

**From:** [David Morales](#)  
**To:** [King, Cory \(OHIC\)](#)  
**Cc:** [Tigue, Patrick \(OHIC\)](#)  
**Subject:** [EXTERNAL] : Proposed Rate Hikes: Lawmakers and Community Members Letter to OHIC  
**Date:** Friday, August 6, 2021 3:35:42 PM  
**Attachments:** [Lawmakers and RI Residents Letter to OHIC.pdf](#)

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Hello Cory,

I hope you are safe and well! **Please find attached a letter from over a dozen Lawmakers and over 150 RI residents asking that OHIC reject the rate hikes proposed by health insurance companies in our state.** Please let me know if you need any further information or have any questions.

Best,

**David Morales**

RI State Representative (District 7)

[david@davidmoralesri.com](mailto:david@davidmoralesri.com)

Cell: 401-480-1322

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August 6, 2021

Commissioner Patrick M. Tigue  
Office of the Health Insurance Commissioner  
1511 Pontiac Ave, Building #69 First Floor  
Cranston, RI 02920

Dear Commissioner Tigue:

We write to you asking that the Office of the Health Insurance Commissioner reject the proposed health insurance rate hikes proposed by Blue Cross Blue Shield, the Neighborhood Health Plan of RI, UnitedHealthcare, Aetna, Cigna and Tufts Health as the approval of these rate hikes would hurt the working people and middle-class families of Rhode Island.

Over the last year and a half, since the outbreak of the COVID-19 pandemic, our communities have been financially impacted through job loss, reduced hours, and the closure of small businesses. Despite the recent re-opening of our economy, thousands of Rhode Islanders are still struggling to maintain financial stability. Between rent, mortgage payments, utilities, groceries, vehicle insurance, and other vital expenses that continue to increase in cost, thousands of working and middle-class families are trying to get back on their feet and avoid any further financial debt. This is especially prevalent in the urban core of Providence, Central Falls, and Pawtucket as these have been some of the communities hardest hit with unemployment, cases of COVID, hospitalizations, and deaths.

As the pandemic has shown, now more than ever, we need our residents to be cognizant of their health by regularly visiting their doctor, whether it is in-person or virtually through telemedicine. If these proposed health insurance rate hikes are approved, however, this would only harm the health of our communities and further contribute to economic insecurity. Naturally, people would become hesitant to visit their primary care physician due to the dramatic cost increase in their health insurance plans or they would simply be forced to pay more in out-of-pocket expenses. Overall, the requested rate hikes range from about 3% to more than 17% with some of the larger healthcare insurance companies, such as UnitedHealth, requesting the most significant increase among all insurers. It is disingenuous for these health insurance companies to claim that these hikes are for the purpose of simply matching expected medical cost increases while the salaries and bonuses of their wealthy executives continue to increase. If they were truly committed to "helping patients and employers access the most appropriate quality care while holding down costs," they would focus on reducing the six-to-seven figure salaries of their health insurance executives and administrators instead of trying to maximize profit on the backs of working people and families that are trying to seek medical care.

With the recent surge of COVID cases and the ongoing spread of the Delta variant, it is important that our state government and healthcare providers work together to expand medical treatment instead of limiting access through rate hikes. *We respectfully ask that the Office of the Health Commissioner reject these proposed health insurance rate hikes, regardless of the amount proposed, and instead prioritize the financial well-being of burdened communities trying to recover from this pandemic.*

Sincerely,

Representative David Morales, District 7  
Representative John Lombardi, District 8  
Representative Marcia Ranglin-Vassel, District 5  
Representative Brandon Potter, District 16  
Representative Leonela Felix, District 61  
Representative Brianna Henries, District 64  
Representative Josh Giraldo, District 56

Senator Sam Bell, District 5  
Senator Cynthia Mendes, District 18  
Senator Tiara Mack, District 6  
Senator Ana Quezada, District 2  
Senator Jeanine Calkin, District 30  
Senator Kendra Anderson, District 31  
Senator Jonathon Acosta, District 16

Kayla Krupa, Resident of Foster  
Ariel Neumann, Resident of North Kingstown  
Robert Provost, Resident of Greenville  
Caroline Clarke, Resident of Warren  
Samantha Murphy, Resident of Cumberland  
Thomas Duffy, Resident of Providence  
Jessica Shaw, Resident of East Providence  
Zakary Pereira, Resident of Warwick  
Harrison Tuttle, Resident of Providence  
Elizabeth Finneran, Resident of Saunderstown  
Andrea Rojas, Resident of Providence  
Miguel Sanchez, Resident of Providence  
Adam Leahy, Resident of Providence  
Enrique Sanchez, Resident of Johnston  
Jacqueline Goldman, Resident of Providence  
Nora Thurber, Resident of Providence  
Leonard Cambra, Resident of Providence  
Molly Allard, Resident of Providence  
Jillian Quinn-Dickinson, Resident of Providence  
Ames Colt, Resident of Riverside  
Jim Torr, Resident of Providence  
Sylvia Haigh, Resident of Providence  
Jannet J Johnson, Resident of Providence  
Nick Inglis, Resident of Providence  
Thom Sheehan, Resident of Providence  
Rebecca Leonard, Resident of Providence  
Jacob Miller, Resident of Providence  
Kari Kusler, Resident of Providence  
Richard Corso, Resident of Providence  
Mikaila Arthur, Resident of Providence  
Kevin Garcia, Resident of East Providence  
Ingrid Hernandez, Resident of Providence  
Joel Reinstein, Resident of Providence  
Maryetta Surette, Resident of Providence  
Michelle Ross, Resident of Providence

Elaine Budish, Resident of Providence  
Susan Geisser, Resident of Pascoag  
Melissa Chang, Resident of Providence  
Sarah Liew, Resident of Cranston  
Carrie Best, Resident of Providence  
Daisy Bassen, Resident of East Greenwich  
K Leaman, Resident of Providence  
Adrienne West, Resident of Cranston  
Simone Ahlborn, Resident of Providence  
Angelo Andrade, Resident of Providence  
Barbara Payne, Resident of Providence  
Paul Wansing, Resident of North Providence  
Samuel Avila, Resident of Pawtucket  
Samantha Weiser, Resident of Providence  
Brittany Palumbo, Resident of Providence  
Marc Roulstone, Resident of Providence  
Christine Waldeck, Resident of Providence  
Sonja Paulson, Resident of Providence  
Sarah DiSabatino, Resident of Providence  
Terrence Hassett, Resident of Providence  
Eliseo Rojas, Resident of Providence  
Jessica Hopkins, Resident of Providence  
Lisa Frueh, Resident of Providence  
Brian Resnevic, Resident of Pawtucket  
Michelle Walker, Resident of Providence  
Lillian Gordon, Resident of Providence  
Meg Walker, Resident of Providence  
Michael Salzillo, Resident of Providence  
Michael Lincoln, Resident of Providence  
Maya Chavez Akin, Resident of Providence  
Emilia DaSilva-Tavarez, Resident of Providence  
Helen O'Grady, Resident of Jamestown  
Kevin Rossi, Resident of Providence  
Connor Mathis, Resident of Cranston  
Gina Lerman, Resident of Pawtucket  
Erika Munoz, Resident of Providence  
Arthur Dristiliaris, Resident of Providence  
John A Fazzino, Resident of Providence  
Kimberly Vaughnn, Resident of Warwick  
Eileen Allard, Resident of East Greenwich  
Joann Peareara, Resident of Providence  
Krystina Brodeur, Resident of Providence  
David Song, Resident of Providence  
Carian Diaz, Resident of Providence  
David Salzillo Jr., Resident of Providence  
Kirk Robinson, Resident of Providence  
Dan Greenberg, Resident of Providence  
Caleb McVey, Resident of Providence  
Alex Denisovich, Resident of West Warwick  
Sucely Murillo, Resident of Providence  
John Mullins, Resident of Providence

David Santagata, Resident of Pawtucket  
Joshua Liard, Resident of Coventry  
Stephanie Strub, Resident of Pawtucket  
Linda Ujifusa, Resident of Portsmouth  
Sarah Coakley, Resident of Pawtucket  
Isabela Von Dehl, Resident of Providence  
Brian Austin, Resident of Greenville  
Anna Bonesteel, Resident of Pawtucket  
Alec Scungio, Resident of Providence  
Robert Jaz, Resident of Providence  
Janis Mooradian, Resident of East Providence  
Nina Wolff Landau, Resident of Providence  
Richard Hitt, Resident of Jamestown  
Ben Roth, Resident of Providence  
Miranda Grundy, Resident of Providence  
Gregory Waksmulski, Resident of Pawtucket  
Kevin Conway, Resident of Providence  
Betsy Blanchette, Resident of Providence  
Grace Guillotte, Resident of Providence  
Julius Ferraro, Resident of Providence  
Linda Eibel, Resident of North Scituate  
Susan Lonardo, Resident of Providence  
Sally Jane Wilson, Resident of Providence  
Meg Lynch, Resident of Cranston  
Kara Shurtleff, Resident of Providence  
Belen Florez, Resident of Providence  
Nelson Lin, Resident of Providence  
Lynne Agar, Resident of Providence  
Enya Zhu, Resident of Providence  
Deborah Del Gais, Resident of Providence  
Joel Gilbert, Resident of Providence  
Elinor Nacheman, Resident of Pawtucket  
Joanne Saritelli, Resident of Providence  
Noah Feng, Resident of Providence  
Katherine Ahlquist, Resident of Providence  
Elizabeth Egan, Resident of Providence  
Corrin Anderer, Resident of Providence  
Ivette Romero, Resident of Providence  
Shelley Peterson, Resident of Providence  
Will Demers, Resident of Providence  
Steve Burt, Resident of Providence  
Kathryn Tomasek, Resident of Pawtucket  
Kimberly Peters, Resident of Bristol  
Heather Burrell, Resident of Providence  
Jillian Brososky, Resident of Providence  
Priscilla Leap, Resident of Providence  
Al Idris, Resident of Providence  
Vincent Trudell, Resident of Providence  
Caroline David, Resident of Providence  
Alan Sondheim, Resident of Providence  
Kat Simonds, Resident of Providence

Karina Fagan, Resident of Providence  
Michael Tan, Resident of Providence  
Zak Mettger, Resident of Cranston  
Ellen Rooney, Resident of Providence  
Nicholas Sofios, Resident of Providence  
Kelly Harney, Resident of Providence  
Victoria Vorachack, Resident of Providence  
Maxwell Krieger, Resident of Providence  
Greg Gerritt, Resident of Providence  
Karen Malcolm, Resident of Cranston  
Tania Lobo, Resident of Providence  
Yessenia Lobo, Resident of Providence  
Perpetua Lobo, Resident of Providence  
Sorivel Kuhn, Resident of Cumberland  
Lucy Rios, Resident of Pawtucket  
Michael Rainville, Resident of Warwick  
Anna Kastner, Resident of Providence  
Dennis Hogan, Resident of Providence  
Jimmie Sanford, Resident of Providence  
Kinverly Dicupe, Resident of Pawtucket  
Marie Ramirez, Resident of Providence  
Jordan Gomez, Resident of Providence



## RHODE ISLAND WORKING FAMILIES PARTY

Patrick M. Tigue, RI Health Insurance Commissioner

Office of the Health Insurance Commissioner

Thursday, August 5, 2021

Dear Commissioner Tigue:

The RI Working Families Party has continuously called for a just and equitable response to the COVID pandemic by our state government. Although our state has “reopened” and more of our population have received the COVID vaccine, RI’s COVID transmission rate remains substantially high, so much so that we qualify under the CDC’s extension of the eviction moratorium through October 3rd 2021.

Although we’ve come a long way since the beginning of this pandemic, Rhode Islanders are still hurting. We have a long way to go before we’re “back to normal,” and any hike in insurance premiums—as proposed by Blue Cross, UnitedHealthcare, the Neighborhood Health Plan of RI, Tufts Health, Aetna, and Cigna—would create additional unnecessary burden on the working people in our state, people who are still struggling to recover from the economic impact of the pandemic.

Over a dozen state legislators and the Attorney General’s Office have already taken a stance by asking the Office of the Health Insurance Commissioner to reject their proposals. **The Rhode Island Working Families Party also encourages OHIC to reject any hikes to Rhode Islanders’ health insurance premiums.**

Given the immense profits of the health insurance industry, even throughout the pandemic, there is absolutely no need to increase premium hikes on working families. Instead, we should be prioritizing a more just economic recovery for workers, ensuring our neighbors are housed, and healthcare accessibility for all.

We ask that you reject this proposal put forth by Rhode Island’s private health insurance companies, in favor of supporting the health of our communities as we continue to recover from this ongoing pandemic.

