HEALTH NET GROUP MARKET EXIT

Last Updated: September 9, 2026

OVERVIEW

Health Net is exiting the **California Small Group and Large Group medical markets.** The exit impacts all Health Net Small Group and Large Group medical groups, including groups enrolled through CalChoice. This change does not impact the Medi-Cal, Marketplace/Covered California or Medicare lines of business.

The final Health Net renewal and new-business effective date is **September 1, 2026**, and groups must transition from Health Net by **February 28, 2027**, subject to Health Net's final guidelines and any applicable exceptions.

Brokers should begin evaluating options now. Moving early gives brokers and employers more time to evaluate rates, provider networks, ongoing care needs, plan designs, and carrier requirements—and can help reduce disruption as Health Net winds down its group business.

Word & Brown is proactively supporting brokers through the transition. We are running **custom quotes for Word & Brown brokers with Health Net groups** and working directly with our carrier partners to identify the strongest options for each group.

For brokers with Health Net groups placed elsewhere, Word & Brown is ready to step in with dedicated transition support and custom quoting. Our teams have experience managing large-scale carrier transitions and can help you navigate the details, avoid potential pitfalls, and make the process smoother for you and your clients. We also conduct **comprehensive provider searches** to help eliminate network disruption and ensure members maintain access to their preferred doctors and facilities during the transition.

01 UNDERSTANDING THE HEALTH NET EXIT

Which Health Net groups are affected?

All California Small Group and Large Group Health Net medical groups are affected, including Health Net groups enrolled through CalChoice. This change does not impact the Medi-Cal, Marketplace/Covered California or Medicare lines of business.

When will Health Net groups be notified?

Health Net mailed employer notifications on September 1, 2026. Groups will also receive email notices on September 3, 2026.

When is the last day a group can renew with Health Net?

The final renewal effective date is February 1, 2027. Brokers should refer to Health Net's formal guidelines for any case-specific exceptions.

When is the last day Health Net will accept new business?

The final new-business effective date is September 1, 2026. Health Net is advising brokers to move groups as soon as possible.

When must all groups transition off Health Net?

All affected Small Group and Large Group groups must transition off Health Net by February 28, 2027, subject to Health Net's final transition guidelines.

Will CalChoice groups be affected?

Yes. CaliforniaChoice has confirmed that **Health Net is available to CalChoice new business and renewals through the 1/1/27 effective date**, giving brokers and employers additional time to evaluate options and plan ahead. After renewal, CalChoice Health Net members receive a **full 12 month plan cycle**.

Does CaliforniaChoice offer special underwriting for Health Net direct groups?

Yes. CaliforniaChoice is offering **a special underwriting promotion** for Health Net direct groups with **new business effective dates from 10/1/26 through 1/1/27**. Groups with **1 or more medically enrolled subscribers** may submit their **most recent Health Net invoice in lieu of a DE 9C**, provided the invoice is fully reconciled.

To qualify, groups must meet the following criteria:

- Health Net invoice is fully reconciled
- A current pay stub is provided for any subscriber not listed on the invoice
- Owners enrolling who are not listed must provide a signed Owner/Partner Statement
- At least **51% of eligible employees** are located in California
- Owner only groups are not eligible
- All standard CaliforniaChoice eligibility rules apply

Is CaliforniaChoice offering a bonus for brokers moving to Health Net groups?

Yes. CaliforniaChoice has introduced a **limited-time Health Net Transition Bonus** for brokers. For every Health Net member who transitions into the CaliforniaChoice program, brokers will earn **$100 per enrolled member**, with **no cap or maximum bonus limit**.

The bonus applies to **Health Net direct groups** written either directly with CaliforniaChoice or through a General Agency partner. Bonus payments are based on the enrolled member count at initial enrollment, and new sold groups must be active at the time of payment. Payments will be issued **60 days after 1/1/27** for groups sold between **10/1/26 and 1/1/27**.

Click for more details.

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02 TIMING THE TRANSITION

Should brokers move Health Net groups now or wait until renewal?

Word & Brown recommends that brokers begin evaluating transition options now. Moving early provides more time to compare carrier options, evaluate provider disruption, address ongoing treatment and prior authorizations, and navigate carrier requirements before later renewal periods become compressed.

What should brokers consider when evaluating rates?

Timing matters. Moving Health Net groups now may provide an opportunity to secure more favorable rates before Q1 rate increases take effect.

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03 PROTECTING EMPLOYERS AND MEMBERS

What should brokers be aware of when moving Health Net groups?

