

## State of Rhode Island Office of the Health Insurance Commissioner 2012 Small and Large Employer Group Rate Review Process Public Comment Solicitation

### Introduction

The premiums charged by health insurers to employers and employees are the result of each insurer's: (1) medical expenses, (2) administrative costs, and (3) contributions to reserves and profit. The State of Rhode Island Office of the Health Insurance Commissioner (OHIC) reviews these three components each year with the goal of holding insurers with significant market shares in Rhode Island publicly accountable for protecting consumers, remaining financially solvent, treating providers fairly, and improving the health care system as a whole.<sup>1</sup> The review process concludes when OHIC issues a decision approving the average premium increase for the next year for each insurer in both the small and large employer markets.

### The 2012 Rate Review Process

The 2012 review process began on April 19, 2012 when OHIC issued its initial guidance letter to Blue Cross & Blue Shield of Rhode Island, Tufts Health Plan, and United Healthcare. In that letter, OHIC emphasized its expectation that insurers were to submit a medical expense increase of no higher than four percent as part of their 2012 rate filings (for rates effective in 2013). OHIC's goal in setting this expectation is to hold the state's insurers (and health care providers) accountable for swift action to address the current unsustainable growth in medical expense that is driving premium growth.

As required by OHIC, all three insurers submitted their filings to the office on May 18, 2012. OHIC is now beginning its review of the submissions and will issue decisions no later than July 2, 2012.

### Opportunities to Submit Public Comment to OHIC

As a part of its review of the filings, 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 decisions. All public comments must be received by OHIC by June 21, 2012. 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 [healthinsinquiry@ohic.ri.gov](mailto:healthinsinquiry@ohic.ri.gov).
- The public is invited to attend a public input meeting on June 11, 2012 from 4:30 P.M. to 6:00 P.M. at the State of Rhode Island Public Utilities Commission, 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 [healthinsinquiry@ohic.ri.gov](mailto:healthinsinquiry@ohic.ri.gov). Please contact Nicole Renzulli at (401) 462-9639 or [nicole.renzulli@ohic.ri.gov](mailto:nicole.renzulli@ohic.ri.gov) to arrange for special accommodations or for more information about the public input meeting.

To assist interested stakeholders in the developing their comments, OHIC will be summarizing and analyzing the information submitted by the insurers and publicly releasing it on an ongoing basis. Please check: <http://www.ohic.ri.gov/2012%20Rate%20Factor%20Review.php> for regular updates.

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<sup>1</sup> Please see the appendix for more information about the rate factors submitted by insurers and standards for OHIC to consider in its review.

## Appendix: Rate Factors Submitted by Insurers and Standards for OHIC to Consider

As set out in statute, OHIC must determine whether the proposed rates or rating formulas are “consistent with the proper conduct of [the insurer’s] business and with the interest of the public.” OHIC has defined this standard further, based on statute (Rhode Island General Laws § 42-14.5-2) in its Regulation 2.

### Rate Factors and Standards for OHIC to Consider

Rate Factor	Standards for OHIC to Consider
Trend Factors	<ul style="list-style-type: none"> <li>• Actuarial soundness</li> <li>• Other insurers in market, based on public submission</li> <li>• Commercial industry standards</li> <li>• Governmental health care programs (e.g., Medicare and Medicaid)</li> <li>• Affordability efforts (defined in Regulation 2)</li> <li>• Alignment with OHIC’s Affordability Standards</li> </ul>
Administrative Costs	<ul style="list-style-type: none"> <li>• Other insurers for comparable products</li> <li>• Other commercial products for the same insurer</li> <li>• Compliance with National Association of Insurance Commissioners categorization of costs</li> <li>• Affordability efforts (defined in Regulation 2)</li> <li>• General conduct of insurers (defined in Regulation 2)</li> </ul>
Contributions to Reserves	<ul style="list-style-type: none"> <li>• Existing reserves relative to OHIC determined reserve levels</li> <li>• Industry averages</li> <li>• Historical performance of insurer relative to budget</li> <li>• Return to shareholders (if appropriate)</li> <li>• General conduct of insurers (defined in Regulation 2)</li> </ul>