**From:** [megancotteri](#)  
**To:** [King, Cory \(OHIC\)](#)  
**Subject:** [EXTERNAL] : Insurance Incease  
**Date:** Friday, August 6, 2021 4:48:05 PM

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Dear Commissioner Tigue,

This pandemic has been increasingly difficult for working families, and with the Delta variant, we're not out of the woods yet. The challenges continue to pile up: the moratoria for utility shut-offs and home foreclosures have ended. Some families have lost half of their income due to child care. And too many families have not financially recovered from the worst economic impacts of COVID.

These working families already face the threat and stress of losing their heat, hot water, and even their homes. As the start of the new school year quickly approaches and the future is so unsure, how can families now be asked to pay higher insurance premiums?

This last year, insurance companies saw record-high profits, even while so many families have struggled to survive this pandemic. To raise insurance rates by as much as 17.5% during a global health crisis is an insult to every Rhode Islander.

Rhode Island families, including my neighbors in Exeter, need to take priority over insurance companies. Please say no to insurance hikes. Tell these companies that enough is enough.

Thank you,

Megan Cotter

Sent from my Galaxy



To the Office of the Health Insurance Commissioner,

We are a group of physicians working in Rhode Island who are writing to express our concern and opposition to the premium rate increases requested by the state's health insurance companies.

Any increase in health insurance premiums exerts pressure on patients, which ultimately forces a percentage of people to take the risk of being uninsured because they are unable to afford to spend more on their plan. As a result, these uninsured patients are less likely to access health services, often ignoring minor symptoms until the situation becomes too serious and emergent to ignore. This places a significant strain on the patients, their families, their providers, and the health of their community as a whole. Any policy change that discourages a person from receiving the care they need to ensure their well-being because of financial stressors is unsafe and unjust, particularly during the ongoing COVID-19 pandemic.

The injustice is only further underscored when one factors in the significant profits that insurance companies make every year. Blue Cross Blue Shield of Rhode Island reported a net profit of over \$42 million in 2020. On a national level, UnitedHealth reported a net profit of \$15.4 billion in 2020. If an insurance company's revenue comes from its customers' premiums and its expenses include paying for the healthcare of its customers, then any excess money these companies collect as their own profit represents what they are overcharging their customers for whatever services they opt to provide.

Following a year in which millions of people suffered significant physical illness, mental trauma, and financial loss, it should be unthinkable to further enrich health insurance companies at the expense of hard-working Rhode Islanders. We urge you to reject these proposed premium rate increases.

Sincerely,  
Greg Lopez, MD  
Joanna Barkas, MD  
Laura Schwartz, MD  
Wendi Bao, MD  
Emma Livne, MD  
R. Raymond-Kolker, MD  
Rebecca Wingerter, MD  
Stephanie Camhi, MD MPH  
Kathryn Lamere, MD MSc  
Elizabeth Modde, MD  
Shirley Mo, MD  
Brianna Dillon, MD  
Elizabeth Haxton, MD  
Noah V. Lupica, MD



TO: Commissioner Patrick Tighe, Office of Health Insurance Commissioner  
FROM: Karen Malcolm, Coordinator, Protect Our Healthcare Coalition  
DATE: August 5, 2021  
RE: Public Comment, Health Insurer Rate Requests

On behalf of the members of the Protect Our Healthcare Coalition, I write to urge OHIC's close scrutiny of the 2022 health insurer rate request filings.

Affordability is among the most important components to ensuring access to quality, comprehensive health care for Rhode Island consumers regardless of how they get their coverage. The rate requests proposed, across market types, are exorbitant and out of sync with the current financial health of the insurers, especially in light of the substantial profits insurers have realized over the past two years. For example, as reported by the NYSE, "UnitedHealth Group Inc. reported revenue of 257.1B for FY 2020, an increase of 27.83% compared to FY 2017. Net income grew 45.89% to 15.4B." Skyrocketing premiums also serve to drive up out of pocket costs for insured Rhode Islanders in the form of increased deductibles, co-pays, and premium sharing that research demonstrates negatively impacts health outcomes by driving down utilization of needed care.

Again, we urge close scrutiny and a rejection by OHIC of the exorbitant increase requests that threaten access to coverage and care for Rhode Islanders.

Thank you.

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**Protect Our Healthcare Coalition partners include:** Economic Progress Institute, Mental Health Association RI, RI NOW, RI Parent Information Network, RI Health Center Association, NAACP Providence Branch, United Way of Rhode Island, Planned Parenthood of Southern New England, SEIU Rhode Island Council, Foster Forward, RI Coalition for the Homeless, Rhode Island Working Families Party, Mental Health Recovery Coalition, Oasis Wellness Center, RI Community Food Bank, Substance Use & Mental Health Leadership Council, Rhode Island Coalition for Children and Families, HousingWorks RI, RI Coalition for Reproductive Health, RI Lung Association, NASW RI, Rhode Island Organizing Project (RIOP), Thundermist Health Center



**STATE OF RHODE ISLAND**  
**OFFICE OF THE ATTORNEY GENERAL**

150 South Main Street • Providence, RI 02903  
(401) 274-4400 • www.riag.ri.gov

*Peter F. Neronha*  
*Attorney General*

August 11, 2021

**Via Electronic Mail Only**

Mr. Patrick Tigue  
Health Insurance Commissioner  
Office of the Health Insurance Commissioner (“OHIC”)  
1511 Pontiac Avenue  
Building 69, First Floor  
Cranston, Rhode Island 02920  
Patrick.Tigue@ohic.ri.gov

**In re: Rates Filed for 2022 Large Group and Small Group Health Plans**

Dear Commissioner Tigue:

The Rhode Island Attorney General objects to the increases requested by insurers in both the large group and small group markets. In the small group market, carriers requested increases from 2.9% to 17.5%. In the large group market, carriers requested increases ranging from 5.3% to 14.1%. The Attorney General addresses OHIC in his distinct role in this rate review: to represent, protect and advocate for Rhode Islanders who are and will be consumers of insurance products. *See R.I. Gen. Laws § 27-36-1*. In addition, as the State’s Health Care Advocate, the Attorney General is obligated to carry out the mandate of the Health Care Advocate statute and advocate for quality and affordable health care for the people of this State. *R.I. Gen. Laws § 42-9.1-1*.

The Attorney General’s objections are based on non-actuarial findings and the unaffordability of the proposed increases.<sup>1</sup> Our Office asks that you exercise your authority to account for affordability and deny all requested rate increases across both markets.

**Preliminary Statement**

This is your first rate review as Health Insurance Commissioner. In OHIC’s press release in June 2020 announcing the rate review process, you stated that you were “concerned by many of the requested premium increases” across all markets and acknowledged that “health insurers have

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<sup>1</sup> OHIC held a public comment meeting via Zoom on the rate review process on Monday, August 2, 2021, at 4:30pm. Representatives from our Office were in attendance.

generated substantial profits as a result of the reduction in medical services experienced during the coronavirus disease 2019 public health emergency.”<sup>2</sup> You pledged that OHIC “will scrutinize the requested increases and critically evaluate the necessity of significant increases, given the overall financial health of the insurers.” You have an extraordinary opportunity to begin anew, put words into action, and show the employers of Rhode Island that OHIC hears them and acts in their best interest to take one step closer toward affordable health insurance by lifting the burden of too-high premiums which create a barrier to healthcare for all.

### **Unaffordability of a Rate Increase**

Close to 140,000 subscribers – almost 48,000 in small group plans<sup>3</sup> and over 91,000 in large group plans<sup>4</sup> - will be affected by these final rates. The IRS, under Affordable Care Act provisions, caps the contribution from employees at a certain rate each year. For 2021, an employer could charge its employees no more than 9.83% of an employee’s household income toward monthly premium payments.<sup>5</sup> While this provision is rightly intended to control costs, employers are responsible for over 90% of costs associated with monthly premiums. Nationally, employer costs for health insurance increased by 4% in 2020 and have soared 55% within the past decade, which is more than twice the pace of inflation and wages.<sup>6</sup> Additionally, Congress enacted the American Rescue Plan Act of 2021 (“ARPA”) to help mitigate the financial devastation COVID-19 has caused to American families, individuals, and businesses. One of the key tenets of the ARPA is extension of COBRA benefits under the COBRA Premium Assistance Program, which allows former employees to obtain COBRA benefits without cost to the employee.<sup>7</sup> Prior to ARPA, COBRA beneficiaries - not employers - paid their own premium and did not have the capability to extend eligibility. Now under ARPA, the employer is responsible for paying the COBRA

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<sup>2</sup> [2022 Rate Review Process Press Release - Requested Rates.pdf \(ri.gov\)](#), June 28, 2021.

<sup>3</sup> **Small Group:** Blue Cross Blue Shield of Rhode Island (2.9% increase for 40,255 subscribers); Neighborhood Health Plan of Rhode Island (6.5% increase 1,730 subscribers); United Healthcare (17.5% for HMO plans and 10.7% for PPO plans for combined 3,126 subscribers); and Tufts Health Plan (5.2% increase for HMO plans and 5.1% increase for PPO plans for combined 2,825 subscribers). See [2022 Rate Review Process Press Release - Requested Rates.pdf \(ri.gov\)](#), June 28, 2021.

<sup>4</sup> **Large Group:** Blue Cross Blue Shield of Rhode Island (7.4% increase for 68,936 subscribers); United Healthcare (14.1% for 15,461 subscribers); Tufts Health Plan (9.1% increase for HMO plans and PPO plans for combined 6,589 subscribers); and Cigna (5.3% increase for 617 subscribers). Aetna requests a 9% increase but currently does not have any Rhode Island subscribers. See [2022 Rate Review Process Press Release - Requested Rates.pdf \(ri.gov\)](#), June 28, 2021.

<sup>5</sup> <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/aca-coverage-terms.aspx>.

<sup>6</sup> <https://khn.org/news/employer-health-insurance-costs-rose-4-percent-in-2020-and-55-percent-over-decade/#:~:text=Health%20insurance%20costs%20for%20Americans.to%20a%20study%20published%20Thursday.&text=More%20than%20half%20of%20employers%20provide%20insurance%20to%20at%20least%20some%20workers>.

<sup>7</sup> See FAQs about COBRA Premium Assistance Under the American Rescue Plan Act of 2021 at <https://www.google.com/url?sa=t&source=web&rct=j&url=https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/faqs/cobra-premium-assistance-under-arp.pdf&ved=2ahUKEwikj5nF0KfyAhUiszEKHfg2Ad8QFnoECAQQAQ&usq=AOvVaw3BT9576wDw6nhcsu3eDHS7>, April 7, 2021.

premium upfront with the promise of a tax credit in the amount of premium assistance given.<sup>8</sup> While these changes are designed to provide continued health care coverage to the unemployed, these changes also subject employers to greater upfront costs that they otherwise would not have to consider in a non-pandemic year.

Premium costs continue to rise, and while unacceptable in any year, it is unconscionable and egregious during COVID and on the heels of annual rate increases approved by former Commissioners. For example, United Healthcare (“United”), which asks for the largest increase of all insurers at 17.5% for small group HMO rates, 10.7% for PPO rates, and 14.1% for large group rates, has enjoyed increases in three of its four PPO and HMO plans for 2020 and 2021 rates: 7.5% and 6.8% increases for 2020 small group HMO and PPO plans respectively, and another 2.3% for its 2021 PPO plan.<sup>9</sup> Blue Cross Blue Shield of Rhode Island (“Blue Cross”), which serves the largest population of subscribers between small and large group markets at close to 110,000 subscribers, asks for a 2.9% increase for small group plans and 7.4% increase for large group plans. Blue Cross was granted a 4.5% increase for small group 2020 rates and a 2.7% increase for small group 2021 rates. For large group, United was granted an 8.1% increase for both 2020 and 2021 rates, and Blue Cross was granted an 8.1% increase for 2020 rates and a 4.5% increase for 2021 rates.

The Attorney General strongly urges you to exercise your regulatory authority and discretion to determine 2022 rates based upon affordability to the employers who must pay for these insurance products. OHIC Regulation 230-RICR-20-30-4 (Powers and Duties of OHIC), Section 4.9 (C) delineates the factors to consider in determining affordability of rates. The lack of transparency behind OHIC’s regulatory decision-making and consideration of affordability in all markets, but particularly in the large and small group markets where most insurers do not meet the covered lives threshold for OHIC’s affordability standards and are not subject to a rate hearing under any circumstance, is especially troubling.<sup>10</sup> The only rationale OHIC provides the public is a very minimal overview of the components of the rate review and corresponding numbers.<sup>11</sup> If OHIC continues to determine the insurers must be granted substantial increases, the public deserves an equally substantial explanation.

## Conclusion

Keeping the needs and considerations of the affected employers and employees always first and foremost, the Office of the Attorney General asks that you place significant weight on the unaffordability of higher health insurance rates and deny all rate increase requests in both the small group and large group markets. At a time when Rhode Island seeks to attract and retain businesses

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<sup>8</sup> *See id.*

<sup>9</sup> OHIC approved a 0.5% decrease for United’s PPO small group plan in 2021.

