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**STATE OF CALIFORNIA – OFFICE OF ADMINISTRATIVE LAW
NOTICE PUBLICATION/REGULATIONS SUBMISSION**

Std. 400 (REV. 01-2013)

OAL File Numbers

Notice File Number: Z- 2014-0121-03

Regulatory Action Number: 2014-0507-02C

Emergency Number: [Blank]

For use by Office of Administrative Law (OAL) only

NOTICE

[Blank]

REGULATIONS

[Blank]

For Use by Secretary of State Only

[Date Stamp]

Endorsed Filed in the Office of 2014 JUN 4 PM 1:45

Debra Bowen

Secretary of State

Agency with Rulemaking Authority: Managed Risk Medical Insurance Board

Agency File Number: ER-2-13

A. Publication of Notice (Complete for publication in Notice Register)

1. Subject of Notice: [Blank]

Titles: [Blank]

First Section Affected: [Blank]

2. Requested Publication Date: [Blank]

3. Notice Type

Notice re Proposed Regulatory Action: [Blank]

Other: [Blank]

4. Agency Contact Person: [Blank]

Telephone Number: [Blank]

Fax: Number (Optional): [Blank]

OAL USE ONLY

ACTION ON PROPOSED NOTICE

Approved as Submitted: [Blank]

Approved as Modified: [Blank]

Disapproved/Withdrawn: [Blank]

Notice Register Number: [Blank]

Publication Date: [Blank]

B. Submission of Regulations (Complete when submitting regulations)

1a. Subject of Regulations: Continue MRMIP 2013 Subscriber Subsidy

1b. All Previous related OAL Regulatory Action Numbers: 2013-1104-05 EFP

2. Specify California Code of Regulations Titles and Sections (Including title 26, if toxics related)

Sections Affected (List all section numbers individually. Attach additional sheet if needed.)

Adopt: [Blank]

Amend: 2698.401

Repeal: [Blank]

Titles: 10

3. Type of Filing

Regular Rulemaking (Gov. Code Section 11346): [Blank]

Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code Sections 11349.3, 11349.4): [Blank]

Emergency (Gov. Code, Section 11346.1(b)): [Blank]

Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code Sections 11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.:

[Checked]

Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, Section 11346.1): [Blank]

Emergency Readopt (Gov. Code, Section 11346.1(h)): [Blank]

File & Print: [Blank]

Changes Without Regulatory Effect (Cal. Code Regs., title 1, Section 100): [Blank]

Print Only: [Blank]

Other (Specify): [Blank]

4. All beginning and ending dates of availability of modified regulations and/or material added to the rulemaking file (Cal. Code Regs, title 1, Section 44 and Gov. Code Section 11347.1): [n/a]

5. Effective Date of Changes (Gov. Code, Sections 11343.4, 11346.1(d); Cal. Code Regs, title 1, Section 100)

Effective January 1, April 1, July 1, or October 1 (Gov. Code Section 11343.4(a)): [Blank]

Effective on filing with Secretary of State: [Checked]

Section 100 Changes Without Regulatory Effect: [Blank]

Effective other (Specify): [Blank]

6. Check if these regulations require notice to, or review, consultation, approval or concurrence by, another agency or entity

Department of Finance (Form STD. 399) (SAM Section 6660): [Checked]

Fair Political Practices Commission: [Blank]

State Fire Marshal: [Blank]

Other (Specify): [Blank]

7. Contact Person: Alissa Harris

Telephone Number: 916-324-0571

Fax Number (Optional): 916-445-0898

Email Address (Optional): aharris@mrmib.ca.gov

8. I certify that the attached copy of the regulations is a true and correct copy of the regulations identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

Signature of Agency Head or Designee: [Original Signed]

Typed Name and Title of Signatory: Tony Lee, Deputy Director, Administration Division

Date: 6/3/2014

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Endorsed Approved

JUN 04 2014

Office of Administrative Law

Title 10. Investment

Chapter 5.5. Major Risk Medical Insurance Board Article 4. Risk Categories and Subscriber Contributions Section 2698.401

Text proposed to be added is displayed in underline type.
Text proposed to be deleted is displayed in ~~strikeout~~ type.

