

## 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 Benefit 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 plan that provides 100% coverage for all Essential Health Benefits would be 2.3%. Since this EHB increase uses a theoretical plan, it allows for comparisons across health insurance carriers and across years.
- **Weighted Average Rate Increase:** However, consumer plans have adjustments to reflect the benefits selected, including modifications to prior year benefits and pricing. The average premium increase to consumers, before reflecting changes in age is expected to be 0.0%.

The range of rate increases, before reflecting changes in age, which consumers will experience is: -3.4% to 6.5%.

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 2016 is mainly due to the continued rise in the total cost of health care in Rhode Island.

Premium is driven mainly by the cost of medical services BCBSRI pays on behalf of our members. This filing reflects a projected medical loss ratio (“MLR”) of 82.4% using the federal formula. The MLR is the percent of each premium dollar that we spend to pay for healthcare services for 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.

Medical expenses are driven by:

- how often and how much health care is received (utilization); and
- the price a healthcare provider charges for those services (cost).

For 2016, increases in the cost of medical 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.

While utilization has not risen at the rate we have seen in other years, the projected rise in the price of services means an overall increase in rates. Administrative costs factor into this filing as well as premium taxes paid to the state of Rhode Island. Taxes and fees associated with the Patient Protection and Affordable Care Act (“ACA”) add to the increase. This includes a fee proposed by the state to fund Rhode Island’s health insurance marketplace, HealthSource RI, adding a 0.5% increase to the rate.

**Changes in Benefits:**

At the same time as this filing, BCBSRI submitted plans to the Office of Health Insurance Commissioner for approval. The plan filing makes changes to current plans, including:

- increases in annual out of pocket maximums consistent with federal regulations;
- changes to copays and coinsurance levels; and
- simplified prescription benefits for certain plans.

BCBSRI will also add 17 new plans to the small group market in 2015. This will include new variations of existing plans and the introduction of a new tiered network plan.

Also, effective upon renewal starting January 1, 2016, BCBSRI will withdraw two plans from the small group market. The plans being withdrawn are HealthMate Coast-to-Coast and our Silver VantageBlue Select plans. Employers and subscribers that 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 that are affected by this withdrawal to select a new plan that meets their needs.