<sup>10</sup> OHIC’s Affordability Standards only apply to insurers that cover at least 10,000 lives. *See* 230-RICR-20-30-4.10(A). Blue Cross meets that standard in both markets, and United meets that standard in the large group market. Only the individual market has a public hearing requirement if an insurer which covers 10,000 lives or more requests an increase of 10% or more in a given year. *See e.g.*, R.I. Gen. Laws § 27-19-6(f).

<sup>11</sup> *See e.g.* 2020 Rate Review Process Large Group Rate Summary at

<http://www.ohic.ri.gov/documents/2020/July/Rate%20Review/2020%20Large%20Group%20Rate%20Review%20Detailed%20Summary.pdf>, July 21, 2020.

Commissioner Patrick Tighe  
August 11, 2021  
Page 4

and support its workers, Rhode Island employers and employees deserve nothing less than affordable health insurance coverage.

Respectfully Submitted,

PETER F. NERONHA  
ATTORNEY GENERAL

By:

/s/ Miriam Weizenbaum

Miriam Weizenbaum  
Assistant Attorney General  
Chief, Civil Division  
401-274-4400, Ext. 2303  
mweizenbaum@riag.ri.gov

cc: (via email only)

Emily Maranjian, Esq., Legal Counsel, OHIC (emily.maranjian@ohic.ri.gov)  
Cory King, Chief of Staff, OHIC (cory.king@ohic.ri.gov)



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

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*Peter F. Neronha*  
*Attorney General*

August 11, 2021

**Via Electronic Mail Only**

Mr. Patrick Tigie  
Health Insurance Commissioner  
Office of the Health Insurance Commissioner  
1511 Pontiac Avenue  
Building 69, First Floor  
Cranston, Rhode Island 02920  
Patrick.Tigie@ohic.ri.gov

**In re: Blue Cross Blue Shield of Rhode Island  
Rates Filed for 2022 Individual Market Plans  
SERFF ID: BCBS-132812175**

Dear Commissioner Tigie:

Pursuant to Rhode Island General Laws §§ 27-19-6(j)(2), 27-20-6(j)(2), and 27-36-1, the Rhode Island Attorney General submits the following objection to the 3.1% rate increase in the individual market sought by Blue Cross Blue Shield of Rhode Island (“BCBSRI”). The Attorney General addresses OHIC in his distinct role in this rate review: to represent, protect and advocate for Rhode Islanders who are and will be consumers of these insurance products. *See R.I. Gen. Laws § 27-36-1*. In addition, as the State’s Health Care Advocate, the Attorney General is obligated to carry out the mandate of the Health Care Advocate statute and advocate for quality and affordable health care for the people of this State. *See R.I. Gen. Laws § 42-9.1-1*.

In accordance with Rhode Island General Laws §§ 27-19-6(f) and 27-20-6(f), because both insurers in the individual market, BCBSRI and Neighborhood Health Plan of Rhode Island, requested rates below 10%, no public hearing was held. OHIC held a public comment meeting via Zoom on the rate review process on Monday, August 2, 2021 at 4:30pm. Representatives from our Office were in attendance.

The Attorney General’s objections are based both on the attached actuarial report of Lewis & Ellis, Inc. (“L&E”) submitted on behalf of the Office of the Attorney General and the unaffordability of the proposed increase. Our Office asks that you exercise your authority to account for affordability and deny a rate increase altogether.

## **Preliminary Statement**

This is your first rate review as Health Insurance Commissioner. In OHIC's press release in June 2020 announcing the rate review process, you stated that you were "concerned by many of the requested premium increases" across all markets and acknowledged that "health insurers have generated substantial profits as a result of the reduction in medical services experienced during the coronavirus disease 2019 public health emergency."<sup>1</sup> You pledged that OHIC "will scrutinize the requested increases and critically evaluate the necessity of significant increases, given the overall financial health of the insurers." You have an extraordinary opportunity to begin anew, put words into action, and show the citizens of Rhode Island that OHIC hears them and acts in their best interest to take one step closer toward affordable health insurance by lifting the burden of too-high premiums which create a barrier to healthcare.

BCBSRI's request for a substantial rate increase comes over a year into the COVID-19 ("COVID") pandemic and after receiving a 3.3% increase from OHIC last year during the height of the pandemic. Many Rhode Islanders remain unemployed, are facing tax penalties for failing to carry health insurance and reeling from an unprecedented pandemic and the resulting economic consequences.<sup>2</sup> These are the Rhode Islanders who must turn to the individual market for health insurance, where this rate increase is sought. Notwithstanding this context, as discussed below, both in this rate increase request and historically, BCBSRI overstates its case to the point where no increase in rates is needed or justified. Given the historic health disparities and obstacles to health care for many Rhode Islanders who will be affected by your decision, the enormous economic and health risks *all* individuals who must turn to the individual market currently face, and the clear solvency of BCBSRI, the Attorney General recommends BCBSRI's rate increase be denied and no increase imposed.<sup>3</sup>

## **Reliability of BCBSRI 2022 Rate Increase Request**

The Office of Attorney General urges you to bring exacting scrutiny to BCBSRI's request for a rate increase because the applicant has demonstrated overreach to the detriment of its insureds and Rhode Island consumers. One area of blatant overreach by BCBSRI is its' overstatement of inpatient data, assuming an upward trend based on no pertinent factual data or sound actuarial analysis.<sup>4</sup> Such an assumption not only defies actuarial sense, but common sense. Rhode Islanders should not shoulder the consequences of BCBSRI's inaccurate assumptions.

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<sup>1</sup> [2022 Rate Review Process Press Release - Requested Rates.pdf \(ri.gov\)](#), June 28, 2021.

<sup>2</sup> Rhode Island Department of Labor and Training News Release at [Microsoft Word - News Release 0621 \(ri.gov\)](#)

<sup>3</sup> BCBSRI's request comes at a time when it has financial reserves close to four times the mandatory minimum of 200% that triggers regulatory action, and almost twice what the Blue Cross Association requires. Over the last twelve (12) out of fourteen (14) years, BCBSRI has requested increases above what OHIC has found necessary and appropriate for consumers. A thorough analysis of BCBSRI'S current rate increase request by L&E, a nationally recognized actuarial firm, demonstrates that this year's request is inflated and unnecessary. *See* L&E Actuarial Report for BCBSRI (concluding Blue Cross' requested increase should be reduced to 2.3%).

<sup>4</sup> L&E Actuarial Report, p. 5-6.



Further, BCBSRI includes, as a basis for its rate increase request, the assumption that its enrollees will require COVID booster shots and that the cost of those shots should be borne by its insureds in the requested rate increase. These are faulty assumptions for three reasons. First, to the extent booster shots are recommended by the informed medical community, they are being recommended for people over 65 and the immunocompromised and for those who received their vaccines in December 2020 or January 2021.<sup>5</sup> Second, it is becoming increasingly clear that there is a worldwide push against boosters for the time being to allow lesser developed countries to gain access to available COVID vaccines. Also, to assume there will be no federal subsidies to help offset COVID booster costs (once there are boosters to be given) is unrealistic given the federal government's consistent and frequent aid to businesses and insurers during the pandemic. Finally, the Coronavirus Aid, Relief, and Economic Securities Act ("CARES Act"), P.L.116-136, states that the federal government "shall require group health plans and health insurance issuers offering...individual health insurance to cover (without cost-sharing) any qualifying coronavirus preventive service\*\*\*."<sup>6</sup> The CARES Act language is clear that the insurance company bears the burden of COVID-related costs. Notwithstanding this unambiguous language, in its request for a rate increase, BCBSRI has included an assumption that the cost of COVID boosters is appropriately included in its rates.<sup>7</sup> Therefore, BCBSRI's assumption that 80% of the population will receive a booster that will or should impact 2022 rates, as assumed by BCBSRI, is not only unreasonable but factually inaccurate based on public information to date.<sup>8</sup> While the language of the CARES Act may not prevent insurers from recouping certain COVID costs through means other than cost-sharing, we ask you, as Commissioner, to not allow BCBSRI to put the cost of the COVID boosters, or any COVID costs, back on the consumer through increased rates.

These current and errant assumptions, along with BCBSRI's historic efforts to obtain rate increases that prior Health Insurance Commissioners have found to be more than Rhode Islanders should shoulder, must compel a high degree of skepticism with respect to BCBSRI's current rate request.

## **Unaffordability of a Rate Increase**

### **Federal Response – Risk and Opportunity**

At least 17,159 will be affected by these final rates and that number will likely rise for 2022 enrollment.<sup>9</sup> In recognition of the increased need for coverage and the decreased financial ability to afford it, Congress enacted the American Rescue Plan Act of 2021("ARPA") to help mitigate the financial devastation COVID-19 has caused to American families, individuals, and businesses. One of the key tenets of the ARPA extends advance premium tax credits ("APTC") to those

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<sup>5</sup> See e.g. [FDA Covid-19 Vaccine Booster Plan Could Be Ready Within Weeks - WSJ](#), August 5, 2021; [Booster Shots for Immunocompromised People in the Works, Fauci Says \(webmd.com\)](#), August 6, 2021.

<sup>6</sup> P.L. 116-136, Section 3203(a). See [BILLS-116hr748enr.pdf \(congress.gov\)](#).

<sup>7</sup> See L&E's actuarial report, pp.7-8.

<sup>8</sup> [WHO Calls for Halt to Covid-19 Booster Shots to Tackle Shortfall in Developing World - WSJ](#), August 4, 2021.

<sup>9</sup> See Rate Filing at BCBS-132812175, Consumer Disclosure – Individual Market, May 17, 2021 ("This filing impacts about 17,159 individuals now enrolled with BCBSRI and new customers joining after January 1, 2022.").

individuals making between 400% and 600% of the federal poverty level (“FPL”) and who choose to purchase their health insurance from the federal or state-based health exchanges.<sup>10</sup> Prior to the enactment of ARPA, the Affordable Care Act capped premium tax credits at 400% FPL. The ARPA’s APTC provision is operative in 2021 and 2022, making it very likely (if not guaranteed) more individuals will sign up for health insurance on the Exchange for 2022. In fact, Healthsource RI is already advertising the benefits of ARPA to Rhode Island consumers.<sup>11</sup> As such, even more Rhode Islanders will be subject to and harmed by any rate increase in the individual market.

ARPA also presents you, as Commissioner, with a consideration that was not present last year. Given the expansion of APTC eligibility, there will likely be more healthy people in the individual market pool whose presence will mitigate the losses BCBSRI would experience from its sicker individuals. This principle – making health insurance more affordable to incentivize healthy adults to buy insurance – is the scaffold of the Affordable Care Act. By expanding APTC eligibility, the federal government has recognized the importance of recruiting, through financial incentives, healthy people into the risk pool whose presence ultimately financially benefits the insurers. More healthy people purchasing insurance must be a factor when considering affordability of premium rate increases because of the financial benefit to insurers. As Commissioner, you have the opportunity and authority to pass on this expected financial benefit to Rhode Islanders by denying this rate increase.

### **Unaffordability in context**

It is critical that all individuals seeking insurance in the individual market, whether by choice or by force of circumstance, pay the lowest possible rates to ensure continuity of care for themselves and their families. In addition, those who will need health insurance in the individual market – who simply cannot afford an increase in rates but who have been shouldering increases for years – include people and communities already suffering from profound inequities.

As of July 2021, job loss nationally has been experienced disproportionately by African Americans at 9.2 %, followed by Latinx at 7.4 %, 5.8% for Asian people and 5.2 % for white people.<sup>12</sup> These are the people and communities who will be turning to the individual market. Yet even before the COVID pandemic, the proportion of African Americans and Latinx in Rhode Island who report not seeking medical attention is 11.3% and 21%, respectively, according to the Rhode Island Commission for Health Advocacy and Equity – Legislative Report January 2020.<sup>13</sup> Recognizing the many social determinants of health, this report identifies housing burden and food insecurity (among other measures) concentrated in communities with high African American and Latinx populations. In addition, now that Rhode Island has instituted a state-based individual mandate<sup>14</sup>, all Rhode Islanders must have health insurance or pay a tax penalty. The cost of not

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<sup>10</sup> See P.L. 111-148, § 1401; H.R. 1319, § 9661; [I.R.C. § 36B](#).

<sup>11</sup> [The American Rescue Plan Act of 2021 | HealthSource RI](#).

<sup>12</sup> See Bureau of Labor Statistics report of July 2021, <https://www.bls.gov/news.release/empsit.nr0.htm>.

