

From: [DMHC Licensing eFiling](#)
Subject: APL 20-027 (OFR) – Guidance Regarding Assembly Bill (AB) 731
Date: Wednesday, July 8, 2020 2:00 PM
Attachments: [APL 20-027 – Guidance Regarding Assembly Bill \(AB\) 731 \(7.13.20\).pdf](#)
[AB 731 Large Group Guidance \(7.13.20\).pdf](#)
[Individual and Small Group Guidance \(7.13.20\).pdf](#)
[AB 731 LG Methodology Workbook \(7.13.20\).xlsm](#)
[Individual and Small Group Workbook \(7.13.20\).xlsm](#)

Dear Health Plan Representative:

Please see the attached APL 20-027 and attachments for guidance in regards to Assembly Bill (AB) 731.

Thank you.



Gavin Newsom, Governor
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ALL PLAN LETTER

DATE: July 13, 2020

TO: Full Service Health Care Service Plans

FROM: Pritika Dutt, Deputy Director
Office of Financial Review

SUBJECT: APL 20-027 - Guidance Regarding Assembly Bill (AB) 731 Reporting Requirements

AB 731 (Kalra, 2019) amended section 1385.03 to the California Health and Safety Code. This bill requires health plans offering a large group health care service plan contract to file information regarding the methodology, factors, and assumptions used to determine rates with the Department of Managed Health Care (DMHC) at least 120 days before implementing any change in the methodology, factors, or assumptions that would affect the rates paid by a large group.

In addition, AB 731 amends Health and Safety Code section 1385.01 to require health plans to include geographic rating region trends in the individual and small group rate review filings.

This All Plan Letter (APL) provides guidance on large group rate filing and individual and small group geographic rating region trends requirements.

Large Group Rate Filing Requirements

A. Timing

Health plans shall comply with the new reporting and filing requirement for all large group filings submitted after July 1, 2020. Health plans are required to file a separate filing for each rating method (i.e., community or experience rated (in whole or blended)).

The annual filing required by Health and Safety Code section 1385.03(a)(3) shall be submitted annually to the Department via SERFF on or before September 2 or 120 days before a change, whichever is earlier. In the SERFF "Filing Description" line, indicate "Large Group Methodology Annual Filing."

Other filings required by Health and Safety Code section 1385.03(a)(3) in response to a change in methodology, factors, or assumptions shall be submitted through SERFF no later than 120 days before implementing that change. In the “Filing Description” line, indicate “Large Group Methodology Change Filing.”

B. Content and Submissions

The DMHC created the attached guidance and the “Large Group Workbook” template that health plans should use to submit its large group rate filing. These documents are also located on the DMHC’s website at:

<http://www.dmhc.ca.gov/LicensingReporting/SubmitFinancialReports.aspx#rate>.

The health plans must populate the “Large Group Workbook” template and submit the “Large Group Workbook” under the “Supporting Documentation” tab in SERFF as well as a separate spreadsheet containing rate information in response to questions within the workbook.

Individual and Small Group Rate Filings

A. Timing

Health plans shall comply with the new reporting and filing requirement for all individual and small group filings. These filing requirements, including the geographic region information, apply to all individual and small group filings due on or after September 2, 2020.

B. Content and Submissions

The DMHC has consolidated the individual and small group rate filing forms/templates into a workbook format. This workbook is called “Individual and Small Group Workbook”. The geographic rating region trends template is contained within this workbook.

In addition, the DMHC created an individual and small group guidance. The DMHC has attached the guidance and Individual and Small Group Workbook to this APL. These documents are also located on the DMHC’s website at:

<http://www.dmhc.ca.gov/LicensingReporting/SubmitFinancialReports.aspx#rate>.

The health plans must populate the geographic rating region trends in the Individual and Small Group Workbook along with other individual and small group rate filing requirements and must submit the Individual and Small Group Workbook under the “Supporting Documentation” tab in SERFF in addition to a separate spreadsheet containing rate information in response to questions within the workbook.

The DMHC will continue to provide the average rate increases for CalPERS and Covered California through an annual All Plan Letter. This information will not be broken down by geographic region.

If you have any questions about compliance with the reporting and filing requirements of AB 731, please contact Pritika Dutt at (916) 324-8137 or pratika.dutt@dmhc.ca.gov.

Attachments:

- AB 731 Large Group Guidance
- Large Group Workbook
- Individual and Small Group Guidance
- Individual and Small Group Workbook