

**From:** DMHC Licensing eFiling

**Subject:** APL 22-018 – Fiscal Year 2022-23 Health Plan Annual Assessments

**Date:** Monday, July 11, 2022 12:54 PM

**Attachments:** APL 22-018 – Fiscal Year 2022-23 Health Plan Annual Assessments (7.11.22).pdf

Dear Health Plan Representative,

The Department of Managed Health Care (DMHC) issues this All Plan Letter (APL) 22-018 to provide supplemental information to health care service plans (health plans) pertaining to the increase in the DMHC's fiscal year (FY) 2022-23 annual assessment of health plans.



Gavin Newsom, Governor  
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## ALL PLAN LETTER

**DATE:** July 11, 2022

**TO:** All Health Care Service Plans

**FROM:** Pritika Dutt  
Deputy Director  
Office of Financial Review

**SUBJECT:** APL 22-018 – Fiscal Year 2022-23 Health Plan Annual Assessments

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The Department of Managed Health Care (DMHC) issues this All Plan Letter (APL) to provide supplemental information to health care service plans (health plans) pertaining to the increase in the DMHC's fiscal year (FY) 2022-23 annual assessment of health plans.

As required by California Health and Safety Code section 1356, health plans are assessed annually for the DMHC's estimated costs and expenses related to its regulatory activities for the ensuing fiscal year. Sixty-five percent of the estimated costs and expenses are reimbursed by full-service health plans and the remaining thirty-five percent are reimbursed by specialized health plans.

The DMHC's total budget based on estimated costs and expenses for FY 2022-23 is \$134,700,000, an increase of \$44 million or 48% from the previous fiscal year. The increase in the DMHC's total budget was due to statewide increases in employee compensation, the enactment of Senate Bill 84 – State Employer Contributions Supplemental Payment (2017) and Assembly Bill 84 - State Pension Liability (2020), and multiple DMHC workload and legislative budget change proposals with an effective date of July 1, 2022.

The increase in the DMHC's budget results in increased assessments of the health plans. The FY 2022-23 assessment for each health plan is based on its enrollment as of March 31, 2022. Full-service health plans were assessed at \$1.93 per enrollee in FY 2021-22, whereas the FY 2022-23 assessment increased to \$2.74 per enrollee, an increase of approximately \$0.81 per enrollee. Specialized health plans were assessed

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at \$0.83 per enrollee in FY 2021-22, whereas the FY 2022-23 assessment increased to \$1.16 per an enrollee, an increase of approximately \$0.33 per enrollee.

The DMHC issued invoices to health plans on June 14, 2022. After issuing those invoices the DMHC discovered an internal system error that caused the assessment to be calculated \$613,042.80 short of the correct amount. Accordingly, the DMHC will be issuing a special assessment invoice to plans to account for this shortfall. The special assessment will be approximately \$0.01/enrollee for full-service plans and \$0.01/enrollee for specialized plans. The special assessment invoice will be issued by July 18, 2022 and will be due by December 15, 2022.

For questions regarding this APL, please contact Suzanne Kanyavong, Staff Services Manager I, Office of Financial Review, at [Suzanne.Kanyavong@dmhc.ca.gov](mailto:Suzanne.Kanyavong@dmhc.ca.gov) or (916) 255-2443.