



State of Rhode Island Office of the Health Insurance Commissioner
2013 Individual, Small Employer Group, and Large Employer Group Health Insurance Premium Rate Review Process
Individual and Small Employer Group Essential Health Benefits Base Rate Summary

The following table depicts the essential health benefits (EHB) base rate and the key assumptions behind its development for the individual (IND) and small employer group (SG) markets filed by Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPRI), Tufts Health Plan (Tufts), and United Healthcare (United) as part of the State of Rhode Island Office of the Health Insurance Commissioner's (OHIC) 2013 rate review process (for rates effective in 2014). BCBSRI and NHPRI have filed rates in both the IND and SG markets. Tufts and United have filed in the SG market only but have made separate filings for their HMO and PPO plans.

IND and SG EHB Base Rate Summary

	BCBSRI IND	BCBSRI SG	NHPRI IND	NHPRI SG	THP HMO SG	Tufts PPO SG	United HMO SG⁹	United PPO SG⁹
EHB Base Rate ¹	\$330.97	\$355.97	\$344.68	\$327.74	\$375.11	\$377.72	\$375.38	\$368.03
Medical Expense Trend Assumptions								
Hospital Inpatient	6.8%	8.4%			5.2%	5.2%	4.4%	4.4%
Hospital Outpatient	8.2%	8.2%			6.5%	6.5%	10.4%	10.4%
Primary Care	14.6%	12.6%			2.7%	2.7%	5.4%	5.4%
Other Physician	5.9%	4.4%			5.8%	5.8%	7.0%	7.0%
Pharmacy	-1.2%	0.6%			9.7%	9.7%	9.8%	9.8%
Capitation	N/A	N/A			N/A	N/A	1.4%	1.4%
State Assessments ²	5.9%	16.1%						
Total Weighted Trend	5.6%	6.0%	5.8%	5.8%	6.2%	6.2%	7.8%	7.8%
Claims Adjustments Assumptions								
Morbidity/Selection/Pent-up Demand ³	5.0%	0.8%	18.2%	-0.4%	0.0%	0.0%	4.1%	0.3%
EHB Benefits ⁴					0.5%	0.5%	4.7%	4.7%
Other ⁵			7.1%	0.3%			4.5%	4.5%
Risk Adjustment Program ⁶	0.0%	-1.2%	-2.4%	0.0%	0.0%	0.0%	3.0%	3.1%
Reinsurance Recoveries ⁷	-10.6%	N/A	-9.8%	N/A	N/A	N/A	N/A	N/A
Retention Charges Assumptions								
Administrative Expense	10.1%	10.4%	12.4%	13.6%	11.6%	11.3%	10.4%	10.4%
ACA Fees ⁸	1.8%	2.7%	0.0%	0.0%	0.8%	1.6%	2.7%	2.6%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	2.0%	3.0%	3.0%	3.0%	0.0%	0.0%	3.0%	3.0%

¹ Represents the monthly average rate for a standard plan for a 21-year old for a given insurer in a given market, excluding the cost of pediatric dental

² Represents costs associated with Children's Health Account Assessment, the Child Immunization Assessment, and the Adult Immunization Assessment

³ Represents costs associated with the health status of the insured population in 2014 as compared to the current insured population as well as pent-up demand for the newly insured

⁴ Represents costs of additional benefits guaranteed under the ACA including habilitative services, mental health parity, obesity surgery, hearing aids, and pediatric vision

⁵ Represents miscellaneous impacts not accounted for elsewhere; for NHPRI, induced demand for cost sharing reduction plans and pharmacy device tax; for United, pooling adjustment and women's preventive health

⁶ Represents impact of ACA's Risk Adjustment Program that will shift funding between insurers to adjust for differences in health status among insurer membership in a given market in an expense neutral way across a given market

⁷ Represents reimbursement to insurers for some expenses resulting from covering high-cost individuals through the ACA's Transitional Reinsurance Program net of the fees to fund the program

⁸ Represents costs associated with ACA's health insurance annual fee, and Patient-Centered Outcomes Research Trust Fund fee but excludes \$5.25 per member per month Transitional Reinsurance Program fee; United's fees imputed by OHIC consulting actuaries

⁹ United's medical expense trend assumptions imputed by OHIC consulting actuaries

For more information, please visit <http://www.ohic.ri.gov/2013%20Rate%20Factor%20Review.php>.