



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 have age-banded rates that are based solely on the employee's age, location, 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. For small group ACA plans, the following method is used:

ACA Rating Structure

Age Bands and Rate Ratio of 3:1

	2017 PLAN YEAR	2018 PLAN YEAR
NUMBER OF AGE BANDS	45	51
AGE BAND DEFINITIONS	Single age band: 0-20 One-year age bands: 21-63 Single age band: 64+	Single age band: 0-14 One-year age bands: 15-63 Single age band: 64+
3:1 RATIO RULE	The premium difference between the youngest age and the oldest age can be no more than 3:1.	The premium difference between age 21 and the oldest age can be no more than 3:1. Premiums for age 20 and below may be outside the 3:1 ratio if actuarially justified.

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

Example:

Let's look at how the ACA rating structure works compared to grandfathered and large group plans. The below comparisons assume a 50 year old employee with a family that has 5 children; one child who is 22, and four more that are under 21.

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	\$200
			Child 3	14	\$150
			Child 4	14	\$150
			Child 5	12	\$0
TOTAL PREMIUM		\$1,500	TOTAL PREMIUM		\$1,700

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	\$200
		Child 3	14	\$150
		Child 4	14	\$150
		Child 5	12	\$0
TOTAL PREMIUM	\$1,200	TOTAL PREMIUM		\$1,700

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

View our [ACA Rating Method Updates and FAQ flyer](#) for full details on how the 2018 changes will affect your groups..

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