

Consumer Disclosure – Small Group

Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) has submitted its annual rate filing for the small group 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”) would be 9.7%. 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 for all BCBSRI small groups in 2018, not including changes in age, is expected to be 8.6%.

The range of rate increases for BCBSRI plans, before reflecting changes due to age, which small groups will experience is: 2.0% to 25.8%. Due to changes in federal age sloping requirements, groups may experience increases that are higher than this range indicates.

The actual increase experienced by a group and its employees will vary based upon:

- the age of each employee and their dependents; and
- the plan selected.

Key Drivers for this Filing:

The rate increase for 2018 is mainly due to:

- 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, 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. These include:

- federal insurance taxes reinstated for 2018;
- premium taxes paid to the state of Rhode Island; and
- a fee to fund Rhode Island’s health insurance marketplace, HealthSource RI, which adds a 0.45% 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 83.8% 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 small group market.

Changes in Benefits:

At the same time as this filing, BCBSRI submitted 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.

Also, effective upon renewal starting January 1, 2018, BCBSRI will withdraw multiple plans from the small group market. The plans being withdrawn are:

- VantageBlue 250/500 100/80;
- VantageBlue 4000/8000 80/60;
- VantageBlue with Dental 1750/3500 100/80;
- VantageBlue SelectRI 1000/2000;
- VantageBlue SelectRI 2250/4500;and
- BlueSolutions 3000/6000 90/50.

Employers and subscribers who are now enrolled in one of these plans will receive notice that their plan is being withdrawn from the market as of their next renewal. Employers will have the option to select any other plan offered in the small group market. We will help employers affected by this withdrawal to select a new plan that meets their needs.