



State of Rhode Island Office of the Health Insurance Commissioner Requested and Approved Summary for 2019 Rates in the Individual, Small Group, and Large Group Markets

The Rhode Island Office of the Health Insurance Commissioner (OHIC) has completed its review of plan year 2019 rates for the individual, small group, and large group markets. This document is a summary of the requested and approved amounts for each insurer by market.

As required by the ACA, OHIC reviews premiums in the **individual and small group** markets by examining the following components:

- The **EHB (Essential Health Benefits) base rate** represents the monthly average rate for a hypothetical plan with no cost-sharing for a 21-year old for a given insurer in a given market. Essential Health Benefits are a set of benefits that must be covered by plans, as called for in the Affordable Care Act.
- The **Overall Weighted Average Rate Increase** represents adjustments to reflect the benefits in plans, including modifications to prior year benefits and pricing and it includes terminated plans. This weighted average rate increase represents the average rate that consumers will experience. The range of rate changes represents variation by plan benefits. It does not include the effect of changes in age.
- In the **small group market**, OHIC also reviews the **quarterly effective date projection factor** which represents the expected annualized inflation rate for rates charged to small employers renewing at different points during a year. For example, a small employer renewing in January will pay a lower rate than a small employer renewing in December for the same plan because there are fewer months over which they will experience inflation, assuming that the two small employers have a workforce of the same age.

In the **large group** market, OHIC reviews the **average expected premium increase** which represents the average expected percentage change in premiums from one year to the next, holding benefits constant, across all employers that are up for renewal within a given market. It is weighted by employer size. This average expected premium increase is comprised of rate factors that are applied to the employer's existing experience.

The **Medical Expense Trend** Assumption is the annualized rate of increase due to increases in the unit cost of services and in the utilization of services. Because rates are generally based on the calendar year 2017 experience adjusted for trend, the expected experience underlying the 2019 rates is projected using two years of medical expense trend.

The **Non-Medical Portion of Premium** represents the percent of overall premium that is required to cover administrative expense, contribution to reserves and required taxes and fees, including premium taxes and ACA fees.

For more information, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

Individual Market Rate Summary | Requested and Approved

The following table depicts the **requested and approved** essential health benefits (EHB) base rates and the key assumptions in their development for the individual (IND) market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI) and Neighborhood Health Plan of Rhode Island (NHPRI), as part of OHIC's review of 2019 rates. **Shading indicates the approved factor differs from the requested factor.**

| | BCBSRI IND | | NHPRI IND | |
|--|------------|----------|-----------|----------|
| | Requested | Approved | Requested | Approved |
| EHB Base Rate | \$482.03 | \$467.93 | \$364.18 | \$364.18 |
| Medical Trend Assumptions | | | | |
| Hospital Inpatient | 3.5% | 2.4% | 6.1% | 6.1% |
| Hospital Outpatient | 6.5% | 5.5% | 7.1% | 7.1% |
| Primary Care | 6.6% | 6.6% | 6.6% | 6.6% |
| Other Physician | 4.1% | 4.1% | 6.6% | 6.6% |
| Pharmacy | 7.4% | 7.4% | 11.1% | 11.1% |
| Total Medical Trend | 5.4% | 4.9% | 7.6% | 7.6% |
| Adjustments to Medical Portion of Premium | | | | |
| Risk Adjustment | -3.4% | -4.5% | 7.6% | 7.6% |
| Non-Medical Portion of Premium | | | | |
| Contribution to Reserves/Profit | 3.0% | 2.0% | 3.0% | 3.0% |
| HealthSource RI Assessment | 1.8% | 1.8% | 3.5% | 3.5% |
| EHB Base Rate Change from 2018 | | | | |
| Overall Weighted Average Rate Change | 10.7% | 7.5% | 8.7% | 8.7% |

Small Group Market Summary | Requested and Approved

The following table depicts the **requested and approved** essential health benefits (EHB) base rates and the key assumptions in their development for the small group (SG) market filed by BCBSRI, NHPRI, United, and Tufts Health Plan as part of OHIC's review of 2019 rates. **Shading indicates the approved factor differs from the requested factor.**

