

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

The following table provides information on the rate components and key assumptions behind premium development for the large group market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI), Tufts Health Plan (Tufts), UnitedHealthcare (United), Aetna Life Insurance Company (Aetna), and Cigna Health and Life Insurance Company (Cigna) as part of the Office of the Health Insurance Commissioner's (OHIC) rate review process (for rates effective in 2022). These rate increases are comprised of the following rate components: (1) medical expenses, (2) administrative costs, and (3) contributions to reserves and/or profit. Rate components affect the rates that are charged to large employers and the resulting weighted average increase across an insurer's large group market represents a maximum average increase that, if approved, the insurers are committed not to exceed.¹ 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 small group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 91,603 consumers enrolled in large group market plans (data as of March 2021). This represents 50.5% of the fully-insured market (individual, small group, and large group markets).

- The **Average Expected Premium Increase** represents the average expected percentage change in premiums from one year to the next, holding benefits constant, across all employers that are up for renewal within a given market. This average expected premium increase is comprised of many rating factors including the employer's existing experience.
- 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.² These trend assumptions are applied to calendar year 2020 claims experience to project 2022 required revenue rates. Since COVID-19 had a significant impact on 2020 utilization levels, insurers have estimated how much utilization has 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.

¹ The rate cap only applies to insurers with greater than one percent of the fully insured Rhode Island market, therefore it does not apply to Aetna and CIGNA.

² Provider mix and service mix are typically included within utilization trend assumptions.

- 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 and ACA fees (note, the health insurance tax has been suspended for 2021 and beyond).

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

Average Expected Premium Increase	BCBSRI	Tufts HMO	Tufts PPO	United	Aetna	Cigna	TOTAL ³
Average Expected Premium Increase	7.4%	9.1%	9.1%	14.1%	9.0%	5.3%	8.6%
Enrollment as of 03/31/2021	68,936	3,430	3,159	15,461	0	617	91,603

Trend Assumptions	BCBSRI	Tufts HMO	Tufts PPO	United	Aetna	Cigna	TOTAL ⁴
Hospital Inpatient	4.4%	3.6%	3.6%	6.9%	11.2%	2.8%	4.8%
Hospital Outpatient	6.1%	7.5%	7.5%	6.5%	9.1%	3.5%	6.2%
Professional	5.0%	6.9%	6.9%	5.9%	7.2%	5.3%	5.3%
Other Medical	5.0%	5.1%	5.1%	5.6%	9.1%	10.8%	5.1%
Capitation	0.0%	0.9%	0.9%	8.8%	0.0%	3.4%	1.6%
Prescription Drug	6.9%	11.0%	11.0%	10.2%	10.4%	9.7%	7.8%
Subtotal Excl. Leverage	5.5%	7.1%	7.1%	7.2%	9.2%	5.5%	5.9%
Leverage	0.6%	0.8%	0.8%	1.1%	1.2%	1.0%	0.7%
Total Incl. Leverage	6.1%	8.0%	8.0%	8.4%	10.5%	6.5%	6.6%

Non Medical Portion of Premium ⁵	BCBSRI	Tufts HMO	Tufts PPO	United	Aetna	Cigna
ACA Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	2.5%	1.0%	1.0%	3.0%	6.6%	4.5%
All Other Retention	11.6%	10.9%	10.9%	6.3%	5.4%	7.1%
Total Retention	16.2%	13.9%	13.9%	11.3%	14.0%	13.6%

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

⁴Ibid.

⁵Excludes RI Fees & Assessments (i.e. vaccination & immunization fees) & Investment Income Credit. ACA Fees include fees such as PCORi. The health insurance tax has been suspended for 2021 and beyond.

Protecting Consumers • Ensuring Solvency • Engaging Providers • Improving the System
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