

# State of Rhode Island Office of the Health Insurance Commissioner December 2012 Blue Cross Blue Shield of Rhode Island Health Insurance Premium Rate Submission Public Comment Solicitation

## Introduction

On December 7, 2012, Blue Cross Blue Shield of Rhode Island (BCBSRI) filed with the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) to request changes to the company's rate components<sup>1</sup> previously approved by Commissioner Christopher F. Koller on September 21, 2012 for rates effective in 2013. These rate components are comprised of the insurer's: (1) medical expenses, (2) administrative costs, and (3) contributions to reserves and profit and ultimately determine the premiums charged to small and large employers by BCBSRI. OHIC has the responsibility of reviewing these three components with the goal of holding Rhode Island commercial health insurers publicly accountable for making health insurance more affordable while ensuring their solvency.

## December 2012 Blue Cross Blue Shield of Rhode Island Submission Review Process

OHIC is currently reviewing BCBSRI's requested rate components. This review process will culminate in a final decision by Commissioner Koller approving, modifying, or rejecting the requested rate components in the coming weeks. If the requested rate components were to be approved or modified, this would result in new average premium increases for both small and large employers with renewal effective dates from April 1, 2013 through December 31, 2013. It would have no impact on employers with renewal effective dates from January 1, 2013 through March 31, 2013.

## Opportunities to Submit Public Comment to OHIC

As a part of its review of the submission, OHIC is soliciting public comment on what has been submitted by BCBSRI. 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 January 11, 2013. 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 [healthinquiry@ohic.ri.gov](mailto:healthinquiry@ohic.ri.gov).
- The public is invited to attend a public input meeting on January 9, 2013 from 1:00 P.M. to 2:30 P.M. at the State of Rhode Island Department of Labor and Training, located at 1511 Pontiac Avenue, Building 73-1 in Cranston. 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 [healthinquiry@ohic.ri.gov](mailto:healthinquiry@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 has made BCBSRI's submission and summary of the submission available here: <http://www.ohic.ri.gov/2012%20Rate%20Factor%20Review.php>. Additional information will also be posted at this address prior to the meeting.

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

## Appendix: Rate Components 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 Components and Standards for OHIC to Consider

Rate Components	Standards for OHIC to Consider
Medical Expense Trend	<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 Expense	<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>
Contribution 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>