Based on experience with previous carrier exits and large-block transitions, brokers should pay particular attention to:

- Provider and network disruption
- Active prior authorizations
- Ongoing treatment and continuity-of-care needs
- Prescription drug coverage and formularies
- Account Management service delays
- Carrier participation and underwriting requirements
- New open enrollment timing and effective dates
- Potential shortened plan years
- Employee communications
- Rate Increases for 1/1/27

Will Health Net continue servicing groups normally during the wind-down?

Health Net has not indicated that normal service will cease during the transition period. However, carrier exits can create increased service volume and additional complexity.

Will Health Net continue paying broker commissions through the exit period?

Pending Health Net confirmation. Word & Brown will share commission guidance with brokers as Health Net provides additional information.

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04 CARRIER OPTIONS AND TRANSITION FLEXIBILITY

What carrier options are available for Health Net groups?

Word & Brown offers access to a broad portfolio of health insurance carriers and alternative funding solutions for Small Group and Large Group employers.

Our teams will help brokers evaluate available options based on rates, provider networks, plan designs, employee needs, funding strategies, and carrier requirements.

Will Large Group carriers accept off-cycle moves for Health Net?

Yes, potentially. We have strategies in place with our large group carrier partners to allow a group to be considered because of these unexpected circumstances. Please work with your W&B representative to ensure underwriting guidelines are met by the new carrier.

Will carriers be more flexible with participation or underwriting requirements for transitioning Health Net groups?

Yes, some carriers may offer modified participation, underwriting, or transition guidelines for Health Net groups exclusively for our W&B brokers.

Word & Brown will work directly with carrier partners to understand available concessions and help brokers navigate the requirements for each group.

Talk to your W&B Rep if participation requirements are a concern. We can help explore available carrier flexibility and determine whether the Annual Special Enrollment Period may provide another path forward.

Will carriers offer concessions or bonuses for new Health Net groups?

Yes, carriers may introduce concessions, transition programs, bonuses, or other opportunities for Health Net groups moving to new coverage exclusively for our W&B Brokers.

Word & Brown is working directly with our carrier partners to identify available opportunities and help brokers secure the most favorable options available for their groups.

Will Word & Brown offer an incentive for transitioning Health Net groups?

Word & Brown incentive details are currently being evaluated. Additional information will be shared as it becomes available.

05 HOW WORD & BROWN CAN HELP

What support does Word & Brown provide for transitioning Health Net groups?

Word & Brown is proactively working with brokers to develop transition strategies for affected Health Net groups. Our teams can help with:

- Customized quoting and carrier comparisons
- Provider and network disruption analysis
- Online Enrollment Mapping
- Carrier transition requirements
- Renewal and transition strategy
- Ongoing treatment and continuity-of-care considerations
- Enrollment and implementation support
- Employer and employee communications
- Carrier-specific concessions and opportunities
- Hands-on case management throughout the transition

Our goal isn't simply to move a group off Health Net. It's to help brokers identify the right destination, anticipate potential issues, and make the transition as smooth as possible for employers and their employees.

What experience does Word & Brown have with carrier exits and large-block transitions?

Word & Brown has extensive experience helping brokers navigate carrier exits, market changes, and large-block migrations. Every year, Word & Brown successfully transitions multiple carrier blocks representing thousands of groups, thousands of members, and millions of dollars in premium.

That experience matters. We know where transitions can get complicated, what questions to ask early, and how to help brokers avoid unnecessary disruption for their clients.

What if W&B is not the current GA on some of my Health Net groups? Can you help me transition my Health Net groups?

Yes. Brokers do not need to currently place their Health Net business through Word & Brown to talk with us about transition options. Our teams can help evaluate your Health Net block, identify carrier alternatives, and develop a transition strategy for your groups.

06 WHAT BROKERS SHOULD DO NOW

What should brokers communicate to employers right now?

- Health Net is exiting the California Small Group and Large Group medical markets.
- Affected groups will need to transition to another health plan.
- Employers do not need to make a decision immediately, but they should begin evaluating options now.
- Moving early provides more time to evaluate networks, rates, benefits, and ongoing care needs.

What should brokers do next?

Contact Word & Brown now, even if your groups aren't renewing yet. We have the experience, resources, and bench strength to help you plan ahead. Your RSM and ISR are supported by licensed Sales Support Analysts who are ready to:

- Identify affected groups
- Evaluate transition timing
- Run customized carrier comparisons
- Review provider disruption
- Identify potential carrier concessions and opportunities
- Develop a transition strategy for each client
- Support implementation and enrollment

We've successfully navigated large-scale transitions before, and our teams are ready to put that experience to work for you. The earlier we start, the more options we have to help you create a smooth transition for your clients.