

# Consumer Narrative

## Tufts Associated Health Maintenance Organization, Inc. and Tufts Insurance Company Rhode Island Small Group Rate Filing

Average small group rates for Tufts Health Plan will be lower for 2017. Carriers file 2 average rate increases with OHIC: the Essential Health Benefits (EHB) base rate increase and the weighted average rate increase.

- **EHB Base Rate Increase:** The average rate change for a theoretical plan that provides 100% coverage for all EHB are:
  - An increase of 1.1% for HMO plans.
  - A decrease of less than 0.1% for PPO plans.

Since this EHB increase uses a theoretical plan, it allows for comparisons across carriers and years. The EHB calculations include all pricing assumptions except cost sharing.

- **Weighted Average Rate Increase:** Plans have to reflect benefit and cost sharing changes. The expected average premium increase to consumers, before reflecting changes in age, are:
  - A decrease of 1.0% for HMO plans, ranging from -8.2% to 1.8% depending on the plan.
  - A decrease of 0.9% for PPO plans, ranging from -8.2% to 0.9% depending on the plan.

The premium decrease is driven by plan design changes and two federal actions. The federal actions offset increases in medical claims and administrative cost. The federal actions are:

1. The suspension of the ACA Health Insurance Tax for 2017.
2. The repeal of the small group market definition change. This allows the small group size limit to remain at 50 employees.

Medical claims are expected to increase by 4.3%. This is due to an increase in the number of services used and the price of services negotiated with providers. We estimate the change in utilization based on our historical data in the MA small group market. We have much larger small group enrollment in MA than in RI. The MA data allows us to better predict future health care usage. The projected increase in the price of services is based on our RI provider contracts.

Medical claims are also expected to increase due to 2 new services being offered. Autism Services and Gender Reassignment Services will be covered as mandated in RI.

Administrative cost includes the business operating costs and RI premium taxes. We project these cost as a percentage of total premium. Therefore, they increase at the same rate as premium.

Our small group rate also includes the mandatory health care reform taxes and fees:

- An annual tax on health insurance providers (waived for 2017, but a prorated amount is included if the policy year covers part of 2018).
- A fee on health plans to fund the patient-centered outcomes research trust fund.
- A fee to participate in the risk adjustment program.