



State Of Rhode Island Office of the Health Insurance Commissioner 2015 Individual, Small Employer Group, and Large Employer Group Health Insurance Premium Rate Review Process Public Comment Solicitation

Introduction

On May 15, 2015, Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPRI), Tufts Health Plan (Tufts), and United Healthcare (United) filed with the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) to request approval for rates to be charged to individuals, small employers, and large employers effective in 2016. BCBSRI, NHPRI, and United have filed in the individual market. All four commercial health insurers have filed in the small employer market. BCBSRI, Tufts, and United have filed in the large employer market. OHIC has the responsibility of reviewing the rates with the goal of holding the insurers publicly accountable for making health insurance more affordable while ensuring their solvency.

2015 Individual, Small Employer Group, and Large Employer Group Review Process

OHIC is currently reviewing the requested rates. This review process will culminate in a final decision by Commissioner Kathleen C Hittner approving, modifying, or rejecting the requested rates in July 2015. The Affordable Care Act requires a more detailed level of review in the individual and small employer markets compared to the level of review in prior years. In the large group market, OHIC's level of review remains unchanged.

Here are the components that Commissioner Hittner will use to make her decisions:

Specifically, in the individual market, OHIC's final decision to approve, modify, or reject the requested rates for individuals and families will consist of the following components for each insurer: (1) an essential health benefits (EHB) base rate and (2) plan relativity factors.

- The **EHB base rate** represents the monthly average rate for a standard plan for a 21-year old for a given insurer in a given market. It is the basis for the rates that will be charged for plans offered by a given insurer in a given market. Essential health benefits are a set of benefits that must be covered by plans, as called for in the Affordable Care Act.
- **Plan relativity factors** represent the differences in plan design features among plans for a given insurer in a given market. Plan design features include items such as: benefits, cost sharing (deductibles, co-insurance, and co-payments) and provider network. Plan relativity factors address the differences in rates that carriers can charge based on how similar or alike their plans are to the Essential Health Benefits base rate.

In the small employer market, OHIC's final decision to approve, modify, or reject the requested rates for small employers will consist of the following components for each insurer: (1) an EHB base rate and (2) plan relativity factors, as above, plus (3) a quarterly effective date projection factor.

- The **quarterly effective date projection factor** represents the expected annualized inflation rate for rates charged to small employers renewing at different points during a year. For example, a small employer renewing in January will pay a lower rate than a small employer renewing in December for the same plan because there are fewer months over which they will experience inflation, assuming that the two small employers have a workforce of the same age.

In the large employer market, OHIC's final decision to approve, modify, or reject the requested rates for large businesses will consist of an average expected premium increase for each insurer.

- The **average expected premium increase** represents the average expected percentage change in premiums from one year to the next, holding benefits constant, across all employers that are up for renewal within a given market. It is weighted by employer size. This average expected premium increase is comprised of rate factors that are applied to the employer's existing experience.

Opportunities to Submit Public Comment to OHIC

As a part of its review of the rates filed, OHIC is soliciting public comment on what has been submitted by the insurers. OHIC believes that public input is essential and will take all input received into account in developing its final decision. All public comments must be received by OHIC by June 24, 2015. Following this deadline, OHIC will make all comments received publicly available. Comments may be submitted in two ways:

- Written comments may be sent for consideration to ohic.healthinsinq@ohic.ri.gov.
- The public is invited to attend a public input meeting on June 22, 2015 at 5:30 P.M. at the State of Rhode Island Public Utilities Commission, located at 89 Jefferson Boulevard in Warwick. Public comments will be taken in order of sign-up at the meeting. While oral comments are welcome, OHIC encourages members of the public to also submit any oral comment offered at the public input meeting in written form to ohic.healthinsinq@ohic.ri.gov by June 24, 2015. Please contact Nicole Renzulli at (401) 462-9639 or nicole.renzulli@ohic.ri.gov to arrange for special accommodations or for more information about the public input meeting.

To assist interested stakeholders in developing their comments, OHIC has made the submissions filed by the insurers well as additional information available here:
<http://www.ohic.ri.gov/2015%20Rate%20Factor%20Review.php>.