

Health Insurance Premium Rate Review Process Small Employer Group Summary for Rates Effective in 2022

The following table depicts the proposed overall weighted average premium increase and the key assumptions behind premium development for the small employer group (SG) market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPRI), Tufts Health Plan (Tufts), and UnitedHealthcare (United) as part of the State of Rhode Island Office of the Health Insurance Commissioner's (OHIC) rate review process (for rates effective in 2022). This information is subject to change as the rate review process continues. Please see our 2022 Rate Review Process Public Comment Solicitation for more information about the rates and this process.

OHIC is currently reviewing these assumptions. This review process will culminate in a final decision by the Health Insurance Commissioner approving, modifying, or rejecting the requested rates. For more information on the rate review process or information about rates filed in the individual or large group markets, please visit <http://www.ohic.ri.gov/ohic-formandratereview.php>.

There are 47,936 consumers enrolled in small group market plans (data as of March 2021). This represents 26.4% of the fully-insured market (individual, small group, and large group markets).

- The **Overall Weighted Average Rate Change** represents adjustments to reflect benefit changes in renewing plans and it reflects plans that have been terminated and mapped to existing plan offerings. This weighted average rate change represents the average rate change consumers will experience before changes due to age.
- The **Medical Expense Trend Assumption** is the annualized rate of increase due to increases in the unit cost of health care services and in the utilization of health care services.¹ These trend assumptions are applied to calendar year 2020 claims experience to project 2022 required revenue rates.² Since COVID-19 had a significant impact on 2020 utilization levels, insurers have estimated how much utilization have been suppressed (**COVID Suppression Assumption**) and built that into their rate projections. The trends shown here do not reflect the impact of COVID-19 as this adjustment is elsewhere in the rate development process.
- The **Risk Adjustment Assumption** is the Affordable Care Act's (ACA) risk adjustment program which redistributes funds from carriers with lower-risk enrollees to plans with higher-risk enrollees.

¹ Provider mix and service mix are typically included within utilization trend assumptions. Cost sharing leverage may also be included in either the pricing AV or utilization assumptions.

² Per the Federal Unified Rate Review Template instructions, insurers are required to utilize 2020 data.

- The **Non-Medical Portion of Premium** represents the percent of overall premium that is required to cover administrative expense, contribution to reserves and required taxes and fees, including premium tax, ACA fees (note, the health insurance tax has been suspended for 2021 and beyond) and HealthSource RI Exchange Fees.
- The **Quarterly Effective Date Projection Factor** represents the expected annualized inflation rate for rates charged to small employers renewing at different points during a year. For example, a small employer renewing in January will pay a lower rate than a small employer renewing in December for the same plan because there are fewer months over which they will experience inflation, assuming that the two small employers have a workforce of the same age.

**Small Group Market Summary of Requested 2022 Rates
Proposed Rate Change & Key Assumptions
Data as of June 28, 2021**

Average Rate Change	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO	TOTAL ³
Overall Average Weighted Rate Change for the full year	2.9%	6.5%	5.2%	5.1%	17.5%	10.7%	3.8%
Enrollment as of 03/31/2021	40,255	1,730	1,879	946	906	2,220	47,936

Trend Assumptions	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO	TOTAL ⁴
Hospital Inpatient	4.7%	4.5%	3.5%	3.5%	6.8%	6.8%	4.8%
Hospital Outpatient	6.3%	6.5%	7.5%	7.5%	6.5%	6.5%	6.4%
Professional	5.2%	10.0%	7.0%	7.0%	6.0%	6.0%	5.5%
Other Medical	5.2%	6.0%	5.1%	5.1%	5.6%	5.6%	5.2%
Capitation	0.0%	0.0%	0.9%	0.9%	8.8%	8.8%	0.6%
Prescription Drug	6.9%	11.0%	11.0%	11.0%	10.1%	10.1%	7.5%
Total Trend	5.8%	8.7%	7.0%	7.3%	7.3%	7.3%	6.0%

Risk Adjustment ⁵	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO
Risk Adjustment Assumption	-1.6%	0.0%	2.0%	2.0%	2.3%	2.3%

Non Medical Portion of Premium ⁶	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO
ACA Fees	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	2.5%	4.4%	0.0%	0.0%	2.0%	2.0%
HealthSource RI Assessment	0.4%	3.5%	0.0%	0.0%	0.0%	0.0%
All Other Retention	13.0%	13.5%	12.0%	12.0%	12.5%	12.5%
Total Retention	18.0%	23.6%	14.1%	14.1%	16.5%	16.5%

Quarterly Projection Factors	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO
1Q 2021	1.000	1.000	1.000	1.000	1.000	1.000
2Q 2021	1.014	1.021	1.017	1.017	1.020	1.020
3Q 2021	1.028	1.043	1.035	1.035	1.040	1.040
4Q 2021	1.042	1.064	1.053	1.053	1.061	1.061

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State of Rhode Island Office of the Health Insurance Commissioner
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920-4407
(401) 462-9517
(401) 462-9645 (Fax)
www.ohic.ri.gov

³Totals are based on weighted averages using latest enrollment information.

⁴Ibid.

⁵ Negative risk adjustment represents a receivable and positive risk adjustment represents a payable.

⁶ Excludes RI Fees & Assessments (i.e. vaccination & immunization fees). ACA Fees include fees such as PCORi. The health insurance tax has been suspended for 2021 and beyond.