

FOR IMMEDIATE RELEASE

December 19, 2014

Contact: Rodger Butler
(916) 445-7442

Department of Managed Health Care Declares Premium Rate Increase by Aetna Unreasonable

(Sacramento) – California Department of Managed Health Care (DMHC) Director Shelley Rouillard today declared Aetna’s 17.3 percent premium increase unreasonable. The increase is effective January 1 and impacts approximately 75,000 small group members. The unreasonable finding is based upon a review of Aetna’s projected medical loss ratio (MLR).

“At a time when California and the nation are focused on providing affordable care, Aetna continues to go against the grain,” said Rouillard. “The Affordable Care Act’s medical loss ratio rule requires health plans to spend at least 80 percent of premiums on health care and Aetna projects to spend less than 78 percent.”

Under the federal MLR rule, health plans in the individual and small group market must spend at least 80 percent of their premiums on medical services and care quality improvement while large group markets must spend at least 85 percent. When health plans don’t meet these requirements they must issue rebates.

For more information on MLR: <http://youtu.be/ohREDpvHc6U>.

To comment on proposed premium rate increases visit: <http://wpso.dmhc.ca.gov/RateReview/>.

Since January 2011, the DMHC has saved Californians approximately \$100 million in health care premiums through its premium rate review program. Under state law, proposed rate increases for individual or small group health plans must be filed with the DMHC. Department actuaries perform an in-depth review of all proposed rate increases to ensure that the proposed rate changes are supported by underlying medical costs and trends. The DMHC does not have the authority to approve or deny rate increases; however, the department’s review improves accountability in health plan rate setting and often results in a reduction in the proposed rate increase.

###

HealthHelp.ca.gov 1-888-466-2219

Follow the DMHC on: [facebook.com/CaliforniaDMHC](https://www.facebook.com/CaliforniaDMHC) & twitter.com/CADMHC

Department of Managed Health Care

Press Release

Shelley Rouillard
Director

The DMHC regulates managed care health plans in California, protects the rights of more than 20 million health plan enrollees, educates consumers on their health care rights and responsibilities, and preserves the financial stability of the managed health care system. Since 2000, the department has helped more than 1.5 million Californians resolve health plan problems through its Help Center. Information and assistance is available 24/7 at www.HealthHelp.ca.gov or by calling 1-888-466-2219.

HealthHelp.ca.gov 1-888-466-2219

Follow the DMHC on: facebook.com/CaliforniaDMHC & twitter.com/CADMHC

