



ACA RATING METHODOLOGY & REGION DEFINITIONS

California small group ACA-compliant plans have a unique rating structure. Currently, if groups are on small group grandfathered plans or mid-market age-rated plans, they will have age-banded rates that are based solely on the employee's age, location, and their covered family status, and the group's Risk Adjustment Factor (RAF). Groups currently enrolled in a composite rated large group plan will have a blended rate based on the employee's covered family status. When making the transition to small group ACA plans, these models will no longer be used and following format will be implemented.

ACA Rating Structure

45 Age Bands and Rate Ratio of 3:1

- The premium difference between the youngest age and oldest age can be no more than 3:1.

Member Level Rating

- Each member of a family will be rated on their own age.
- Child rating is divided into two segments:
 - The first three children under the age of 21 will be individually rated toward the family cost, any additional children under the age of 21 will be added on at no additional cost.
 - Any dependent child between age 21-25 will be rated individually based on their age.

Community Rating

- Community rating will require health insurance companies to offer health insurance policies to all people in an area, at the same price and without medical underwriting, regardless of their health status.
- All carriers will now share a set of 19 rating regions spread throughout the state.

There are no RAFs in the ACA rating structure. Your larger groups in the Small Group Marketplace and those groups with clean health histories will experience the largest impact.

Example:

Let's look at how this new rating structure will work. Assume we have a 50 year old employee with a family that has 5 children, one who is 22, and four more that are under 21. This family's rate will be calculated as shown below using the new rating structure.

GF/MID-MARKET AGE-BANDED RATING STRUCTURE			ACA RATING STRUCTURE		
FAMILY STATUS	AGE	RATE	MEMBERS	AGE	RATE
Employee Only	50-54	\$450	Employee	50	\$500
Additional for Spouse	50-54	\$550	Spouse	48	\$480
Additional for Child(ren)	50-54	\$500	Child 1	22	\$220
Additional for Family	50-54	\$1,050	Child 2	17	\$150
			Child 3	14	\$150
			Child 4	14	\$150
			Child 5	12	\$0
TOTAL PREMIUM		\$1,500	TOTAL PREMIUM		\$1,650

LARGE GROUP RATING STRUCTURE		ACA RATING STRUCTURE			
FAMILY STATUS	RATE	MEMBERS	AGE	RATE	
Employee Only	\$450	Employee	50	\$500	
Employee with Spouse	\$850	Spouse	48	\$480	
Employee with Child(ren)	\$725	Child 1	22	\$220	
Employee with Family	\$1,200	Child 2	17	\$150	
		Child 3	14	\$150	
		Child 4	14	\$150	
		Child 5	12	\$0	
TOTAL PREMIUM		\$1,200	TOTAL PREMIUM		\$1,650

ACA Rating Region Definitions

AB1083 established the following 19 rating regions in the State of California. These region definitions apply to all carriers.

- Rate Region 1:** Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, and Yuba counties
- Rate Region 2:** Marin, Napa, Solano, and Sonoma counties
- Rate Region 3:** El Dorado, Placer, Sacramento, and Yolo counties
- Rate Region 4:** San Francisco county
- Rate Region 5:** Contra Costa county
- Rate Region 6:** Alameda county
- Rate Region 7:** Santa Clara county
- Rate Region 8:** San Mateo county
- Rate Region 9:** Monterey, San Benito, and Santa Cruz counties
- Rate Region 10:** Mariposa, Merced, San Joaquin, Stanislaus, and Tulare counties
- Rate Region 11:** Fresno, Kings, and Madera counties
- Rate Region 12:** San Luis Obispo, Santa Barbara, and Ventura counties
- Rate Region 13:** Imperial, Inyo, and Mono counties
- Rate Region 14:** Kern county
- Rate Region 15:** Los Angeles county (ZIP Codes starting with 906-912, 915, 917-918, and 935)
- Rate Region 16:** Los Angeles county (ZIP Codes not included in region 15)
- Rate Region 17:** Riverside and San Bernardino counties
- Rate Region 18:** Orange county
- Rate Region 19:** San Diego county

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