



December 2012 Blue Cross Blue Shield of Rhode Island Health Insurance Premium Rate Submission Summary

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 previously approved by Commissioner 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.

Key Facts

The following tables provide information on BCBSRI's previous approved and new requested rate components for both small and large employers:

BCBSRI Small Group Rate Components: Previous Approved and New Requested

Rate Component	Previous Approved	New Requested
Medical Expense Trend Components		
Hospital Inpatient	6.70%	7.50%
Hospital Outpatient	8.90%	8.90%
Primary Care	10.90%	11.10%
Other Physician	6.20%	5.70%
Pharmacy	7.50%	7.40%
Prior Period Adjustment	-2.60%	0.00%*
Pharmacy Benefit Manager Adjustment	-2.70%	-2.20%
Total Weighted Medical Expense Trend	4.80%	5.30%
Other Rate Components		
Administrative Expense Per Member Per Month	\$59.11	\$62.60
Contribution to Reserves as a Percent of Premium	3.34%	3.34%
ACA Insurer Fee and Reinsurance Collection	0.00%	0.00%
Summary Information		
Expected Overall Average Premium Trend	1.65%	5.10%

*Any effect of prior period adjustments is covered in other medical expense trend components.

BCBSRI Large Group Rate Components: Previous Approved and New Requested

Rate Components	Previous Approved	New Requested
Medical Expense Trend Components		
Hospital Inpatient	6.90%	7.70%
Hospital Outpatient	7.50%	9.00%
Primary Care	9.50%	11.20%
Other Physician	5.00%	5.80%
Pharmacy	6.10%	5.60%
Prior Period Adjustment	0.00%	0.00%*
Pharmacy Benefit Manager Adjustment	-2.70%	-2.20%
Total Weighted Medical Expense Trend	3.80%	5.05%
Other Rate Components		
Administrative Expense Per Member Per Month	\$53.47	\$55.04
Contribution to Reserves as a Percent of Premium	3.34%	3.34%
ACA Insurer Fee and Reinsurance Collection	0.00%	0.00%
Summary Information		
Expected Overall Average Premium Trend	3.98%	9.00%

*Any effect of prior period adjustments is covered in other medical expense trend components.

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.

For More Information

For more information, please visit www.ohic.ri.gov.