

Consumer Disclosure – Individual Market

Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) has submitted its annual rate filing for the individual market. This document gives an overview of that filing.

Scope and Range of the Rate Increase:

Carriers file two average rate increase amounts with the Office of the Health Insurance Commissioner (“OHIC”): the Essential Health Benefits Base Rate Increase and the Weighted Average Rate Increase. These two percentages reflect different calculations.

- Essential Health Benefits Base Rate Increase: After considering all the pricing assumptions except for benefits and cost sharing, the average rate increase for a theoretical BCBSRI plan that provides 100% coverage for all Essential Health Benefits (EHB) is 12.3%. Since this EHB increase uses a theoretical plan, it allows for comparisons across health insurance carriers and years.
- Weighted Average Rate Increase: Plan rates are adjusted to reflect the benefits selected. This includes changes to benefits and cost sharing. The average premium increase to BCBSRI members, not reflecting changes due to age, is expected to be 13.9%.

The range of rate increases for BCBSRI plans, before reflecting changes due to age, which consumers will experience is: 2.6% to 33.2%. Due to changes in federal age sloping requirements, members may experience increases that are higher than this range indicates.

The actual increase for an individual now enrolled will vary based upon:

- the age of each person enrolled;
- the plan chosen; and
- if the person is eligible for federal subsidies.

This filing impacts about 27,000 individuals now enrolled with BCBSRI and new customers joining after January 1, 2018. These individuals are enrolled either:

- directly with BCBSRI; or
- through Rhode Island’s health insurance marketplace (HealthSource RI).

The rate increase will take effect January 1, 2018. Rates will stay in effect until December 31, 2018.

Key Drivers for this Filing:

The rate increase for 2018 is due in large part to the following factors:

- the continuing increase in the total cost of health care in Rhode Island;
- the reintroduction of federal insurance taxes; and
- changes to the federal risk adjustment formula.

For 2018, projected increases in the cost of healthcare services, including prescription drugs, continue to drive the increase in overall medical expenses. New drug treatments account for a large part of the increase in medical costs. The increase in the cost of healthcare services is partly offset by expected savings from newly negotiated pharmacy prices.

Also, increases in how often and how much health care is received are driving an increase in rates for 2018. Administrative costs factor into this filing as well.

This filing is also affected by state and federal taxes and fees. A large part of the increase is due to the reinstatement of the federal insurance tax in 2018. Also, premium taxes paid to the state of Rhode Island are included in this filing. A state fee used to fund HealthSource RI adds a 1.8% increase to the rate. Changes to the federal risk adjustment formula are also part of the increase requested for 2018.

This filing reflects a projected medical loss ratio (“MLR”) of 85.3% using the federal formula. The MLR is the percent of each premium dollar that we spend to pay for healthcare services and activities that improve the quality of care of our members. The federal government requires an MLR of 80% or higher in the individual market.

Changes in Benefits:

At the same time as this filing, BCBSRI submitted our 2018 health plans to the Office of the Health Insurance Commissioner for approval. The plan filing includes benefit changes consistent with federal regulations, including changes to:

- cost sharing amounts; and
- annual out of pocket maximums.

These benefit changes will take effect on January 1, 2018.

As of January 1, 2018, BCBSRI is offering a new BlueCHIP Direct plan and a new VantageBlue Direct plan. Additionally, as of that date, BCBSRI will no longer offer the VantageBlue Direct with Dental plan.

Members who are now enrolled in this plan will receive notice that the plan will no longer be available after December 31, 2017. We will help these members select a new plan that meets their needs. From November 1, 2017 through December 15, 2017 (open enrollment), individuals will have the choice of any plan offered in the individual market.