



STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE

July 31, 2012

The Honorable Darrell Steinberg
President pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable John Perez
Speaker of the Assembly
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Ed Hernandez, D.O.
Chair, Health Committee
California State Senate
State Capitol, Room 2191
Sacramento, CA 95814

The Honorable Bill Monning
Chair, Health Committee
California State Assembly
State Capitol, Room 6005
Sacramento, CA 95814

The Honorable Mark Leno
Chair, Budget and Fiscal Review
California State Senate
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Robert Blumenfield
Chair, Budget Committee
California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Tony Strickland
Vice Chair, Health Committee
California State Senate
State Capitol, Room 4062
Sacramento, CA 95814

The Honorable Dan Logue
Vice Chair, Health Committee
California State Assembly
State Capitol, Room 4158
Sacramento, CA 95814

The Honorable Robert Huff
Vice Chair, Budget and Fiscal Review
California State Senate
State Capitol, Room 3048
Sacramento, CA 95814

The Honorable Jim Nielsen
Vice Chair, Budget Committee
California State Assembly
State Capitol, Room 6031
Sacramento, CA 95814

RE: Unreasonable Rate Filings Quarterly Report (Health & Saf. Code §1385.11(d))

Dear Honorable Senators and Assembly Members:

Under SB 1163 (Leno – Chap. 661, Stats. 2010.), health care service plans must file with the Department of Managed Health Care (DMHC) specified premium rate information, provide certain actuarial certifications, and meet specified website and consumer notice requirements. SB 1163 also authorizes the DMHC to review premium rates, including unreasonable rate increases, as defined by the Patient Protection and Affordable Care Act.

EDMUND G. BROWN JR.

GOVERNOR

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Brent A. Barnhart
Director

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As required by SB 1163, and codified under Health and Safety Code section 1385.11, subdivision (d), the DMHC hereby reports to the California Legislature its fourth quarterly Unreasonable Rate Filings Report.

For the quarter ending June 30, 2012, the DMHC received 14 premium rate filings. To date, none of these rate filings have been found unreasonable. These filings are posted to the DMHC Web site for public comment at: <http://wpsso.dmhc.ca.gov/RateReview/>.

Although there were not any rate filings found unreasonable, the DMHC, through the rate review process, was able to negotiate lower premium rates with California Physicians Services, dba Blue Shield of California, Inc. (Blue Shield) on its small group and individual plan rate filing. Initially Blue Shield had requested a 12-month increase, averaging 14.8%. After review by, and discussions with the DMHC, Blue Shield agreed to lower its average increase request to an average of 8.9%, affecting approximately 55,758 members.

This filing is also available for public comment and review on the DMHC rate review Web site at: (<http://wpsso.dmhc.ca.gov/RateReview/>).

If you have any questions about these matters, the DMHC welcomes the opportunity to assist you.

Sincerely,



Brent A. Barnhart, Director
Department of Managed Health Care

CC:

Scott Bain, Consultant, Senate Health Committee
Lisa Chan-Sawin, Consultant, Senate Health Committee
Melanie Moreno, Chief Consultant, Assembly Health Committee
Teri Boughton, Consultant, Assembly Health Committee
Keely Bosly, Consultant, Senate Budget and Fiscal Review
Andrea Margolis, Consultant, Assembly Budget Committee
Katie Johnson, Consultant, Senate Appropriations Committee
Lisa Murawski, Consultant, Assembly Appropriations Committee
David Panush, Consultant, Senate President Pro Tempore
Agnes Lee, Consultant, Speaker of the Assembly
Joe Parra, Consultant, Senate Republican Caucus
Tim Conaghan, Consultant, Senate Republican Caucus
Kirk Feely, Consultant, Senate Republican Caucus
Peter Anderson, Consultant, Assembly Republican Caucus
Kevin Hanley, Consultant, Assembly Republican Caucus
Eric Swanson, Director, Assembly Republican Fiscal Office
Michelle Baca, Consultant, Assembly Republican Fiscal Office
Leonor Ehling, Director, Senate Office of Research
Gareth Elliot, Legislative Secretary, Governor's Office
Lark Park, Deputy Legislative Secretary, Governor's Office
Michael Webb, Acting Deputy Secretary of Legislation, Business, Transportation & Housing Agency
Donna Campbell, Deputy Secretary of Legislation, California Health & Human Services Agency