

|->

Title 22@ Social Security

|->

Division 3@ Health Care Services

|->

Subdivision 1@ California Medical Assistance Program

|->

Chapter 8@ CALIFORNIA PARTNERSHIP FOR LONG-TERM CARE

|->

Article 4@ PREMIUM PROVISIONS

|->

Section 58067@ Provisions Governing Rate Increases

58067 Provisions Governing Rate Increases

(a)

Participating Issuers in the California Partnership for Long-Term Care shall conduct annual actuarial reviews to determine how well current premiums are covering anticipated expenditures for Partnership Policies and Certificates. The result of these reviews shall be made available to the Department of Insurance in a manner and format prescribed by the Department.

(b)

Increases in the premiums for all Policies or Certificates and all optional riders can only be made on a class basis after approval by the Department of Insurance. The Department of Insurance shall not approve any premium increases greater than a cumulative total of forty percent (40%) over any three-year period; the total amount of any approved rate increase must be spread equally over each of the three years. This restriction may be waived by the Commissioner of the Department of Insurance in the event the Issuer demonstrates to the Commissioner's satisfaction that major unforeseen changes in the long-term care environment threaten the solvency of the plan or the company. Examples of such changes include a significant change by the courts in the interpretation of benefit or benefit eligibility language, or major medical breakthroughs which notably change underlying morbidity patterns.

(c)

If a premium increase is approved by the Department of Insurance, the Issuer shall include in the premium increase notice to the Policy or Certificate holder, or by separate notice to the Certificate holder, a statement advising them of the options to lower their premiums by reducing coverage as provided in Section 58061(c).

(d)

Self-funded Issuers not subject to compliance with the California Insurance Code are exempt from the requirement of Subsection (a), above, that the annual actuarial reviews be submitted to and conducted in a manner prescribed by the Department of Insurance and the requirement of Subsection (b), above, pertaining to the Department of Insurance's approval of all premium increases for Partnership Policies or Certificates and for all optional riders to Partnership Policies or Certificates.