

**California Department of Insurance
Individual and Small Group Filings and AB 731**

Final release date: May 1, 2023

Section I: Background.

Beginning January 1, 2011, health plans are required to submit rate filings to the Department of Insurance pursuant to Senate Bill 1163 (Leno, Stats. 2010, ch. 661).

Assembly Bill 731 (Kalra, Stats. 2019, ch.807) amends existing law that required health insurers to file rate information for individual and small group health insurance policies by, among other changes, requiring that insurers include in the filings geographic rating trends.

Section II: Basis

A. See Insurance Code section 10181, 10181.2, 10181.3, 10199.1 relating to individual and small group health insurance.

Section III: Definitions.

- A. “Rate Change” includes, but is not limited to, any change of the rates for a specific product or plan within a product offered in the individual and small group.
- B. “Geographic Region” has the same meaning as the geographic regions found in Insurance Code section 10753.14 and 10965.9.

“Small Group Health Insurance” means a group health insurance contract issued to a small employer, as defined in Insurance Code sections 10753, 10755. Section IV: Filing

Use for all individual and small group filings on or after September 2, 2020.

For convenience, the existing individual and small group templates have been consolidated into a workbook format. This workbook is called “Individual and Small Group Workbook” which also include the geographic rating trends as required by AB 731.

- A. For ***new products*** and/or ***existing products***, the following spreadsheets, contained in the “Individual and Small Group Workbook”:
1. Cover-Input Page – Need to fill out the general filing information;
 2. New_Product – Pricing information if a new product is being filed;
 3. Existing_Product – Pricing information for products that already exist, such as average rate increase, projected allowed trends, and changes in administrative

costs;

4. CA Rate Filing Spreadsheet – Information at the product level, enrollees at the last month of the experience period, enrollee months, earned premium, incurred claims, and average rate change;
5. CA Plain-Language Spreadsheet – Information at the product level, comparing before and after for enrollee months, premium PMPM, medical costs as % of premium, administrative costs %, taxes and fees %, and after-tax profit/margin %;
6. CA Plain-Language Rate Filing – Allowed cost PMPM at the service category and cost as % of Medicare, projected annual Medical Services + Rx allowed trend, and projected allowed trends at the service category;
7. Geo_Region – Pricing information at the service category, such as projected allowed trends, utilization per thousand members per year (PTMPY), allowed unit cost, allowed claim PMPM, paid claim PMPM, by nineteen defined geographic regions;
8. Price_Inflation – Allowed trends split into more granular detail, such as use of services, pricing inflation, and fees and risk;
9. Amt_spent_util – Cost and utilization data for a 3-year period (this spreadsheet does not have to be completed by health insurers);
10. Avg Rate Changes – Weighted average premium PMPM, rate changes in rating period by effective months, product types, and rating methods, and the key drivers of annual rate changes;
11. Experience – 3-year of experience data showing earned premium, incurred claims (including IBNP), and Medical Loss Ratios;
12. Checklist – Assists the reviewer with locating the various requested information (e.g., file name, page number, etc.)
13. Appendix – Define the geographic regions with the corresponding counties.

Submit the “Individual and Small 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. This “Individual and Small Group Workbook” can be found on the CDI website at <http://www.insurance.ca.gov/0250-insurers/0500-legal-info/0200-regulations/HealthGuidance/>.

Section V: Public Availability

Insurance Code 10181.7 specifically requires CDI to make all submitted information
Individual and Small Group

publicly available except for contracted rates between an insurer and provider