

Consumer Narrative

Tufts Associated Health Maintenance Organization, Inc.

Rhode Island Small Group Rate Filing

Scope and Range of the Rate Increase

The average requested first quarter 2020 rate increase for the Advantage HMO suite of products is 7.0%. The actual rate change realized by a group may vary depending on age composition, geographic location, benefit plan design, size, and SIC. This filing impacts 1,115 members currently enrolled in one of the Advantage HMO products with a renewal date in the first quarter 2020.

Financial Experience of the product

As demonstrated in the 2018 Supplemental Health Care Exhibit, Tufts Associated Health Maintenance Organization, Inc. Company met the legal requirements with a loss ratio in excess of 80.0%, meaning more than 80.0% of collected premiums went towards medical expenses.

The loss ratio in this filing is anticipated to be above the 80.0% minimum.

Changes in Medical Service Costs

The rate increase is primarily driven by the continual increase in medical service costs. The key medical cost factors included in the rate filing are as follows:

- Higher provider reimbursement levels from increases in fee schedules
- Higher pharmaceutical costs from increases in the cost of brand name drugs

Changes in Benefits

A consideration in the rate filing process is the changes in benefit plan design by product. Benefit plan design changes were minimal and had a small impact on the rate increase.

Changes in administrative expenses, taxes, and fees

Administrative expenses, excluding ACA related administrative expenses, taxes, and fees, as a percent of premium, have remained flat. Premium rate increase due to the reintroduction of the ACA Health Insurance Tax for 2020.

Tufts Health Plan (Tufts Associated Health Maintenance Organization, Inc. and Tufts Insurance Company) files a modest contribution to surplus. In this rate filing, Tufts Health Plan is requesting an average contribution to surplus, as a percent of premium, of 1.0%.