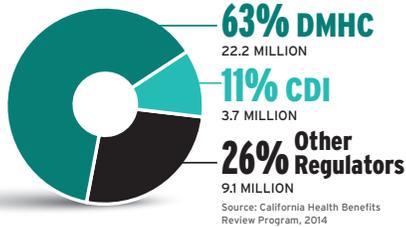




California's Health Plan Oversight

California is the only state with a bifurcated system of regulating the health insurance industry: **the Department of Managed Health Care (DMHC) regulates managed care health plans while the California Department of Insurance (CDI) regulates health insurers.** Health plans arrange for and organize health benefits and services through contracted (or employed) providers and contracted (or owned) facilities whereas health insurers cover all or a portion of medical expenses, usually after a deductible is met, according to the terms of the policy and pay providers based on claims submitted. Other state and federal agencies are also involved in California's complex and robust regulatory system. Medi-Cal, California's Medicaid program, is administered by the **Department of Health Care Services (DHCS)** although DMHC is responsible for licensing Medi-Cal Managed Care health plans. **Covered California** is the new state agency that contracts with private health plans to sell their products in California's exchange for individual and small group coverage.

Health Coverage in California by Regulator



- All California HMOs
- Some PPOs
- Some Specialized Plans
- Some Medicare Supplement (Medigap) Plans
- Medi-Cal Managed Care Plans



CALIFORNIA
DEPARTMENT OF INSURANCE

- Some PPOs
- Some Medicare Supplement (Medigap) Plans

Other Regulators

Centers for Medicare & Medicaid Services (CMS)

- Medicare Advantage Plans
- Original (fee-for-service) Medicare
- Medicare Supplement (Medigap) Plans

Defense Health Agency (DHA)

- Tricare

Department of the Treasury (IRS)

- Health Savings Accounts (HSAs)
- Section 125 Premium-Only "Cafeteria" Plans

Department of Labor

- Self-funded "ERISA" plans (Employee Retirement Income Security Act)
- Flexible Spending Accounts (FSAs)

HEALTH PLANS	
Fee Arrangement	Comprehensive health care services and coordinated health care delivery for a fixed monthly premium and moderate out-of-pocket costs; many in-network preventive services covered free
Risk-Sharing Arrangement with Providers	Most providers receive a lump sum for each enrollee regardless of how much care is provided, thereby sharing risk.
Quality Assurance	Medical surveys, provider reviews, every health plan must have QA systems in place
DEPARTMENT OF MANAGED HEALTH CARE	
Leadership	Director, appointed by Governor to regulate health care service plans
Enrollment (2013)	~22.2 million
Governing Laws/Regulations	Knox-Keene Health Care Service Plan Act of 1975, California Health and Safety Code
Regulatory Authority	California health maintenance Organizations (HMOs), some preferred provider organizations (PPOs), and some specialized plans
Consumer Protections	<ul style="list-style-type: none"> • HMO Help Center • Independent Medical Review Board • Grievances & appeals process
Financial Solvency	Responsible for HMO and provider solvency; enforces minimum reserves (Tangible Net Equity) standards; publishes health plans' monthly and quarterly financial reports
Fee and Tax Structure	Annual "per enrollee assessment," subject to corporate taxes
Claims Payments Requirements	Claims payments must be timely, accurate, and allow for dispute resolution; plans must pay claims within 30-45 days or pay a penalty plus interest to providers
Rate Review	<ul style="list-style-type: none"> • Required for individual and small group products • Proposed rate changes posted to DMHC website; public may submit comments, which are also posted to DMHC website • Independent and DMHC actuaries review proposed rate changes • DMHC may request modifications to proposed rates • DMHC may deem rates unreasonable or unjustified

Other Agencies in California

98%
of Covered California enrollment is regulated by **DMHC**

Covered California

- Selects Qualified Health Plans
- Contracts with health plans in individual and small group marketplace
- Develops standardized product designs and cost-sharing
- Negotiates rates with QHPs
- Certifies agents and brokers to sell Covered CA products & certifies enrollment counselors
- Monitors quality and reports performance measures for QHPs

Department of Health Care Services

- Serves nearly 10 million Californians
- Largest health care purchaser in CA
- Annual budget of \$70 billion
- Administers and regulates Medi-Cal fee-for-service and managed care delivery systems
- Medi-Cal Fee-for-Service
- Medi-Cal Managed Care Plans
- Managed Risk Medical Insurance Program
- Access for Infants and Mothers

For more information, please go to www.calhealthplans.org