<sup>13</sup> <https://health.ri.gov/publications/reports/2020CommissionForHealthAdvocacyAndEquityLegislative.pdf>

<sup>14</sup> R.I. Gen. Laws § 44-30-101(c) (imposing a shared-responsibility payment on all persons who do not show proof of health insurance).

having health insurance is not only felt when an uninsured person needs care, but when he or she pays state taxes.

Insurance premium costs continue to rise and, while unacceptable in any year, such increases are egregious and unconscionable in the time of COVID. These stark and disturbing disparities in health care and its determinants have played out with a vengeance during the COVID pandemic. In Rhode Island, 29% of all coronavirus cases are among Latinx, who make up just 16% of the population.<sup>15</sup> Likewise, 7% of all cases are among African Americans who make up just 8% of Rhode Island's population.<sup>16</sup>

The disparate health impact on Latinx and African American communities in Rhode Island of decades of policy and practice has been clearly documented by the State's own Commission for Health Advocacy and Equity, and any increase in rates will present yet another obstacle to care. Further, because a rate increase in the individual market would fall upon those who have lost employer-provided health insurance, it will have the greatest impact on these same communities that are bearing a particularly heavy cost because of the COVID pandemic, compounding these historic and current inequities.

The Attorney General urges you to exercise your regulatory authority and discretion to determine 2022 rates based upon affordability to the people who must pay for those insurance products. OHIC Regulation 230-RICR-20-30-4 (Powers and Duties of OHIC), Section 4.9 (C) delineates the factors to consider in determining affordability of rates, including the ability of lower-income individuals to pay for health insurance. The Attorney General also urges you to factor any and all OHIC initiatives that aim to reduce hospital and emergency room utilization for primary care purposes into your analysis of the reasonableness of frequency of this utilization in 2022. In addition, BCBSRI has a responsibility to "provide affordable and accessible health insurance to insureds" and "employ pricing strategies that enhance the affordability of health care coverage." *See R.I. Gen. Laws §§ 27-19.2-3(1) and 27-19.2-10(3)*. While it does not happen often, there is precedent for OHIC to approve a rate change of 0.0%, as OHIC did in 2008, or even a decrease, as OHIC did in 2011 (1.1% decrease) and more recently in 2019 (1.5% decrease).<sup>17</sup>

### **The Actuarial Basis for Denying BCBSRI's Request for a 3.1% Increase**

There is a strong actuarial basis for denying the rate increase proposed by BCBSRI. After review of BCBSRI's filings and the company's responses to questions posed both by OHIC and the Attorney General, L&E concluded that it is both reasonable and actuarially appropriate to reduce BCBSRI's proposed rate increase from 3.1% to 2.3%, **and this even before affordability is factored**. As explained more fully in our actuarial report, we find that reductions based on inpatient trends, ARPA impact, risk adjustment, COVID boosters, and contribution to surplus are

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<sup>15</sup> See Pie Graphs, COVID-19 by Race and Ethnicity in Rhode Island (percentages based on known cases), [Demographics of COVID-19 in Rhode Island | WPRI.com](#), August 3, 2021.

<sup>16</sup> See *id.*

<sup>17</sup> In 2019, BCBSRI requested a 0.1% decrease. In 2011, BCBSRI requested an increase of 4.5%.

necessary and actuarially appropriate, with total premium savings of approximately nine hundred thousand dollars (\$900,000) if all reductions are adopted by OHIC.

BCBSRI has sought increases for twelve (12) out of the past fourteen (14) years (2008-2021). BCBSRI's requested increases have ranged from a low of 2.4% in 2011 to a high of 18.1% in 2013.<sup>18</sup> While former OHIC Commissioners have almost always approved rate changes less than what BCBSRI has requested, BCBSRI has received a rate increase almost each year, ranging from 1.9% in 2010 for 2011 rates and 12.1% in 2017 for 2018 rates. Last year in 2020 for 2021 rates, Commissioner Ganim approved a 3.3% increase for BCBSRI members despite our actuaries finding that only a 1.2% increase was actuarially appropriate before affordability. Our Office has consistently provided alternative rate calculation reductions which always result in a lesser rate increase than what BCBSRI proposes, or even a decrease. Based on our Office's historical experience of reviewing BCBSRI's rate filings and based on the current information contained in BCBSRI's rate filing for 2022, our Office has found no evidence that BCBSRI will become insolvent or significantly underfunded if its rates are not approved as requested by our Office. We thus request all actuarially supported data be viewed in the light most favorable to the insured and to the affordability of products.

## **Conclusion**

The Attorney General's actuaries cannot justify an increase of more than 2.3%. Taking into account the unaffordability of even that increase, as you are authorized to do, no increase at all can be justified. In addition to actuarial assumptions and findings, the impact COVID has had and continues to have on the very real people the insurance plans serve must be considered. It is no secret that many Rhode Islanders continue to struggle financially during this pandemic, which is far from over – a recent news report confirmed that there are more daily cases of COVID reported in Rhode Island right now than this time last year in 2020.<sup>19</sup> The unemployed will find themselves in a precarious situation, having to choose between paying for insurance no longer received through their employer or paying for other necessities such as food or housing and facing a tax penalty. Those who have suffered symptoms from COVID, particularly those victims of long-haul COVID, should not have to worry about affording health insurance.

Keeping the needs and considerations of the affected insured always first and foremost, the Office of the Attorney General asks that you place significant weight on the unaffordability of higher health insurance rates and deny any rate increase in the individual market to BCBSRI in the best interest of the public. Notwithstanding the above arguments, should a rate increase be

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<sup>18</sup>Due to the implementation of the 1332 waiver reinsurance program, BCBSRI requested a decrease of 0.1% in 2019 for 2020 rates. In 2012, on the cusp of implementing the changes under the Affordable Care Act, OHIC, BCBSRI, and our Office agreed to keep rates approved in 2011 in place until 2013.

<sup>19</sup> 150 cases per day versus 100 cases per day. See <https://www.wpri.com/target-12/heres-how-covid-19-looks-in-2021-compared-to-2020-in-rhode-island/>, August 3, 2021.

Commissioner Patrick Tighe  
SERFF ID: BCBS-132812175  
August 11, 2021  
Page 7

approved, our Office will seek precise factual and actuarial bases from OHIC for this decision.  
Thank you for your consideration.

Respectfully Submitted,

PETER F. NERONHA  
ATTORNEY GENERAL

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August 11, 2021

State of Rhode Island Office of the Health Insurance Commissioner

Re: Blue Cross and Blue Shield of Rhode Island  
2022 Individual Rate Filing  
SERFF# BCBS-132812175

Submitted on Behalf of the Rhode Island Office of Attorney General

The purpose of this letter is to provide a summary of Lewis & Ellis, Inc's (L&E) actuarial analysis regarding the proposed 2022 Individual Rate Filing for Blue Cross and Blue Shield of Rhode Island (BCBSRI or Company) and to assist the Rhode Island Office of Attorney General (OAG) in recommending changes to the proposed rates.

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## FILING DESCRIPTION

1. BCBSRI is a not-for-profit insurer that provides health insurance coverage to Rhode Islanders. This filing proposes premiums for BCBSRI's Qualified Health Plans (QHPs) that will be offered on HealthSource Rhode Island (HSRI) beginning January 1, 2022.
2. As required by the Affordable Care Act (ACA), insurers selling plans on HSRI must offer Silver plans with cost-sharing reductions (CSRs) to Rhode Islanders with certain income levels, known as "Silver Loaded" plans. These members pay a reduced premium that is limited to a specified percentage of their income. Additionally, these plans include premium funding to offset the loss of federal CSR payments.

In addition to the Silver plans offered on HSRI, BCBSRI offers Silver plans outside of the Exchange. The premiums for these plans are not Silver Loaded, and therefore do not reflect cost-sharing reductions.

3. BCBSRI initially submitted proposed rates on May 17, 2021, with an average rate increase of 1.3%. On June 11, 2021, BCBSRI was notified that the Rhode Island state reinsurance program was modified due to new information about lower than expected tax revenue for the program. Based on the new reinsurance program parameters, BCBSRI revised their proposed rate impact to an average rate increase of 3.1%. This report's analysis is based on the proposed rates as of June 11, 2021.

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## PURPOSE AND SCOPE

Pursuant to Rhode Island Gen. Laws §§27-36-1, 27-19-6, and 27-20-6, the OAG is vested with the authority and enforcement of the laws within the State of Rhode Island, including, but not limited to, representing, protecting, and advocating on behalf of consumers at public rate hearings.

A public rate hearing must be held for a requested rate increase of 10% or higher by an insurer covering 10,000 or more individual lives per Rhode Island Gen. Laws §§27-19-6(f) and 27-20-6(f). In the event a public rate hearing is not triggered, Rhode Island law [§§27-19-6(j)(2)-(k), 27-20-6(j)(2)-(k), and 27-36-2(a)] allows the OAG to hire actuaries to review the proposed rate filings.

The OAG has engaged L&E to perform such an actuarial review for the 2022 Individual market ACA rates. This letter is to assist the OAG in recommending changes to the proposed rates, if applicable. L&E's recommendations focus on producing rates that are not excessive, inadequate, or unfairly discriminatory<sup>1</sup>. Premium affordability is not within the scope of L&E's actuarial review.

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## SUMMARY OF RECEIVED DATA

BCBSRI provided the methodology used to develop the proposed 2022 Individual market premiums. The Company provided exhibits which demonstrated the quantitative development for each component of the premium request, including trend, morbidity adjustments, federal programs, administrative costs, and taxes and fees.

BCBSRI provided additional exhibits and information as requested during the rate review process.

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## L&E ANALYSIS

The items outlined below are the filing assumptions where L&E recommends changes to the proposed 3.1% rate increase.

### 1. INPATIENT UTILIZATION TREND

The base period for this filing is 2020. Because of the various care disruptions related to local and state COVID-19 restrictions, 2020 claims experience must be assessed carefully relative to prior years' claim experience. Due to 2020 disruptions, BCBSRI's rating methodology effectively bases the projected rates on 2019 experience.

This was accomplished in two steps. First, BCBSRI compared the actual 2020 experience to what would have been expected to happen in 2020 if 2019 experience was trended forward by one year.

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<sup>1</sup> This is based on Actuarial Standards of Practice No. 8

<http://www.actuarialstandardsboard.org/asops/regulatory-filings-health-benefits-health-insurance-andentities-providing-health-benefits/#312-regulatory-benchmark>



This difference, outlined below, is assumed to be the effect of COVID-19.

Utilization Category	2019 Experience Trended to 2020 per 1,000	Observed 2020 Experience per 1,000	Difference
<b>Inpatient</b>	59.5	48.5	23%
<b>Outpatient</b>	163	141	16%
<b>Professional</b>	173	170	2%
<b>Rx</b>	165	165	0%
<b>Overall Cost</b>	\$587 PMPM <sup>2</sup>	\$537 PMPM	~9%

The approximate 9% COVID-19 adjustment is functionally equivalent to using 2019 experience plus one year of trend.

