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Last Updated: September 2, 2026

HEALTH NET GROUP MARKET TRANSITION

Health Net has announced that it will exit the California Small Group and Large Group medical markets. As a result, employers currently offering Health Net group medical coverage will need to transition to a new health plan.

While there is time to make the transition, now is the time to begin working with your health insurance broker to evaluate your options.

Starting early gives you and your broker more time to compare rates, review provider networks, consider employee needs and ongoing care, and identify the right solution for your business. Timing can also affect rates, and evaluating the market early may provide an opportunity to secure more favorable pricing before future rate changes take effect. Planning ahead can give you more options while helping minimize disruption for your employees.

01 UNDERSTANDING HEALTH NET'S MARKET EXIT

Which Health Net plans are affected?

Health Net's exit affects California Small Group and Large Group medical plans, including Health Net coverage offered through CalChoice.

This change does not impact the Medi-Cal, Marketplace/Covered California or Medicare lines of business.

When will Health Net stop offering group medical coverage?

The final Health Net **renewal and new-business effective date is September 1, 2026**.

Affected Small Group and Large Group employers will need to transition from Health Net by February 28, 2027, subject to Health Net's final transition guidelines and any applicable exceptions.

What if my company has Health Net through CaliforniaChoice?

Employers offering Health Net through CaliforniaChoice will also need to transition their employees to another health plan within the CaliforniaChoice program.

Additional information regarding the transition timeline and options for CalChoice employers will be provided as it becomes available.

02 THINGS THAT MIGHT AFFECT YOUR GROUPS EMPLOYEES

What should we consider when moving employees from Health Net to a new health plan?

Changing health plans can affect employees differently, so it's important to look beyond rates and benefits when evaluating your options.

Some important considerations include:

- **Doctors, hospitals, and provider networks:** Confirm whether employees' preferred physicians, specialists, hospitals, and facilities participate in the new plan's network.
- **Ongoing treatment and continuity of care:** Pay particular attention to employees or dependents who are undergoing treatment or managing ongoing medical needs.
- **Prior authorizations:** Active authorizations for treatments, procedures, or services may need to be reviewed or reauthorized when coverage changes.
- **Prescription drug coverage:** Formularies vary by health plan, so employees taking prescription or specialty medications should confirm how their medications will be covered.

Your broker can help you evaluate these considerations as you compare health plans and work with you to help minimize disruption for your employees.

03 PLANNING YOUR TRANSITION

Do we need to change health plans immediately?

Not necessarily, but you should begin evaluating your options now.

Starting the process early gives you and your broker time to understand what's available, compare your options and make a thoughtful decision based on your company's priorities and your employees' needs.

Why should we begin evaluating options now?

More time means more opportunity to make the right decision.

Your broker can help you evaluate:

- Rates and overall cost
- Carrier and plan options
- Provider and hospital networks
- Plan designs and benefits
- Prescription drug coverage
- Employee needs and preferences
- Ongoing treatment and continuity-of-care needs
- Transition timing and carrier requirements

Timing can also affect rates. Evaluating the market early may provide an opportunity to secure more favorable pricing before future rate changes take effect.

Should we wait until our normal renewal date?

Not necessarily. The best timing will depend on your company's specific situation.

Your broker can evaluate your current coverage, renewal date, rates and available alternatives to help determine whether transitioning earlier or closer to your renewal makes the most sense.

Starting that conversation now gives you more flexibility and helps avoid making important benefit decisions under a compressed timeline.

04 PROTECTING YOUR EMPLOYEES

Will changing carriers disrupt our employees' coverage?

A carrier change requires careful planning, but your broker can help identify potential issues before your new coverage begins.

Your broker can compare provider networks, evaluate plan benefits, review prescriptions and identify other potential areas of disruption as part of the carrier evaluation process.

Will employees be able to keep their doctors?

That will depend on the carrier and plan you select.

Provider networks vary, making it important to review access to key physicians, specialists, hospitals and facilities before choosing new coverage.

Your broker can conduct provider network comparisons to help you understand where differences may exist and factor them into your decision.

What if employees are currently receiving treatment?

Make your broker aware of important continuity-of-care considerations as early as possible.

This may include employees or dependents undergoing ongoing treatment, managing a complex medical condition, receiving specialty medications, or using an active prior authorization.

What happens to prescriptions?

Prescription drug formularies can vary between carriers and plans.

Your broker can help you compare prescription coverage and identify potential differences, particularly when employees rely on important or specialty medications.

05 FINDING THE RIGHT NEW COVERAGE

Will we have options besides Health Net?

Yes. California employers have a variety of health plan and funding options available.

Your broker can evaluate the market and compare solutions based on your company's size, location, budget, employee needs, provider preferences and benefit priorities.

Are carriers making accommodations for employers affected by Health Net's exit?

Some carriers may provide additional flexibility or transition options for employers moving from Health Net.

These opportunities can vary by carrier and employer. Your broker can help identify available options and determine which may apply to your company.

Could moving early help us get better rates?

Potentially. Health insurance rates change throughout the year, and the timing of your transition can affect the rates available to your company.

Working with your broker now provides more opportunity to compare current rates, upcoming rate changes and available carrier options to determine the best timing for your group.

06 WHAT YOU SHOULD DO NOW

What should our company do first?

Contact your health insurance broker and begin reviewing your options.

Your broker can help you understand how Health Net's decision affects your company and develop a transition strategy based on your coverage, employees and priorities.

That may include:

- Comparing carrier options and rates
- Reviewing provider and hospital networks
- Evaluating plan designs and benefits
- Identifying continuity-of-care concerns
- Exploring available carrier flexibility
- Determining the right transition timing
- Supporting employee communications
- Managing enrollment and implementation

You don't need to have all the answers before getting started. Your broker can guide you through the process.

What information should we discuss with our broker?

It can be helpful to talk about:

- Your current plan and rates
- Your upcoming renewal date
- Budget and contribution goals
- Important doctors, hospitals and provider networks
- Prescription drug needs
- Employees receiving ongoing care
- Benefit and plan-design priorities
- Any anticipated changes to your workforce

The more your broker understands about your company's priorities, the better they can help identify solutions that fit your business and employees.

How soon should we get started?

We recommend starting now.

There is time to make the transition, but beginning early gives you and your broker more options, more time to compare solutions and more opportunity to address potential issues before your new coverage begins.

The goal isn't simply to replace your Health Net plan. It's to find the right coverage for your business and your employees — and make the transition as smooth as possible.

I'M HERE TO HELP

Changes in the health insurance market can be complicated. I'm here to make them easier.

From comparing rates and carrier options to reviewing provider networks, navigating continuity-of-care concerns, and supporting enrollment and implementation, I can help manage the details and guide your company through every step of the transition.

Reach out today and let's start reviewing your options.