

Public Meeting on Health Care Premium Rates and Prescription Drug Costs

March 16, 2022

Panel

Amanda Levy, 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

Chris Noble, Organizing Manager
Health Access California

Overview of the DMHC

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

20 YEARS

of Consumer Protection

DMHC Mission Statement

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

Our Accomplishments

20 YEARS
of Consumer Protection



2.5 MILLION CONSUMERS ASSISTED

The DMHC Help Center educates consumers about their rights, resolves consumer complaints, helps consumers navigate and understand their coverage, and ensures access to health care services.



\$36.1 MILLION

dollars recovered from health plans on behalf of consumers



132 LICENSED HEALTH PLANS



87 FULL SERVICE



45 SPECIALIZED

27.7 MILLION CALIFORNIANS' HEALTH CARE RIGHTS ARE PROTECTED BY THE DMHC



95%

 of state-regulated commercial and public health plan enrollment is regulated by the DMHC

DEPENDENT MEDICAL REVIEW (IMR)

Approximately 68% of consumer appeals (s) to the DMHC resulted in the consumer receiving the requested service treatment from their health plan.

\$296.1 MILLION

dollars saved on Health Plan Premiums through the Rate Review Program since 2011

\$40.3 MILLION

 in 2020

\$165.1 MILLION

dollars in payments recovered to physicians and hospitals



\$83.6 MILLION

dollars assessed against health plans that violated the law

June 2021

CaliforniaDMHC

@CADMHC

CaliforniaDMHC

HealthHelp.ca.gov

DEPARTMENT OF
**Managed
Health Care** **5**

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 plans
- Medicare Advantage (for financial solvency only)

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
- Take Enforcement Action Against Plans that Violate the Law

DMHC Help Center

1-888-466-2219

HealthHelp.ca.gov

Health Care Premium Rates and Prescription Drug Costs

Pritika Dutt

Deputy Director, Office of Financial Review

Large Group Market Aggregate Premium Rates

Summary of Large Group Filings

- 23 Health Care Service Plans were required to file:
 - Eight statewide plans
 - Ten regional plans
 - Five In-Home Supportive Services (IHSS) Plans
- Almost 7.9 million enrollees.
- All analysis excludes data for IHSS Plans.
- Weighted average rate increase of 4.2%.
- Average premium per member per month = \$533.70.

Rate Increases for Covered California, CalPERS and Large Group Statewide Plans

Year	Covered California	CalPERS	Large Group Plans
2017	13.2%	3.9%	3.9%
2018	21.1%	2.5%	5.4%
2019	8.7%	1.1%	3.6%
2020	0.8%	5.1%	4.3%
2021	0.5%	5.3%	4.2%
2022	1.8%	5.5%	Not Available

Average Large Group Monthly Premium 2016 – 2021



Weighted Average Rate Increase Trend 2016 – 2021



Average Rate Increase in 2021

	Average Rate Increase	Number of Enrollees	Average Premium PMPM
All Plans	4.2%	7,947,015	\$533.70
Kaiser	4.2%	5,232,593	\$522.10
All Plans Excluding Kaiser	4.3%	2,714,422	\$556.07

Average Rate Increase by Product Type

Product Type	Average Rate Increase	Minimum	Maximum	Average Premium PMPM
HMO	4.2%	0.0%	12.0%	\$527.69
PPO	4.1%	0.0%	9.6%	\$608.77
EPO	8.9%	0.0%	10.2%	\$565.56
POS	4.7%	-3.5%	8.7%	\$608.73
HDHP	4.6%	-0.8%	7.2%	\$503.60

Number of Covered Lives by Actuarial Value

Product Type	0.9 – 1.00	0.8 – 0.89	0.7 – 0.79	0.6 – 0.69	< 0.60
HMO	5,754,094	804,379	152,905	36,103	104
PPO	229,215	301,299	67,887	10,625	3,997
HDHP	0	170,379	187,375	80,961	31,579
POS	81,729	548	14	1	0
EPO	13,791	24,778	6,717	1,242	522
Total	6,078,829	1,301,383	414,498	128,932	36,202

Large Group Contractholder Review Request

- The contractholder has a combined total of more than 2,000 enrollees (employees plus dependents) enrolled in all health plans.
- Request the DMHC to review a rate change at <https://wpso.dmhc.ca.gov/LargeGroupRateReview/>

Small Group Market Aggregate Premium Rates

Summary of Small Group Filings

- 15 Health Care Service Plans were required to file:
 - Seven statewide plans
 - Eight regional plans
- Almost 2.2 million enrollees.
- Weighted average rate increase of 1.8%.
- Average premium per member per month = \$532.90.