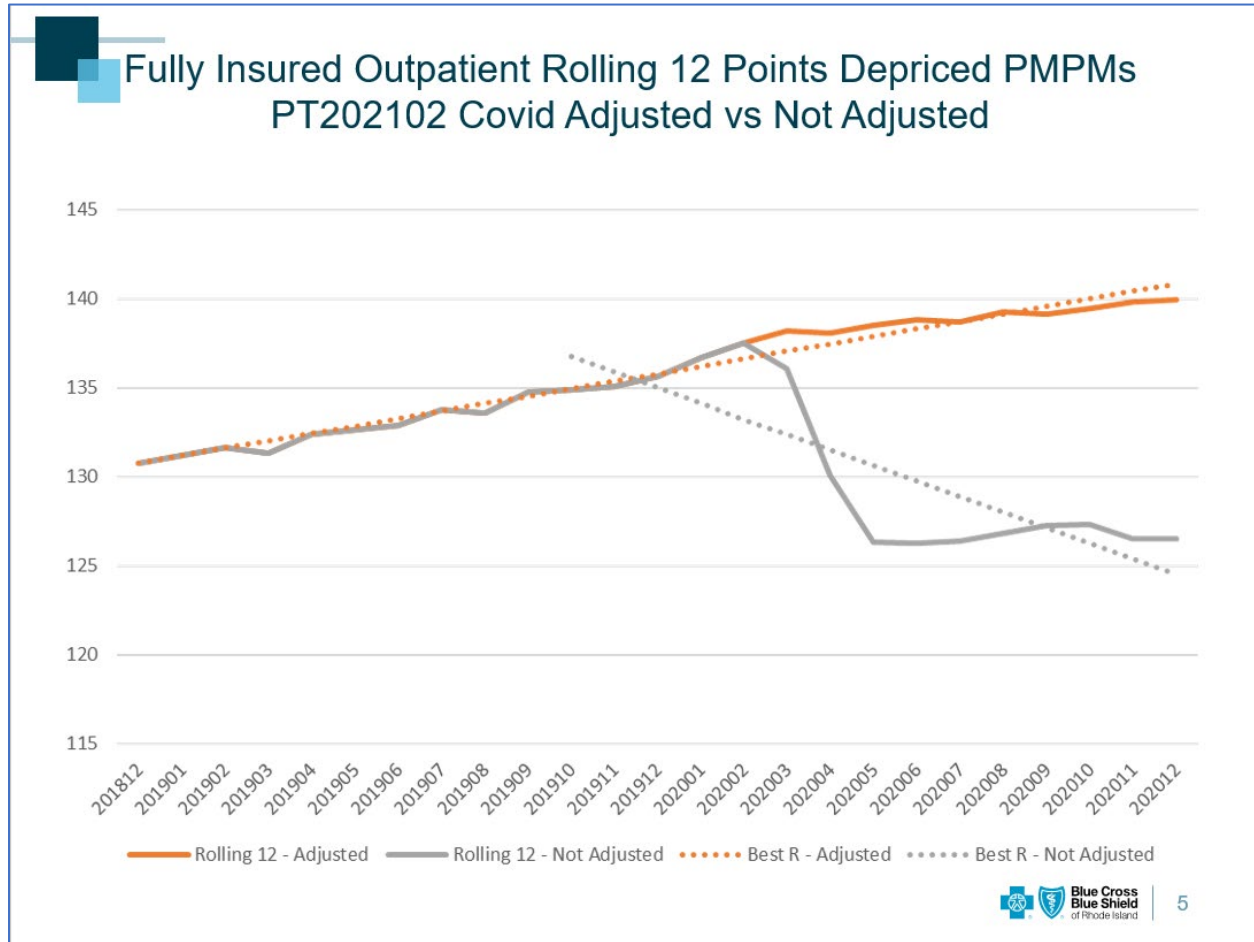
The Company's second step was to apply two more years of trend such that the adjusted experience is now reflective of expected 2022 claim levels. This means that the projected claims include three years of utilization trend. Therefore, the trend assumptions are more influential in setting premiums compared to a typical rating year where two years of trends are used.

For most service categories, BCBSRI assumed that trend assumptions will continue to follow long-term patterns. For example, the following graph provided by BCBSRI demonstrates that outpatient hospital services (in grey) were exhibiting a gradual upward trend until COVID-19 caused a sharp reduction. The graph also demonstrates that the assumed trend (in orange) mirrors the pre-COVID-19 pattern and is consistent with data up to the disruption point.

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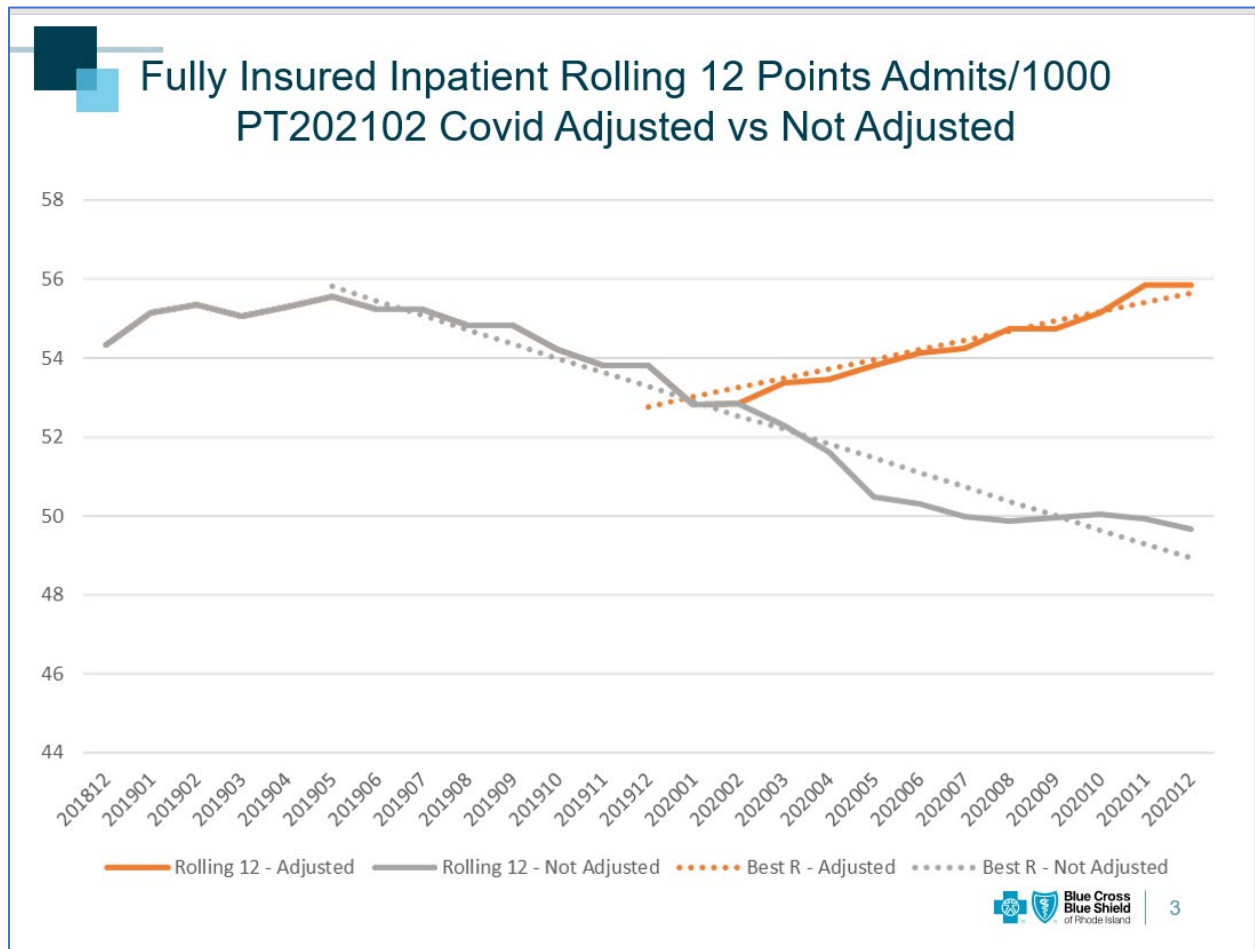
<sup>2</sup> Per Member Per Month





L&E believes the assumed outpatient trend reflected in the above exhibit is reasonable since the orange adjustment line accounts for the disruption caused by COVID-19. By assuming that the slight trend increase will continue into 2022, L&E believes that BCBSRI is proposing an outpatient trend assumption that is consistent with available data.

The following exhibit, which was provided by the Company, illustrates the Company’s inpatient trend assumption.



In setting the inpatient trend assumption, BCBSRI assumed that the observed downward trend occurring before the pandemic would suddenly reverse in the absence of COVID-19.

L&E notes that the pattern of actual claims (in grey) is relatively smooth, whereas the assumed trend curve has a sudden discontinuity. BCBSRI assumed that, if COVID-19 had not occurred, the decrease in inpatient claims would have immediately ceased and been replaced by an increase of 1% per year.

When L&E raised concerns about the abrupt change in trend, BCBSRI responded that a short-term view of inpatient claims is not appropriate, and that the Company set the inpatient trend assumption using more long-term data. However, none of the data provided suggests a long-term upward trend. Based on the information provided, inpatient claims have been consistently lower than 2017 levels.

While there is some indication that there may be a negative utilization trend present in this block, due to COVID-19 disruptions, L&E believes that the most reasonable assumption is to assume a 0% utilization trend until 2021 data becomes available.

Because the 1% trend increase is being applied for three years, a 3% inpatient claims reduction is produced when this provision is reduced to 0%.

Since inpatient claims account for 22% of projected claims, there is an approximate 6% rate reduction.

## 2. AMERICAN RESCUE PLAN ACT

The 2021 American Rescue Plan Act (ARPA) made additional premium subsidies available for persons covered in the Individual market. Individuals who previously had to pay the entire premium for coverage will now be eligible for subsidies and in some cases, substantial subsidies. Additionally, members currently eligible for premium subsidies will generally be eligible for larger subsidies, which would decrease their premiums.

In 2020, households below 400% of the federal poverty level (FPL) made health insurance decisions based on lower subsidies than what will be available in 2022. For those with income exceeding 400% FPL, they will now be eligible for premium subsidies.

The introduction of the new subsidies will reduce the incentive for healthy uninsured people to remain uninsured since they will now be able to purchase coverage at a reduced rate. The addition of the previously uninsured, healthy population to the Individual market should improve the overall morbidity of the Individual market.

Based on US Census data by age and income, L&E estimates that there are approximately 31,000 uninsured Rhode Islanders that will be eligible for increased subsidies due to ARPA. Assuming a 5% take-up rate, and assuming that these individuals are 10% healthier than the current Individual market, the expected new enrollment would decrease the Company's Individual market morbidity by approximately 0.3%. This calculation is illustrated below.

Population	Members	Morbidity Level
<b>2020 Population</b>	47,244	1.000
<b>Expected New ARPA Members</b>	1,569	0.900
<b>Expected 2022 Population</b>	48,813	0.997
<b>Change from 2020 to 2022</b>		-0.3%

## 3. RISK ADJUSTMENT:

The initial filing calculated projected risk transfers based on the data available at the time. However, CMS released final 2020 risk adjustment results on June 30, 2021. L&E believes that this updated data should be used as the basis for the 2022 rates, as it reflects the most up-to-date information about the risk adjustment program as it is functioning in Rhode Island. Because the actual 2020 risk transfer received by BCBS was lower than anticipated, the rates should increase (before other recommendations) from 3.1% to 4.7%.

A company's risk adjustment transfer payment (payable or receivable) is dependent on the Company's morbidity relative to the Individual market and the Individual market's average premium rate.

BCBSRI consistently receives transfers payments from the risk adjustment program since the Company has a disproportionately unhealthy population relative to their competitor in the Rhode Island Individual market.

L&E notes one issue regarding the Company's estimated 2022 risk adjustment transfer payment. BCBSRI did not account for premium increases that are occurring between 2020 and 2022. The average 2021 premium increase was 4.2%, and the average 2022 increase based on L&E's recommendations is approximately 4.3%. Therefore, it is reasonable to expect that statewide average premium and BCBSRI's transfer payment would increase by approximately 9%.

BCBSRI will receive \$10.88 PMPM in risk transfers for 2020. A 9% transfer change increases the 2022 transfer by \$0.94 PMPM. Given this increase to risk transfers, premiums should be reduced by approximately 0.2% to reflect the additional revenue available to BCBSRI. The combination of the two risk adjustment recommendations produce a net change of +1.4%.

#### 4. COVID-19 BOOSTERS

BCBSRI included a provision in the proposed rates to reflect the cost of providing COVID-19 booster shots to their enrollees during 2022. This cost was calculated by assuming that 80% of members would get a booster, and each would cost \$40. Therefore, BCBSRI is assuming an average cost of \$32 per member per year.

L&E notes the following regarding COVID-19 boosters.

- It is not guaranteed that a COVID-19 booster will be generally available during 2022.
- It is not known that a COVID-19 immunization will be needed annually. Many recommended vaccinations, such as measles, mumps, rubella (MMR), hepatitis A & B, etc., are not required annually.
- If vaccinations are needed annually, there is not yet clear guidance on whether boosters will be indicated for the general population, or perhaps only for seniors and immunocompromised individuals. As of July 2021, the CDC does not recommend additional doses for fully vaccinated individuals.<sup>3</sup>
- There is potential for federal or state subsidies to partially offset the insurer's cost burden of providing COVID-19 boosters.

Based on current vaccination rates and hesitancy regarding initial vaccine doses, L&E does not believe that 80% is a reasonable estimate for the percentage of the Individual market population that will seek out a vaccine booster.

L&E considers the estimated \$40 per dose cost to be reasonable.

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<sup>3</sup> <https://www.cdc.gov/vaccines/covid-19/hcp/faq.html>, accessed on 7/26/2021.

L&E believes a reasonable assumption for the combined administration and ingredient cost to be \$100. Current vaccination rates for the under 65 age group relevant to this filing are approximately 50%.

