

From: DMHC Licensing eFiling
Subject: APL 20-036 (OFR) – Large Group Renewal Notice Requirements
Date: Friday October 9, 2020 11:00 AM
Attachments: APL 20-036 (OFR) – Large Group Renewal Notice Requirements (10.9.2020).pdf

Dear Health Plan Representative:

Please see the attached All Plan Letter regarding Large Group Renewal Notice Requirements.

Thank you.



Gavin Newsom, Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
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Sacramento, CA 95814
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www.HealthHelp.ca.gov

ALL PLAN LETTER

DATE: October 9, 2020

TO: Full Service Health Plans

FROM: Pritika Dutt
Deputy Director, Office of Financial Review

SUBJECT: APL 20-036 (OFR) - Large Group Renewal Notice Requirements

California Health and Safety Code section 1374.21, subdivision (a)(2) requires all commercial full-service health care service plans (“plans”) to comply with disclosure requirements relating to large group renewal notices. Specifically, no change in premium rates or changes in coverage stated in a large group health care service plan contract shall become effective unless the plan has delivered in writing a notice indicating the change or changes at least 120 days prior to the contract renewal effective date. For the purpose of this section, large group plans include In Home Support Services (IHSS) products. This letter provides plans with confirmation of the timing and content requirements of the notices.

Timing

Plans shall comply with the renewal notice requirements and the inclusion of the 2021 average rate increases for CalPERS and Covered California no later than the March 2021 renewals.

Content

Renewal notices delivered by plans shall include a statement comparing the proposed rate change stated in a large group health plan service contract to the average rate increases negotiated by CalPERS and by Covered California. The statement must include information on whether the rate change is greater than the CalPERS and Covered California average rate increases and whether the rate change is greater than the average rate increase for coverage offered in the large group market, as filed pursuant to Section 1385.045. The Department confirmed and posted on its website the following average rate increases for use in the notices:

- CalPERS = 5.28% for calendar year 2021
- Covered California = 0.6% for individual market products in calendar year 2021

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These percentages shall be used until the Department provide updated rates, likely in late 2021. The Department encourages plans to include the actual percentages for CalPERS and Covered California in the notice. Alternatively, plans can include information or a link to the Department's website below for more information on the specific average rate increases above used in the comparison.

<http://www.dmhc.ca.gov/HealthCareinCalifornia/PremiumRateReview/HealthCareCosts.aspx>

Section 1374.21(a)(2)(C) requires the notice to include information regarding the excise tax; however, the excise tax was repealed by federal law in the Further Consolidated Appropriations Act, 2020 (H.R. 1865) and accordingly, need not be included in the notice. Section 1374.21(a)(2)(D) also requires the notice to include how to obtain the rate filing required under Article 6.2 (commencing with section 1385.01).

If the final rates are different from those proposed in the initial notice due to negotiations on rates or changes in benefits, plans are not required to send additional notices.

If you have any questions about compliance with the large group notice requirements, please contact Pritika Dutt at (916) 324-8137 or Pritika.Dutt@dmhc.ca.gov.