

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 2.8%. 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 2020, not including changes in age, is expected to be 5.5%.

The range of rate increases for BCBSRI plans, before reflecting changes due to age, which small groups will experience is: 1.1 to 7.1%.

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:

For 2020, 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. Also, increases in how often and how much health care is received are driving an increase in rates for 2020.

Administrative costs factor into this filing as well, including state and federal taxes and fees. These include:

- federal insurance taxes reinstated for 2020;
- 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 0.36% increase to the rate.

This filing reflects a projected medical loss ratio (“MLR”) of 82.3% 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 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.