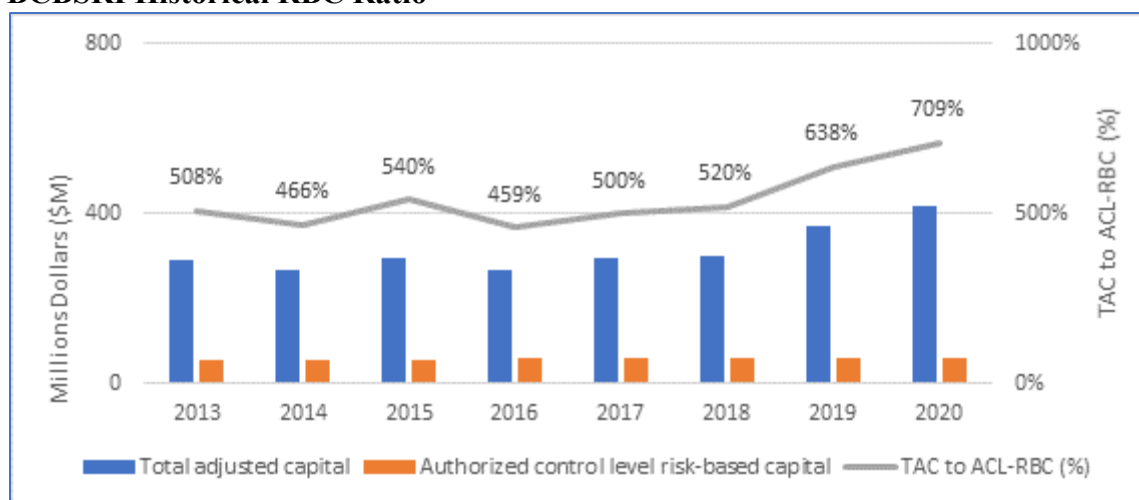
L&E has not been provided enough evidence regarding the necessity of COVID-19 boosters and the ultimate cost borne by insurers. Assuming a 25% likelihood for these occurrences would produce an assumed \$12.50 cost per member per year, or just over \$1 PMPM. Making this COVID-19 booster adjustment reduces rates by approximately 0.3%.

## 5. CONTRIBUTION TO SURPLUS:

After paying for administrative and claims costs, BCBSRI, as a non-for-profit entity, places any excess funds into an unassigned funds account (i.e., surplus). One use for this surplus is to protect consumers from a potential Company insolvency.

A common metric to assess surplus is the risk-based capital (RBC) ratio. Since 2019, BCBSRI's RBC ratio has improved from historical norms, as shown below:

### BCBSRI Historical RBC Ratio



Prior to COVID-19, BCBSRI included a contribution to surplus of 4.0% of premium in their rates. It should also be noted that the RBC ratio began rising even before the pandemic.

For 2021, the Company reduced the requested margin to 2.0% in recognition of the favorable experience resulting from COVID-19 restrictions. For 2022, BCBSRI has proposed increasing the surplus margin assumption to 2.5%.

L&E believes that the Company's recent RBC levels are not unreasonable due to the level of current market uncertainty (primarily related to the pandemic); however, L&E recommends that the surplus margin be reduced to 1.5%. This level of margin should allow the Company to maintain RBC levels consistent with recent results.

L&E recognizes that given BCBSRI's current financial and RBC position, a wide range of surplus margins could be considered reasonable. Therefore, L&E also recommends that OHIC strongly consider the affordability of premiums and other non-actuarial factors in their determination of an appropriate surplus margin.

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## RECOMMENDATIONS

L&E believes that this filing, with the following modifications, produces rates that are not excessive, inadequate, nor unfairly discriminatory.

### 1. INPATIENT UTILIZATION TREND

L&E recommends that the inpatient utilization trend be reduced to 0% for all three years in the projection. This produces a rate decrease of approximately 0.6%.

### 2. AMERICAN RESCUE PLAN ACT

L&E recommends that the projected premiums be reduced by 0.3% to reflect the favorable market wide morbidity impact anticipated from ARPA.

### 3. RISK ADJUSTMENT:

L&E recommends that the actual 2020 risk adjustment transfer amount and the impact of rate increases be appropriately considered. This would increase rates by approximately 1.4%.

### 4. COVID-19 BOOSTERS

L&E recommends that the COVID-19 booster assumptions be reduced which would reduce rates by approximately 0.3%.

### 5. CONTRIBUTION TO SURPLUS:

L&E recommends that the contribution to surplus be reduced to 1.5% of premium. This would reduce rates by approximately 1.0%. L&E believes that OHIC should consider all actuarial and non-actuarial factors when determining a reasonable contribution to surplus.

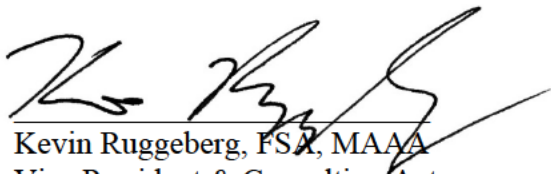
After modification, the rate increase will change from +3.1% to +2.3%. Implementing these recommendations would result in a savings of \$4.44 per member per month to Rhode Islanders. This amounts to a total savings of approximately \$900,000.

**2022 RECOMMENDED RATE CHANGES**

A breakdown of L&E's recommendation by rating component is provided below:

Component	Rate Change
<b>BCBSRI Proposal</b>	+3.1%
<b>Inpatient Utilization Trend</b>	-0.6%
<b>ARPA</b>	-0.3%
<b>Risk Adjustment</b>	+1.4%
<b>COVID-19 Boosters</b>	-0.3%
<b>Contribution to Surplus</b>	-1.0%
<b>L&amp;E Recommendation</b>	+2.3%

Sincerely,



Kevin Rugeberg, FSA, MAAA  
Vice President & Consulting Actuary  
Lewis & Ellis, Inc.



Dave Dillon, FSA, MAAA, MS  
Senior Vice President & Principal  
Lewis & Ellis, Inc.



Josh Hammerquist, FSA, MAAA  
Vice President & Principal  
Lewis & Ellis, Inc.



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## ASOP 41 DISCLOSURES

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations<sup>4</sup>, promulgates Actuarial Standards of Practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct<sup>5</sup>, to observe the ASOPs of the ASB when practicing in the United States. ASOP #41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained below.

### IDENTIFICATION OF THE RESPONSIBLE ACTUARIES

The responsible actuaries are:

- Kevin Rugeberg, FSA, MAAA, Vice President & Consulting Actuary.
- Dave Dillon, FSA, MAAA, MS, Senior Vice President & Principal.
- Josh Hammerquist, FSA, MAAA, Vice President & Principal.

### IDENTIFICATION OF ACTUARIAL DOCUMENTS

The date of this document is August 11, 2021. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is July 27, 2021.

### DISCLOSURES IN ACTUARIAL REPORTS

- The contents of this report are intended for the use of the Rhode Island Office of Attorney General. The authors of this report are aware that it will be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis is financially and organizationally independent from BCBSRI. L&E is not aware of anything that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the OAG in recommending changes to the proposed rates.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by BCBSRI for reasonableness; however, not every aspect of the data has been audited. Neither L&E, nor the responsible actuaries, assume responsibility for the items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.

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<sup>4</sup> The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

<sup>5</sup> These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

- Notwithstanding the ongoing COVID-19 pandemic, L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.

#### **ACTUARIAL FINDINGS**

The actuarial findings of the report can be found in the body of this report.

#### **METHODS, PROCEDURES, ASSUMPTIONS, AND DATA**

The methods, procedures, assumptions, and data used by the actuaries can be found in body of this report.

#### **ASSUMPTIONS OR METHODS PRESCRIBED BY LAW**

This report was prepared as prescribed by applicable law, statues, regulations, and other legally binding authority.

#### **RESPONSIBILITY FOR ASSUMPTIONS AND METHODS**

The actuaries do not disclaim responsibility for material assumptions or methods.

#### **DEVIATION FROM THE GUIDANCE OF AN ASOP**

The actuaries have not deviated materially from the guidance set forth in the applicable ASOPs.



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903  
(401) 274-4400 • www.riag.ri.gov

*Peter F. Neronha*  
*Attorney General*

August 11, 2021

**Via Electronic Mail Only**

Mr. Patrick Tighe  
Health Insurance Commissioner  
Office of the Health Insurance Commissioner (“OHIC”)  
1511 Pontiac Avenue  
Building 69, First Floor  
Cranston, Rhode Island 02920  
Patrick.Tighe@ohic.ri.gov

**In re: Neighborhood Health Plan of Rhode Island  
Rates Filed for 2022 Individual Market Plans  
SERFF ID: NHRI-132837475**

Dear Commissioner Tighe:

Pursuant to Rhode Island General Laws §§ 27-19-6(j)(2), 27-20-6(j)(2), and 27-36-1, the Rhode Island Attorney General submits the following objection to the 8.5% rate increase in the individual market sought by Neighborhood Health Plan of Rhode Island (“NHPRI”). The Attorney General addresses OHIC in his distinct role in this rate review: to represent, protect and advocate for Rhode Islanders who are and will be consumers of these insurance products. *See R.I. Gen. Laws § 27-36-1*. In addition, as the State’s Health Care Advocate, the Attorney General is obligated to carry out the mandate of the Health Care Advocate statute and advocate for quality and affordable health care for the people of this State. *R.I. Gen. Laws § 42-9.1-1*.

In accordance with Rhode Island General Laws §§ 27-19-6(f) and 27-20-6(f), because both insurers in the individual market, NHPRI and Blue Cross Blue Shield of Rhode Island, requested rates below 10%, no public hearing was held. OHIC held a public comment meeting via Zoom on the rate review process on Monday, August 2, 2021 at 4:30pm. Representatives from our Office were in attendance.

The Attorney General’s objections are based both on the attached actuarial report of Lewis & Ellis, Inc. (“L&E”) submitted on behalf of the Office of the Attorney General and the unaffordability of the proposed increase. Our Office asks that you exercise your authority to account for affordability and deny a rate increase altogether.

## **Preliminary Statement**

This is your first rate review as Health Insurance Commissioner. In OHIC's press release in June 2020 announcing the rate review process, you stated that you were "concerned by many of the requested premium increases" across all markets and acknowledged that "health insurers have generated substantial profits as a result of the reduction in medical services experienced during the coronavirus disease 2019 public health emergency."<sup>1</sup> You pledged that OHIC "will scrutinize the requested increases and critically evaluate the necessity of significant increases, given the overall financial health of the insurers." You have an extraordinary opportunity to begin anew, put words into action, and show the citizens of Rhode Island that OHIC hears them and acts in their best interest to take one step closer toward affordable health insurance by lifting the burden of too-high premiums which create a barrier to healthcare.

NHPRI's request for a substantial rate increase comes over a year into the COVID-19 ("COVID") pandemic and after receiving a 4.7% increase from OHIC last year during the height of the pandemic. Many Rhode Islanders remain unemployed and are facing tax penalties for failing to carry health insurance and reeling from an unprecedented pandemic and the resulting economic consequences.<sup>2</sup> These are the Rhode Islanders who must turn to the individual market for health insurance, where this rate increase is sought. Given the historic health disparities and obstacles to healthcare for many Rhode Islanders who will be affected by your decision, and the enormous economic and health risks *all* individuals who must turn to the individual market currently face, the Attorney General recommends NHPRI's rate increase be denied and no increase imposed.

## **Unaffordability of a Rate Increase**

### **Federal Response – Risk and Opportunity**

At least 24,866 members will be affected by these final rates and that number will likely rise for 2022 enrollment.<sup>3</sup> In recognition of the increased need for coverage and the decreased financial ability to afford it, Congress enacted the American Rescue Plan Act of 2021 ("ARPA") to help mitigate the financial devastation COVID-19 has caused to American families, individuals, and businesses. One of the key tenets of the ARPA extends advance premium tax credits ("APTC") to those individuals making between 400% and 600% of the federal poverty level ("FPL") and who choose to purchase their health insurance from the federal or state-based health exchanges.<sup>4</sup> Prior to the enactment of ARPA, the Affordable Care Act capped premium tax credits at 400% FPL. The ARPA's APTC provision is operative in 2021 and 2022, making it very likely (if not guaranteed) more individuals will sign up for health insurance on the Exchange for 2022. In fact,

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<sup>1</sup> [2022 Rate Review Process Press Release - Requested Rates.pdf \(ri.gov\)](#), June 28, 2021.

<sup>2</sup> Rhode Island Department of Labor and Training News Release at [Microsoft Word - News Release 0621 \(ri.gov\)](#).

<sup>3</sup> Current members as of March 31, 2021. See Rate Filing at NHRI-132837475, OHIC Rate Template, Tab One (Data & Rate Change), June 22, 2021.

<sup>4</sup> See *P.L. 111-148*, § 1401; *H.R. 1319*, § 9661; [I.R.C. § 36B](#).

Healthsource RI is already advertising the benefits of ARPA to Rhode Island consumers.<sup>5</sup> As such, even more Rhode Islanders will be harmed by any rate increase in the individual market.