Average Rate Increase – Small Group Market

Plan Type	Number of Enrollees	Weighted Average Rate Increase	Average Premium PMPM
On-Exchange	70,295	2.0%	\$496.06
Off-Exchange	1,985,964	1.7%	\$536.66
Grandfathered	167,535	3.7%	\$503.79
Total	2,223,795	1.8%	\$532.90

Enrollment by Metal Tier – Small Group Market (On-Exchange)

Product Type	Platinum	Gold	Silver	Bronze	All
HMO	8,978	19,942	17,228	4,037	50,185
PPO	4,083	7,320	3,393	1,237	16,034
EPO	39	153	157	29	378
HDHP	-	-	1,705	1,994	3,699
Total	13,100	27,415	22,483	7,297	70,296
Total (%)	19%	39%	32%	10%	100%

Enrollment by Metal Tier – Small Group Market (Off-Exchange)

Product Type	Platinum	Gold	Silver	Bronze	All
HMO	322,414	435,840	274,962	56,196	1,089,412
PPO	158,417	325,599	198,104	43,752	725,871
EPO	720	2,132	2,804	1,282	6,938
HDHP	-	2,118	64,329	97,296	163,743
Total	481,551	765,689	540,199	198,526	1,985,964
Total (%)	24%	39%	27%	10%	100%

Individual Market Aggregate Premium Rates

Summary of Individual Filings

- 12 Health Care Service Plans were required to file:
 - Four statewide plans
 - Eight regional plans
- Almost 2.4 million enrollees.
- Weighted average rate decrease of -0.4%.
- Average premium per member per month = \$550.95.

Average Rate Increase – Individual Market

Plan Type	Number of Enrollees	Weighted Average Rate Increase	Average Premium PMPM
On-Exchange	1,802,477	-0.5%	\$559.80
Off-Exchange	567,957	-0.7%	\$514.86
Grandfathered	55,373	3.0%	\$632.82
Total	2,425,807	-0.4%	\$550.95

Enrollment by Metal Tier – Individual Market (On-Exchange)

Product Type	Platinum	Gold	Silver	Bronze	Catastrophic
HMO	77,039	118,688	716,313	261,050	22,525
PPO	7,824	32,285	191,447	70,504	591
EPO	2,178	13,269	99,296	67,331	6,461
HDHP	-	-	-	115,676	-
Total	87,041	164,242	1,007,057	514,561	29,577
Total (%)	5%	9%	55%	29%	2%

Enrollment by Metal Tier – Individual Market (Off-Exchange)

Product Type	Platinum	Gold	Silver	Bronze	Catastrophic
HMO	35,899	32,412	97,193	46,160	4,330
PPO	16,048	42,272	149,042	31,988	1,800
EPO	769	2,050	21,141	16,104	2,316
HDHP	-	-	13,095	55,338	-
Total	52,716	76,734	280,471	149,590	8,446
Total (%)	9%	14%	50%	26%	1%

Summary of the Prescription Drug Cost Transparency Report for Measurement Year 2020

Key Findings

- Health plans paid more than \$10.1 billion for prescription drugs in 2020, an increase of almost \$500 million from 2019, and \$1.5 billion from 2017.
- Prescription drugs accounted for 12.7% of total health plan premiums in 2020, a slight decrease from 12.8% in 2019.
- Health plans' prescription drug costs increased by 5.0% in 2020, whereas medical expenses increased by 3.7%.
Overall, total health plan premiums increased by 5.9% from 2019 to 2020.

Key Findings (continued)

- Manufacturer drug rebates totaled approximately \$1.4 billion, up from \$1.2 billion in 2019 and \$1.1 billion in 2018. This represents about 14.2% of the \$10.1 billion spent on prescription drugs in 2020.
- While specialty drugs accounted for only 1.6% of all prescription drugs dispensed, they accounted for 60.2% of total annual spending on prescription drugs.
- Generic drugs accounted for 89.1% of all prescribed drugs but only 18.1% of the total annual spending on prescription drugs.

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 until 5:00 PM on **March 26, 2022.***

Closing Remarks

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