

Rate Regulation Bill Applicable to Health Care Service Plans and Health Insurers Passed by California Assembly

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On June 1, 2011, the [California State Assembly](#) passed [AB 52](#), which was initially introduced in December 2010.

Beginning January 1, 2012, the bill would require health care service plans and health insurers in California to obtain prior approval from the [Department of Managed Health Care](#) or the [Department of Insurance](#) for all proposed rate increases.

Under the proposed legislation, the Department of Managed Health Care and the Department of Insurance would be prohibited from approving any rate or rate change that is excessive, inadequate, or unfairly discriminatory.

In addition, the bill calls for an examination by the Department of Managed Health Care and the Department of Insurance of all rate increases that become effective between January 1, 2011 and December 31, 2011, to ensure that those rates are not excessive, inadequate, or unfairly discriminatory, and to order the refund of any payments made pursuant to any such rate.

The bill must still be approved by the California Senate and signed into law by the Governor in order to become legally operative.