

# EMERGENCY

STATE OF CALIFORNIA—OFFICE OF ADMINISTRATIVE LAW  
 NOTICE PUBLICATION REGULATORY ACTION SUBMISSION (See instructions on reverse)

For use by Secretary of State only  
 ENDORSED FILED  
 IN THE OFFICE OF

STD. 400 (REV. 01-2013)

<b>OAL FILE NUMBERS</b>	NOTICE FILE NUMBER <b>Z-</b>	REGULATORY ACTION NUMBER	EMERGENCY NUMBER <b>2013-1104-05 EFP</b>
For use by Office of Administrative Law (OAL) only		2013 NOV -4 PM 4:16	
NOTICE		REGULATIONS	

2013 NOV 13 PM 3:47

*Jenna Bowen*  
 JENNA BOWEN  
 SECRETARY OF STATE

OFFICE OF  
 ADMINISTRATIVE LAW

AGENCY WITH RULEMAKING AUTHORITY Managed Risk Medical Insurance Board	AGENCY FILE NUMBER (if any) ER-2-13
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**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

1. SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON Dianne Knox	TELEPHONE NUMBER	FAX NUMBER (Optional)
<b>OAL USE ONLY</b>	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER
			PUBLICATION DATE

**B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)**

1a. SUBJECT OF REGULATION(S) Continue MRMIP 2013 Subscriber Subsidy	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	ADOPT
<b>SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)</b>	AMEND 2698.401 <i>per agency request 11/04/13</i>
TITLE(S) 10	REPEAL

3. TYPE OF FILING

<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §511346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §511349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input checked="" type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify) _____	

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input checked="" type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> §100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify) _____
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6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal
<input type="checkbox"/> Other (Specify) _____		

7. CONTACT PERSON JoAnne French	TELEPHONE NUMBER (916) 327-7978	FAX NUMBER (Optional) (916) 327-6560	E-MAIL ADDRESS (Optional) jfrench@mrmib.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) 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 _____	DATE 11/4/2013
TYPED NAME AND TITLE OF SIGNATORY Tony Lee, Deputy Director, Administration Division	

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**ENDORSED APPROVED**

NOV 13 2013

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:
- (~~4~~ 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.