mateo Health Commission (Health Plan of San Mateo)</a>	Annual/Aggregate Filing		N	N/A	3.2%	Completed	2017	1,046	0	
<a href="#">California Physicians' Service (Blue Shield of California)</a>	Annual/Aggregate Filing		N	N/A	5.3%	Completed	2017	440,777	0	

# Consumer Perspective

**Dena B. Mendelsohn, JD, MPH, Senior Staff Attorney  
Consumers Union**

**1-888-466-2219**

HAVE A PROBLEM WITH YOUR HEALTH PLAN? CONTACT THE DMHC HELP CENTER

**HealthHelp.ca.gov**

# Public Comment

*Public comment may be submitted to [publiccomments@dmhc.ca.gov](mailto:publiccomments@dmhc.ca.gov)*

# Closing Remarks

**Mary Watanabe**

**Deputy Director, Health Policy and Stakeholder Relations**