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CONTACT:

Kyrie Perry
401-462-3591
kyrie.perry@exchange.ri.gov

Cory King
401-462-9658
cory.king@ohic.ri.gov



OHIC, HealthSource RI adopting new rates due to ending of federal payments

Because of action taken by the President, individual market rates for 2018 will now include a “Trump Tax”

CRANSTON, R.I. (October 25, 2017) – Acting in response to the Trump Administration’s abrupt decision to end Cost Sharing Reduction (CSR) payments to insurers that support reduced out-of-pocket costs for low income consumers, the Office of the Health Insurance Commissioner (OHIC) has approved new health insurance rates for 2018.

President Trump’s decision to end the CSR payments was reckless, and represents the latest attempt by the Administration to sabotage the ACA. The new rates amount to an 18%-20% increase on Silver-level plans sold on HealthSource RI’s individual market, though OHIC and HSRI are working to redirect other federal subsidies to offset premium increases.

“We have done everything we can to minimize additional costs for consumers resulting from this shortsighted action on the part of the President,” said Rhode Island Health Insurance Commissioner Marie Ganim. “But I want to make it very clear that the President’s decision to end these payments has already created unnecessary turmoil and threatened the stability of our health insurance market.”

CSR plans were included in the ACA, and were meant to help insurers offer plans with reduced copays and deductibles – known as “cost-sharing” – to individuals and families who earn between 138% and 250% of the federal poverty level.

Although the federal CSR payments have stopped, insurers are still required by the ACA to offer plans with reduced cost-sharing to those who qualify. Without the CSR payments, insurers who sell plans on HealthSource RI’s individual market had to raise premium rates to make up for the loss or else risk becoming insolvent – effectively creating a “Trump tax” on health plans in 2018.

Health insurance rates for 2018 had previously been approved by OHIC in August, but those rates had been calculated based on continued CSR payments. Because the Trump administration had been threatening to suspend CSR payments for several months, OHIC and HealthSource RI were prepared with a contingency plan.

OHIC directed Blue Cross Blue Shield of RI and Neighborhood Health Plan of Rhode Island – the two insurers offering individual plans on the state-based exchange – to prepare rates that factored in the loss of CSR payments.

The insurers were asked to focus their premium rate increases on Silver-level plans sold on HealthSource RI's individual market. Because the cost of these plans determines the dollar amount of federal ACA tax credits relative to consumers' income, the premium rate increases on these plans will be absorbed by the ACA tax credit for most HealthSource RI customers.

Several other states are taking the same approach to protect as many consumers as possible. The increase in ACA tax credits will raise federal health care spending by approximately \$194 billion over the next ten years, according to a Congressional Budget Office report release in August.

“Due to the Trump Administration’s irresponsible decision, some customers will see significant changes to their health coverage options. We are encouraging customers to actively shop when Open Enrollment begins on November 1,” Director Sherman said. “To make the health coverage purchasing process easier, HealthSource RI is launching a new Savings Calculator to help Rhode Islanders better understand their options. This tool allows individuals and families to factor in their desired maximum out-of-pocket cost and expected health needs, among other things, which is even more critical as plan options will look different this Open Enrollment.”

Rhode Islanders with questions about 2018 Open Enrollment for individuals and families can contact HealthSource RI by phone at 1-855-840-4774 or in person at 401 Wampanoag Trail in East Providence Monday through Friday from 8:00 AM to 7:00 PM and Saturdays from 9 AM to 12 PM starting November 1, or visit www.HealthSourceRI.com.

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