| | BCBSRI SG | | NHPRI SG | | TUFTS HMO SG | | TUFTS PPO SG | | UNITED HMO SG | | UNITED PPO SG | |
|---|-----------|----------|-----------|----------|--------------|----------|--------------|----------|---------------|----------|---------------|----------|
| | Requested | Approved | Requested | Approved | Requested | Approved | Requested | Approved | Requested | Approved | Requested | Approved |
| EHB Base Rate | \$428.30 | \$425.10 | \$330.55 | \$330.55 | \$464.66 | \$461.90 | \$464.71 | \$461.97 | \$452.50 | \$432.77 | \$457.53 | \$437.55 |
| Medical Expense Trend Assumptions | | | | | | | | | | | | |
| Hospital Inpatient | 3.5% | 2.4% | 6.1% | 6.1% | 5.7% | 5.7% | 5.7% | 5.7% | 5.4% | 5.4% | 5.4% | 5.4% |
| Hospital Outpatient | 6.5% | 5.5% | 7.1% | 7.1% | 6.1% | 6.1% | 6.1% | 6.1% | 7.1% | 7.1% | 7.1% | 7.1% |
| Primary Care | 6.6% | 6.6% | 6.6% | 6.6% | 6.1% | 6.1% | 6.1% | 6.1% | 4.7% | 4.7% | 4.7% | 4.7% |
| Other Physician | 4.1% | 4.1% | 6.6% | 6.6% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Pharmacy | 7.4% | 7.4% | 11.1% | 11.1% | 5.7% | 5.7% | 5.7% | 5.7% | 10.8% | 10.8% | 10.8% | 10.8% |
| Capitation | 0.0% | 0.0% | 0.0% | 0.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Other Claims Not Categorized | 0.0% | 0.0% | 0.0% | 0.0% | 6.9% | 6.9% | 6.9% | 6.9% | 5.7% | 5.7% | 5.7% | 5.7% |
| Total Medical Trend | 5.4% | 4.9% | 7.7% | 7.7% | 5.8% | 5.8% | 5.8% | 5.8% | 6.6% | 6.6% | 6.8% | 6.8% |
| Adjustments to Medical Portion of Premium | | | | | | | | | | | | |
| Risk Adjustment | -2.4% | -1.1% | 0.1% | 0.1% | 3.7% | 3.7% | 3.6% | 3.6% | 5.0% | 3.7% | 5.0% | 3.7% |
| Manual Morbidity Adjustment | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 2.3% | 0.7% | 2.3% | 0.7% |
| Mandated Benefit Adjustment | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 8.1% | 5.6% | 8.1% | 5.6% |
| Non-Medical Portion of Premium | | | | | | | | | | | | |
| Contribution to Reserves/Profit | 3.5% | 2.5% | 2.0% | 2.0% | 1.5% | 1.0% | 1.5% | 1.0% | 0.9% | 0.9% | 0.9% | 0.9% |
| HealthSource RI Assessment | 0.5% | 0.5% | 3.5% | 3.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EHB Base Rate Change from 2018 | 4.3% | 3.3% | -0.3% | -0.3% | 9.2% | 8.5% | 8.2% | 7.5% | -0.4% | -4.8% | -0.4% | -4.8% |
| Overall Weighted Average 1Q Rate Increase | 5.0% | 3.9% | 0.7% | 0.7% | 10.3% | 9.6% | 9.0% | 8.3% | 1.3% | -3.1% | -2.4% | -6.7% |
| Overall Weighted Average Full Year Rate Increase | 5.7% | 4.6% | -0.2% | -0.2% | 10.9% | 10.2% | 10.1% | 9.4% | 3.4% | -1.2% | -0.6% | -5.0% |

Large Group Rate Summary | Requested and Approved

The following table depicts the **requested and approved** average expected premium increases and the key assumptions behind their development as filed by BCBSRI, United, and Tufts Health Plan in the large group market as part of OHIC's review of 2019 rates. **Shading indicates the approved factor differs from the requested factor.**

| | BCBSRI LG | | TUFTS HMO LG | | TUFTS PPO LG | | UNITED LG | |
|---|-----------|----------|--------------|----------|--------------|----------|-----------|----------|
| | Requested | Approved | Requested | Approved | Requested | Approved | Requested | Approved |
| Medical Expense Trend Assumptions | | | | | | | | |
| Hospital Inpatient | 4.6% | 3.4% | 5.9% | 5.9% | 5.9% | 5.9% | 6.5% | 6.5% |
| Hospital Outpatient | 7.5% | 6.6% | 6.4% | 6.4% | 6.4% | 6.4% | 9.0% | 9.0% |
| Primary Care | 7.6% | 7.6% | 6.7% | 6.7% | 6.7% | 6.7% | 6.9% | 6.9% |
| Other Medical/Surgical | 5.1% | 5.1% | 6.2% | 6.2% | 6.2% | 6.2% | 6.7% | 6.7% |
| Pharmacy | 8.8% | 8.8% | 13.3% | 13.3% | 13.3% | 13.3% | 13.1% | 13.1% |
| Capitation | 0.0% | 0.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.9% | 3.9% |
| Other Claims Not Categorized | 0.0% | 0.0% | 6.0% | 6.0% | 6.0% | 6.0% | 0.0% | 0.0% |
| Total Weighted Medical Trend | 6.5% | 6.0% | 7.5% | 7.5% | 7.5% | 7.5% | 8.2% | 8.2% |
| Retention Charges Assumption | | | | | | | | |
| Contribution to Reserves | 3.5% | 2.5% | 1.0% | 1.0% | 1.0% | 1.0% | 3.0% | 2.0% |
| Expected Average Overall Rate Change from 2018 | | | | | | | | |
| | 10.6% | 8.0% | 10.3% | 10.3% | 10.2% | 10.2% | 9.1% | 8.1% |