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ALL PLAN LETTER

Date: May 12, 2026

To: All Health Care Service Plans

From: Michelle Yamanaka
Deputy Director
Office of Financial Review

SUBJECT: APL 26-008 (OFR) – Premium Rate Filing Review: Small Group
Geographic Rating Practice

The Department of Managed Health Care (DMHC) issues this All Plan Letter (APL) to provide additional information as part of premium rate review submission to health care service plans (health plans) pertaining to the small group geographic rating practices to comply with the requirements of 45 Code of Federal Regulations (CFR) § 147.102(a)(1)(ii)(B).

To demonstrate compliance with the small group geography rating practice, this APL requests health plans to respond to the requirements below in addition to current submission requirements for the small group rate filing.

- 1) Health plans must affirm their small group geographic rating practices comply with the requirements of 45 CFR § 147.102(a)(1)(ii)(B). Specifically, health plans must ensure that the rating area applied to each small group policy is determined based on the group policyholder's principal business address, as defined in the regulation, including the applicable rules for network plans when the principal business address is outside the plan's service area. For reference, 45 CFR § 147.102(a)(1)(ii)(B) states the following:

“In the small group market, using the group policyholder's principal business address. For purposes of this paragraph (a)(1)(ii)(B), principal business address means the principal business address registered with the State or, if a principal business address is not registered with the State, or is registered solely for purposes of service of process and is not a substantial worksite for the policyholder's business, the business address within the State where the greatest number of employees of such policyholder works. If, for a network plan, the

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group policyholder's principal business address is not within the service area of such plan, and the policyholder has employees who live, reside, or work within the service area, the principal business address for purposes of the network plan is the business address within the plan's service area where the greatest number of employees work as of the beginning of the plan year. If there is no such business address, the rating area for purposes of the network plan is the rating area that reflects where the greatest number of employees within the plan's service area live or reside as of the beginning of the plan year.”

- 2) Health plans must affirm that all rate filing documents submitted for nongrandfathered plans in the small group market are limited to service areas that are currently approved by the DMHC for the health plan (e.g., Rates Table Template, “Wksh 3 – Rating Areas” tab in Rate Filing Justification (RFJ) Part I - Unified Rate Review Template, etc.). If any submitted rates correspond to service areas that are not currently approved, health plans must provide a detailed explanation for why these rates should be included (e.g., proposed expanded service area is currently under review by the DMHC in eFiling YYYYXXXX).

Content and Submission

Health plans must submit a document affirming compliance with the above requirements under the “Supporting Documentation” tab in SERFF.

The DMHC templates and guidance for health plans to use in submitting the small group rate filing are located on the DMHC’s website at:

[Rate Filing \(Premium Rate Review\)](#).

For questions pertaining to this APL, please contact Michelle Yamanaka at (916) 322-0391 or Michelle.Yamanaka@dmhc.ca.gov.