2698.401. Determination of Subscriber Contribution.

- (a) (1) Each participating health plan shall provide an annual estimate of the standard average individual rate for the minimum benefits provided for in the contract with the participating health plan for each risk category specified in section 2698.400. Without applying risk categories to dependents or dependent subscribers, each participating health plan shall also provide an estimate of the standard average rate for covering a subscriber in each risk category and the subscriber's dependents as follows:
- (~~1~~ A) A subscriber and one dependent; and
 - (~~2~~ B) A subscriber and two or more dependents.
- (2) Notwithstanding paragraph (1) of this subsection, for plan years beginning on and after January 1, 2014, the Board shall calculate an annual estimate of the standard average individual rate for program benefits for each risk category specified in section 2698.400. Without applying risk categories to dependents or dependent subscribers, the Board shall also calculate an estimate of the standard average rate for covering a subscriber in each risk category and the subscriber's dependents as follows:
- (A) A subscriber and one dependent; and
 - (B) A subscriber and two or more dependents.
- (b) For plan years ending prior to January 1, 2014, for those participating health plans which have been offered through the program for two or more years, the Board shall calculate a loss ratio for each participating health plan for the prior calendar year. The loss ratio shall be calculated using 125 percent of the estimated rates provided by the participating plan as the denominator, and the sum of all medical costs for subscribers, dependent subscribers and dependents enrolled in the plan and all administration fees and risk payments to the plan as the numerator.

- (c) For plan years ending prior to January 1, 2014, for those participating health plans which have been offered through the program for two or more years, the Board shall calculate a percentage average subsidy amount per subscriber dollar contributed for each participating health plan for the prior calendar year by subtracting 100 percent from the program loss ratio percentage.
- (d) ~~The~~ For plan years ending prior to January 1, 2014, the Board shall calculate the program loss ratio for the prior calendar year in the following manner:
- (1) Participating health plans with an average monthly number of enrollees of fewer than 1,000 in the prior calendar year shall be excluded from the calculation.
 - (2) If a participating health plan's loss ratio is less than 100 percent it shall be deemed to be 100 percent for purposes of the calculation.
 - (3) The weighted average of the participating health plans' loss ratios is the program loss ratio.
- (e) ~~The~~ For plan years ending prior to January 1, 2014, the Board shall calculate the program average subsidy for the prior calendar year by subtracting 100 percent from the program loss ratio percentage.
- (f) For plan years ending prior to January 1, 2014, for each participating health plan with an average subsidy percentage amount higher than the program average subsidy percentage, that difference shall be called the excess subsidy.
- (g) ~~The~~ For plan years ending prior to January 1, 2014, the Board shall determine the subscriber contribution for each participating health plan that did not have an excess subsidy in the prior calendar year by multiplying the estimated rates provided by the participating health plan by 125 percent.
- (h) ~~The~~ For plan years ending prior to January 1, 2014, the Board shall determine the base subscriber contribution for each participating health plan that did have an excess subsidy in the prior calendar year by multiplying the estimated rates provided by the participating health plan by an additional 25 percent and then adding the excess subsidy amount. However, the actual subscriber contribution shall be subject to the following limitations:
- (1) No subscriber contribution will be more than 10 percent above 125 percent of the estimated rates provided by the participating plan. (See Title 10, section 2698.100(dd).)

- (2) If all participating health plans available in a county have an excess subsidy amount, the subscriber contribution for the plan with the lowest excess subsidy amount will not include the excess subsidy amount.
- (i) For plan years ending prior to January 1, 2014, Subscriber contribution for participating health plans joining the program after January 1, 1997, shall be established at 125 percent of the estimated rates provided by the participating plan for the first two benefit years the plan participates in the program. (See Title 10, section 2698.100(dd).)
- (j) Subscriber contributions shall be adjusted annually in accordance with this section.
- (k) Subscribers and dependent subscribers shall be informed by the program of the annually adjusted subscriber contribution at least one month prior to the effective date of the rate change.
- (l) ~~For~~ Commencing calendar year 2013, the Board shall further subsidize the subscriber contribution so that subscribers shall not pay more than 100% of the standard average individual rates for comparable coverage.

Note: Authority cited: Sections 12711 and 12712, Insurance Code. Reference: Sections 12713, 12736, 12737 and 12738, Insurance Code.