

## Health Insurance Premium Rate Review Process Individual Market Summary of Requested 2022 Rates

The following tables depicts the proposed overall weighted average premium increase and the key assumptions behind premium development for the individual market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI) and Neighborhood Health Plan of Rhode Island (NHPRI) as part of the 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 small group or large group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 30,326 individual policies covering a total of 42,025 consumers enrolled in individual market plans with these carriers (data as of March 2021). This represents approximately 23.1% 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.<sup>1</sup> These trend assumptions are applied to calendar year 2020 claims experience to project 2022 required revenue rates.<sup>2</sup> 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.
- 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.
- The **Reinsurance Assumption** is RI's reinsurance program through a 1332 Waiver.
- 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.

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<sup>1</sup> 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.

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

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

<b>Average Rate Change</b>	<b>BCBSRI</b>	<b>NHPRI</b>	<b>TOTAL<sup>3</sup></b>
Overall Average Weighted Rate Change	3.1%	8.5%	6.3%
Enrollment as of 03/31/2021	17,159	24,866	42,025

<b>Trend Assumptions</b>	<b>BCBSRI</b>	<b>NHPRI</b>	<b>TOTAL<sup>4</sup></b>
Hospital Inpatient	4.5%	4.4%	4.5%
Hospital Outpatient	6.1%	6.5%	6.3%
Primary Care	5.0%	9.9%	7.9%
Other Medical/Surgical	5.0%	6.0%	5.6%
Prescription Drug	0.0%	0.0%	0.0%
Capitation	6.7%	10.9%	9.2%
Total Trend	5.6%	8.4%	7.2%

<b>Risk Adjustment &amp; Reinsurance<sup>5</sup></b>	<b>BCBSRI</b>	<b>NHPRI</b>
Risk Adjustment Assumption	-3.2%	1.9%
Reinsurance Assumption	-6.4%	-4.6%

<b>Non Medical Portion of Premium<sup>6</sup></b>	<b>BCBSRI</b>	<b>NHPRI</b>
ACA Fees	0.1%	0.1%
State Premium Tax	2.0%	2.0%
Contribution to Reserves	2.5%	4.6%
HealthSource RI Assessment	1.3%	3.5%
All Other Retention	12.4%	10.2%
Total Retention	18.2%	20.4%

<sup>3</sup>Totals are based on weighted averages using latest enrollment information.

<sup>4</sup>Ibid.

<sup>5</sup> Negative risk adjustment & reinsurance represents a receivable and positive risk adjustment represents a payable.

<sup>6</sup> RI Fees & Assessments (i.e. vaccination & immunization fees) are excluded from the retention charge. ACA Fees include fees such as PCORI. The health insurance tax has been suspended for 2021 and beyond.