ARPA also presents you, as Commissioner, with a consideration that was not present last year. Given the expansion of APTC eligibility, there will likely be more healthy people in the individual market pool whose presence will mitigate the losses Neighborhood may experience from its sicker individuals. This principle – making health insurance more affordable to incentivize healthy adults to buy insurance – is the scaffold of the Affordable Care Act. By expanding APTC eligibility, the federal government has recognized the importance of recruiting, through financial incentives, healthy people into the risk pool whose presence ultimately financially benefits insurers. More healthy people purchasing insurance must be a factor when considering affordability of premium rate increases because of the financial benefit to insurers. As Commissioner, you have the authority to confer a financial benefit to Rhode Islanders by denying this rate increase.

The Office of Attorney General urges you to bring exacting scrutiny to NHPRI's request for a rate increase. NHPRI includes, as a basis for its rate increase request, the assumption that its enrollees will require COVID booster shots and that the cost of those shots should be borne by its insureds in the requested rate increase. These are faulty assumptions for three reasons. First, to the extent booster shots are recommended by the informed medical community, they are being recommended for people over 65 and the immunocompromised and for those who received their vaccines in December 2020 or January 2021.<sup>6</sup> Second, it is becoming increasingly clear that there is a worldwide push against boosters for the time being to allow lesser developed countries to gain access to available COVID vaccines. Also, to assume there will be no federal subsidies to help offset COVID booster costs once there are boosters to be given is unrealistic given the federal government's consistent and frequent aid to businesses and insurers during the pandemic. Finally, the Coronavirus Aid, Relief, and Economic Securities Act ("CARES Act"), P.L.116-136, states that the federal government "shall require group health plans and health insurance issuers offering...individual health insurance to cover (without cost-sharing) any qualifying coronavirus preventive service\*\*\*."<sup>7</sup> The CARES Act language is clear that the insurance company bears the burden of COVID-related costs. Notwithstanding this unambiguous language, in its request for a rate increase, NHPRI has included assumptions related to COVID boosters and COVID testing, which our actuarial report addresses. While the language of the CARES act may not prevent insurers from recouping certain COVID costs through means other than cost-sharing, we ask you, as Commissioner, to not allow NHPRI to put the cost of the COVID boosters, COVID testing, or any COVID costs, back on the consumer through increased rates.

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<sup>5</sup> [The American Rescue Plan Act of 2021 | HealthSource RI.](#)

<sup>6</sup> See e.g. [FDA Covid-19 Vaccine Booster Plan Could Be Ready Within Weeks - WSJ](#), August 5, 2021; [Booster Shots for Immunocompromised People in the Works, Fauci Says \(webmd.com\)](#), August 6, 2021.

<sup>7</sup> P.L. 116-136, Section 3203(a). See [BILLS-116hr748enr.pdf \(congress.gov\)](#).

### **Unaffordability in context**

It is critical that all individuals seeking insurance in the individual market, whether by choice or by force of circumstance, pay the lowest possible rates to ensure continuity of care for themselves and their families. In addition, those who will need health insurance in the individual market – who simply cannot afford an increase in rates but who have been shouldering increases for years – include people and communities already suffering from profound inequities.

As of July 2021, job loss nationally has been experienced disproportionately by African Americans at 9.2 %, followed by Latinx at 7.4 %, 5.8% for Asian people and 5.2 % for white people.<sup>8</sup> These are the people and communities who will be turning to the individual market. Yet even before the COVID pandemic, the proportion of African Americans and Latinx in Rhode Island who report not seeking medical attention is 11.3% and 21%, respectively, according to the Rhode Island Commission for Health Advocacy and Equity – Legislative Report January 2020.<sup>9</sup> Recognizing the many social determinants of health, this report identifies housing burden and food insecurity (among other measures) concentrated in communities with high African American and Latinx populations. In addition, now that Rhode Island has instituted a state-based individual mandate<sup>10</sup>, all Rhode Islanders must have health insurance or pay a tax penalty. The cost of not having health insurance is not only felt when an uninsured person needs care, but when he or she pays state taxes.

Insurance premium costs continue to rise, and while unacceptable in any year, such increases are egregious and unconscionable in the time of COVID. These stark and disturbing disparities in health care and its determinants have played out with a vengeance during the COVID pandemic. In Rhode Island, 29% of all coronavirus cases are among Latinx, who make up just 16% of the population.<sup>11</sup> Likewise, 7% of all cases are among African Americans who make up just 8% of Rhode Island's population.<sup>12</sup>

The disparate health impact of decades of policy and practice on Latinx and African American communities in Rhode Island has been clearly documented by the State's own Commission for Health Advocacy and Equity, and any increase in rates will present yet another obstacle to care. Further, because a rate increase in the individual market would fall upon those who have lost employer-provided health insurance, it will have the greatest impact on these same communities that are bearing a particularly heavy cost because of the COVID pandemic, compounding these historic and current inequities.

The Attorney General urges you to exercise your regulatory authority and discretion to determine 2022 rates based upon affordability to the people who must pay for those insurance

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<sup>8</sup> See Bureau of Labor Statistics report of July 2021, [https://www.bls.gov/news.release/empsit\\_nr0.htm](https://www.bls.gov/news.release/empsit_nr0.htm).

<sup>9</sup> <https://health.ri.gov/publications/reports/2020CommissionForHealthAdvocacyAndEquityLegislative.pdf>

<sup>10</sup> R.I. Gen. Laws § 44-30-101(c) (imposing a shared-responsibility payment on all persons who do not show proof of health insurance).

<sup>11</sup> See Pie Graphs, COVID-19 by Race and Ethnicity in Rhode Island (percentages based on known cases), [Demographics of COVID-19 in Rhode Island | WPRI.com](https://www.wpri.com/demographics-of-covid-19-in-rhode-island/), August 3, 2021.

<sup>12</sup> See *id.*

products. OHIC Regulation 230-RICR-20-30-4 (Powers and Duties of OHIC), Section 4.9 (C) delineates the factors to consider in determining affordability of rates, including the ability of lower-income individuals to pay for health insurance. The Attorney General also urges you to factor any and all OHIC initiatives that aim to reduce hospital and emergency room utilization for primary care purposes into your analysis of the reasonableness of frequency of this utilization in 2022. In addition, NHPRI has a responsibility to "provide affordable and accessible health insurance to insureds" and "employ pricing strategies that enhance the affordability of health care coverage." *See R.I. Gen. Laws §§ 27-19.2-3(1) and 27-19.2-10(3).*

### **The Actuarial Basis for Denying NHPRI's Request for an 8.5% Increase**

There is a strong actuarial basis for denying the increase proposed by NHPRI. After review of NHPRI's filings and the company's responses to questions posed both by OHIC and the Attorney General, L&E concluded that it is both reasonable and actuarially appropriate to reduce NHPRI's proposed rate increase from 8.5% to 5.3%, **and this even before affordability is factored**. As explained more fully in our actuarial report, we find that reductions based on COVID adjustment, ARPA impact, risk adjustment, COVID boosters, and COVID testing are necessary and actuarially appropriate, with total premium savings of approximately four million dollars (\$4,000,000) if all reductions are adopted by OHIC.

Based on our Office's historical experience of reviewing NHPRI's rate filings and based on the current information contained in NHPRI's rate filing for 2022, our Office has found no evidence that NHPRI will become insolvent if its rates are not approved as requested by our Office. We thus request all actuarially supported data be viewed in the light most favorable to the insured and to the affordability of products.

### **Conclusion**

The Attorney General's actuaries cannot justify an increase of more than 5.3%. Taking into account the unaffordability of even that increase, as you are authorized to do, no increase at all can be justified. In addition to actuarial assumptions and findings, the impact COVID has had and continues to have on the very real people the insurance plans serve must be considered. It is no secret that many Rhode Islanders continue to struggle financially during this pandemic, which is far from over – a recent news report confirmed that there are more daily cases of COVID reported in Rhode Island right now than this time last year in 2020.<sup>13</sup> The unemployed will find themselves in a precarious situation, having to choose between paying for insurance no longer received through their employer or paying for other necessities such as food or housing and facing a tax penalty. Those who have suffered symptoms from COVID, particularly those victims of long-haul COVID, should not have to worry about affording health insurance.

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<sup>13</sup> 150 cases per day versus 100 cases per day. *See* <https://www.wpri.com/target-12/heres-how-covid-19-looks-in-2021-compared-to-2020-in-rhode-island/>, August 3, 2021.



Keeping the needs and considerations of the affected insured always first and foremost, the Office of the Attorney General asks that you place significant weight on the unaffordability of higher health insurance rates and deny any rate increase in the individual market to NHPRI in the best interest of the public. Notwithstanding the above arguments, should a rate increase be approved, our Office will seek precise factual and actuarial bases from OHIC for this decision. Thank you for your consideration.

Respectfully Submitted,

PETER F. NERONHA  
ATTORNEY GENERAL

By:  
/s/ Miriam Weizenbaum  
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August 11, 2021

State of Rhode Island Office of the Health Insurance Commissioner

Re: Neighborhood Health Plan of Rhode Island  
2022 Individual Rate Filing  
SERFF# NHRI-132837475

Submitted on Behalf of the Rhode Island Office of Attorney General

The purpose of this letter is to provide a summary of Lewis & Ellis, Inc's (L&E) actuarial analysis regarding the proposed 2022 Individual Rate Filing for Neighborhood Health Plan of Rhode Island (NHPRI or Company) and to assist the Rhode Island Office of Attorney General (OAG) in recommending changes to the proposed rates.

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## FILING DESCRIPTION

1. NHPRI is a not-for-profit health maintenance organization (HMO) insurance company that provides health insurance coverage to Rhode Islanders. This filing proposes premiums for NHPRI's Qualified Health Plans (QHPs) that will be offered on HealthSource Rhode Island (HSRI) beginning January 1, 2022.
2. NHPRI initially submitted proposed rates on May 17, 2021, with an average rate increase of 7.8%. On June 11, 2021, NHPRI was notified that the Rhode Island state reinsurance program was modified due to new information about lower than expected tax revenue for the program. Based on the new reinsurance program parameters, NHPRI revised their proposed rate impact on June 22, 2021, to an average rate increase of 8.5%. This report's analysis is based on the proposed rates as revised on June 22, 2021.

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## PURPOSE AND SCOPE

Pursuant to Rhode Island Gen. Laws §§27-36-1, 27-19-6, and 27-20-6, the OAG is vested with the authority and enforcement of the laws within the State of Rhode Island, including, but not limited to, representing, protecting, and advocating on behalf of consumers at public rate hearings.

A public rate hearing must be held for a requested rate increase of 10% or higher by an insurer covering 10,000 or more individual lives per Rhode Island Gen. Laws §§27-19-6(f) and 27-20-6(f). In the event a public rate hearing is not triggered, Rhode Island law [§§27-19-6(j)(2)-(k), 27-20-6(j)(2)-(k), and 27-36-2(a)] allows the OAG to hire actuaries to review the proposed rate filings.

The OAG has engaged L&E to perform such an actuarial review for the 2022 Individual market Affordable Care Act (ACA) rates. This letter is to assist the OAG in recommending changes to the proposed rates, if applicable. L&E's recommendations focus on producing rates that are not excessive, inadequate, or unfairly discriminatory<sup>1</sup>. Premium affordability is not within the scope of L&E's actuarial review.

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## SUMMARY OF RECEIVED DATA

NHPRI provided the methodology used to develop the proposed 2022 Individual market premiums. The Company provided exhibits which demonstrated the quantitative development for each component of the premium request, including trend, morbidity adjustments, federal programs, administrative costs, and taxes and fees.

NHPRI provided additional exhibits and information as requested during the rate review process.

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## L&E ANALYSIS

The items outlined below are the filing assumptions where L&E recommends changes to the proposed 8.5% rate increase.

### 1. UTILIZATION TREND

NHPRI used 2020 claims experience as the starting point for projecting 2022 premium rates, which included the suppressed utilization due to the COVID-19 pandemic. NHPRI estimated the impact of the pandemic on the base period experience to account for the expectation that suppressed utilization will not occur in 2022.

In 2020, NHPRI observed a -2.5% utilization trend. NHPRI assumed that a 2.2% utilization trend would have been expected without the pandemic. NHPRI also assumed that there would be a 1.6% increase to utilization due to pent-up demand. Additionally, a 1.9% utilization trend was assumed for 2021 and 2022.

Based on data provided by NHPRI, the Company's observed average annual utilization trend from 2017-2019 was 0.0%. NHPRI notes that utilization trend has historically been volatile due to changes in membership growth and morbidity changes. However, the Company did not provide enough documentation and support for the assumed utilization trend to the extent that another actuary could assess the reasonableness of the assumption.

After an assessment of the Company's Risk-Based Capital (RBC) level and other surplus metrics, L&E noted the Company has potential long-term financial solvency concerns. In the absence of financial solvency concerns, L&E would recommend a reduction in the annual utilization trend for 2019 to 2022

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<sup>1</sup> This is based on Actuarial Standards of Practice No. 8

<http://www.actuarialstandardsboard.org/asops/regulatory-filings-health-benefits-health-insurance-andentities-providing-health-benefits/#312-regulatory-benchmark>

down to 0.0%. This would have reduced the rates by approximately 6.0%. However, due to NHPRI's recent financial performance and low RBC levels, L&E recommends only reducing the annual utilization trends for 2019 to 2022 to 1.5%. This would reduce rates by approximately 1.7%.

