

From: DMHC Licensing eFiling
Subject: APL 19-019 (OFR) Requirements Pursuant to SB 546 (Leno, 2015): Large Group
Renewal Notice Requirements
Date: Monday, October 14, 2019 2:13:00 PM
Attachments: APL 19-019 (OFR) Requirements Pursuant to SB 546 (10.14.19)

Dear Health Plan Representative,

Please see the attached All Plan Letter regarding Requirements Pursuant to SB 546 (Leno, 2015):
Large Group Renewal Notice Requirements.

Thank you.



Gavin Newsom, Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
980 9th Street, Suite 500
Sacramento, CA 95814
Phone: 916-324-8176 | Fax: 916-255-5241
www.HealthHelp.ca.gov

ALL PLAN LETTER

DATE: October 14, 2019

TO: All Full-Service Health Care Service Plans

FROM: Pritika Dutt
Deputy Director
Office of Financial Review

SUBJECT: APL 19-019 (OFR) Requirements Pursuant to SB 546 (Leno, 2015): Large Group Renewal Notice Requirements

California Health and Safety Code section 1374.21, subdivision (a) requires all commercial full-service health care service plans ("plans") to comply with new disclosure requirements relating to large group renewal notices. Specifically, no change in premium rates or changes in coverage stated in a group health care service plan contract shall become effective unless the plan has delivered written notice indicating the change(s) at least 60 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 guidance on the timing and content requirements of the written notice.

Timing

Plans shall comply with the renewal notice requirements and the inclusion of the 2020 average rate increases for CalPERS and Covered California no later than March 31, 2020 renewals.

Content

Renewal notices delivered by plans shall include a statement comparing the proposed rate change stated in a 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, less than or equal to the CalPERS and Covered California average rate increases. The Department has confirmed and has posted on its website the following average rate increases for use in the notices:

CalPERS = 5.09% for calendar year 2020

Covered California = 0.8% for individual market products in calendar year 2020

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These percentages shall be used until the Department provides updated rates, which will likely be in late 2020. The Department encourages plans to include the actual percentages for CalPERS and Covered California in the notice. In the alternative, 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.

Health Care Costs

Health and Safety Code section 1374.21 also requires the notice to include information regarding the excise tax; however, the Department has determined this requirement is not applicable from 2016 through 2020 and therefore this information need not be included in the notice.

Further, 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 notice requirements of SB 546 (Leno, 2015), please contact Pritika Dutt at (916) 324-8137.