## 2. AMERICAN RESCUE PLAN ACT

The 2021 American Rescue Plan Act (ARPA) made additional premium subsidies available for persons covered in the Individual market. Individuals who previously had to pay the entire premium for coverage will now be eligible for subsidies and in some cases, substantial subsidies. Additionally, members currently eligible for premium subsidies will generally be eligible for larger subsidies, which would decrease their premiums.

In 2020, households below 400% of the federal poverty level (FPL) made health insurance decisions based on lower subsidies than what will be available in 2022. For those with incomes exceeding 400% FPL, they will now be eligible for premium subsidies.

The introduction of the new subsidies will reduce the incentive for healthy uninsured people to remain uninsured since they will now be able to purchase coverage at a reduced rate. The addition of the previously uninsured, healthy population to the Individual market should improve the overall morbidity of the Individual market.

Based on US Census data by age and income, L&E estimates that there are approximately 31,000 uninsured Rhode Islanders that will be eligible for increased subsidies due to ARPA. Assuming a 5% take-up rate, and assuming that these individuals are 10% healthier than the current Individual market, the expected new enrollment would decrease the Company's Individual market morbidity by approximately 0.3%. This calculation is illustrated below.

Population	Members	Morbidity Level
<b>2020 Population</b>	47,244	1.000
<b>Expected New ARPA Members</b>	1,569	0.900
<b>Expected 2022 Population</b>	48,813	0.997
<b>Change from 2020 to 2022</b>		-0.3%

## 3. RISK ADJUSTMENT

A company's risk adjustment transfer payment (payable or receivable) is dependent on the Company's morbidity relative to the Individual market and the Individual market's average premium rate.

NHPRI consistently transfers payments into the risk adjustment program since the Company has a disproportionately healthy population relative to their competitor in the Rhode Island Individual market.

L&E notes two issues regarding the Company's estimated 2022 risk adjustment transfer payment:

- NHPRI's actual 2020 transfer payment was approximately 11% smaller than the estimated 2020 payment used to project the 2022 transfer.
- NHPRI did not account for premium increases that are occurring between 2020 and 2022. The average 2021 premium increase was 4.2%, and the average 2022 increase based on L&E's recommendations is approximately 4.3%. Therefore, it is reasonable to expect that statewide average premium and NHPRI's transfer payment would increase by approximately 9%.

Because these items significantly counteract each other, the adjusted aggregate risk adjustment payment reduces rates by 0.1%.

#### 4. COVID-19 BOOSTERS

NHPRI included a provision in the proposed rates to reflect the cost of providing COVID-19 booster shots to their enrollees during 2022. This cost was calculated by assuming that 50% of members would get a booster, and each booster would cost \$100. Therefore, NHPRI is assuming an average cost of \$50 per member per year.

L&E notes the following regarding COVID-19 boosters:

- It is not guaranteed that a COVID-19 booster will be generally available during 2022.
- It is not known that a COVID-19 immunization will be needed annually. Many recommended vaccinations, such as measles, mumps, rubella (MMR), hepatitis A & B, etc., are not required annually.
- If vaccinations are needed annually, there is not yet clear guidance on whether boosters will be indicated for the general population, or perhaps only for seniors and immunocompromised individuals. As of July 2021, the CDC does not recommend additional doses for fully vaccinated individuals.<sup>2</sup>
- There is potential for federal or state subsidies to partially offset the insurer's cost burden of providing COVID-19 boosters.

L&E believes that the Company's assumptions for unit cost and utilization are reasonable. However, L&E has not been provided enough evidence regarding the necessity of COVID-19 boosters and the ultimate cost borne by insurers. Assuming a 25% likelihood for these occurrences would produce an assumed \$12.50 cost per member per year, or just over \$1 per member per month. Making this COVID-19 booster adjustment reduces rates by approximately 0.7%.

#### 5. COVID-19 TESTING

NHPRI included a provision in the proposed rates to reflect the cost of additional COVID-19 testing, above and beyond the COVID-19 testing reflected in the 2020 base period experience. The 2020 base period reflects an average of two tests for 18% of members, while the projected provision reflects an average of two tests for an additional 12% of members.

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<sup>2</sup> <https://www.cdc.gov/vaccines/covid-19/hcp/faq.html>, accessed on 7/26/2021.

L&E understands that COVID-19 testing will continue to be used in 2022; however, no evidence has been provided by the Company to adequately support the assumption that 2022 testing levels will be increased versus 2020. L&E believes that the testing included in the base period, which is trended to the projection period, is sufficient to cover expected costs. Removing this provision reduces rates by approximately 0.4%.

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## RECOMMENDATIONS

L&E believes that this filing, with the following modifications, produces rates that are not excessive, inadequate, nor unfairly discriminatory.

### 1. UTILIZATION TREND

L&E recommends reducing the 2019 to 2022 assumed utilization trends to 1.5%. This would reduce rates by approximately 1.7%.

### 2. AMERICAN RESCUE PLAN ACT

L&E recommends that the projected premiums be reduced by 0.3% to reflect the favorable market wide morbidity impact anticipated from ARPA.

### 3. RISK ADJUSTMENT:

L&E recommends that the actual 2020 risk adjustment transfer amount and the impact of rate increases be appropriately considered. This would reduce rates by approximately 0.1%.

### 4. COVID-19 BOOSTERS

L&E recommends that the COVID-19 booster assumptions be reduced which would reduce rates by approximately 0.7%.

### 5. COVID-19 TESTING

L&E recommends that the provision for additional COVID-19 testing be removed which would reduce rates by approximately 0.4%.

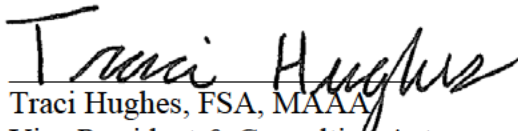
After modification, the rate increase will change from +8.5% to +5.3%. Implementing these recommendations would result in a savings of \$13.51 per member per month to Rhode Islanders. This amounts to a total savings of approximately \$4,000,000.

**2022 RECOMMENDED RATE CHANGES**

A breakdown of L&E's recommendation by rating component is provided below:

Component	Rate Change
<b>NHPRI Proposal</b>	+8.5%
<b>COVID-19 Adjustment</b>	-1.7%
<b>ARPA</b>	-0.3%
<b>Risk Adjustment</b>	-0.1%
<b>COVID-19 Boosters</b>	-0.7%
<b>COVID-19 Testing</b>	-0.4%
<b>L&amp;E Recommendation</b>	+5.3%

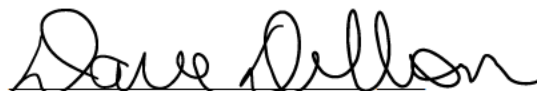
Sincerely,



Traci Hughes, FSA, MAAA  
Vice President & Consulting Actuary  
Lewis & Ellis, Inc.



Josh Hammerquist, FSA, MAAA  
Vice President & Principal  
Lewis & Ellis, Inc.



Dave Dillon, FSA, MAAA, MS  
Senior Vice President & Principal  
Lewis & Ellis, Inc.

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## ASOP 41 DISCLOSURES

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations<sup>3</sup>, promulgates Actuarial Standards of Practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct<sup>4</sup>, to observe the ASOPs of the ASB when practicing in the United States. ASOP #41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained below.

### IDENTIFICATION OF THE RESPONSIBLE ACTUARIES

The responsible actuaries are:

- Traci Hughes, FSA, MAAA, Vice President & Consulting Actuary.
- Josh Hammerquist, FSA, MAAA, Vice President & Principal.
- Dave Dillon, FSA, MAAA, MS, Senior Vice President & Principal.

### IDENTIFICATION OF ACTUARIAL DOCUMENTS

The date of this document is August 11, 2021. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is July 27, 2021.

### DISCLOSURES IN ACTUARIAL REPORTS

- The contents of this report are intended for the use of the Rhode Island Office of Attorney General. The authors of this report are aware that it will be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis is financially and organizationally independent from NHPRI. L&E is not aware of anything that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the OAG in recommending changes to the proposed rates.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by NHPRI for reasonableness; however, not every aspect of the data has been audited. Neither L&E, nor the responsible actuaries, assume responsibility for the items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.

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<sup>3</sup> The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

<sup>4</sup> These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.



- Notwithstanding the ongoing COVID-19 pandemic, L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.

#### **ACTUARIAL FINDINGS**

The actuarial findings of the report can be found in the body of this report.

#### **METHODS, PROCEDURES, ASSUMPTIONS, AND DATA**

The methods, procedures, assumptions, and data used by the actuaries can be found in body of this report.

#### **ASSUMPTIONS OR METHODS PRESCRIBED BY LAW**

This report was prepared as prescribed by applicable law, statues, regulations, and other legally binding authority.

#### **RESPONSIBILITY FOR ASSUMPTIONS AND METHODS**

The actuaries do not disclaim responsibility for material assumptions or methods.

#### **DEVIATION FROM THE GUIDANCE OF AN ASOP**

The actuaries have not deviated materially from the guidance set forth in the applicable ASOPs.



**From:** [Miner, Courtney \(OHIC\)](#)  
**To:** [King, Cory \(OHIC\)](#); [Tigue, Patrick \(OHIC\)](#)  
**Subject:** FW: [EXTERNAL] : Testimony in Opposition to Proposed Health Insurance Rate Hikes  
**Date:** Friday, August 6, 2021 9:00:32 AM

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Good morning,

Please see the attached correspondence.

Thanks,  
Courtney

**Courtney Miner**

Senior Policy Analyst  
Office of the Health Insurance Commissioner  
State of Rhode Island  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI 02920  
(401) 462-9668  
[courtney.miner@ohic.ri.gov](mailto:courtney.miner@ohic.ri.gov)  
[www.ohic.ri.gov](http://www.ohic.ri.gov)

**From:** C. A. Denisevich [REDACTED]  
**Sent:** Thursday, August 5, 2021 5:06 PM  
**To:** HealthInsInq, OHIC <OHIC.HealthInsInq@ohic.ri.gov>  
**Subject:** [EXTERNAL] : Testimony in Opposition to Proposed Health Insurance Rate Hikes

Dear Commissioner Tigue:

I am writing to ask that the Office of the Health Insurance Commissioner reject the proposed health insurance rate hikes proposed by Blue Cross Blue Shield, the Neighborhood Health Plan of RI, UnitedHealthcare, Aetna, Cigna and Tufts Health as the approval of these rate hikes would hurt the working people and middle-class families of our state.

Over the last year and a half, since the outbreak of the COVID-19 pandemic, our communities have been financially impacted through job loss, reduced hours, and the closure of small businesses. Despite the recent re-opening of our economy, thousands of Rhode Islanders are still struggling to maintain financial stability. Between rent, utilities, groceries, vehicle insurance, and other vital expenses that continue to increase in cost, thousands of working and middle-class families are struggling to get back on their feet and avoid any further financial debt. This is especially prevalent in the urban core of Providence, Central Falls, and Pawtucket as these have been some of the communities hardest hit with unemployment, cases of COVID, hospitalizations, and deaths.

As the pandemic has shown, now more than ever, we need our residents to be cognizant of their health by regularly visiting their doctor, whether it is in-person or virtually through telemedicine. If these proposed health insurance rate hikes are approved, however, this would only harm the health of our communities and further contribute to economic insecurity. Naturally, people would become

hesitant to visit their primary care physician due to the dramatic cost increase in their health insurance plans or they would simply be forced to pay more in out-of-pocket expenses. Overall, the requested rate hikes range from about 3% to more than 17% with some of the larger healthcare insurance companies, such as UnitedHealth, requesting the most significant increase among all insurers. It is disingenuous for these health insurance companies to claim that these hikes are for the purpose of simply matching expected medical cost increases while the salaries and bonuses of their wealthy executives continue to increase. If they were truly committed to “helping patients and employers access the most appropriate quality care while holding down costs,” they would focus on reducing the six-to-seven figure salaries of their health insurance executives and administrators instead of trying to maximize profit on the backs of working families that are seeking medical care.

With the recent surge of COVID cases and the ongoing spread of the Delta variant, it is important that our state government and healthcare providers work together to expand healthcare treatment instead of limiting access through rate hikes. I respectfully ask that the Office of the Health Commissioner reject these proposed health insurance rate hikes, regardless of the amount proposed, and instead prioritize the financial well-being of burdened communities trying to recover from this pandemic.

Thank you for your time.

Sincerely,  
Alex Denisevich  
East Greenwich, RI