

## Health Insurance Premium Rate Review Process Small Employer Group Summary for Rates Effective in 2023

The following tables depict the proposed overall weighted average premium increase and the key assumptions behind premium development for the small employer group (SG) market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPRI), Tufts Health Plan (Tufts), and UnitedHealthcare (United) as part of the State of Rhode Island Office of the Health Insurance Commissioner's (OHIC) rate review process (for rates effective in 2023). This information is subject to change as the rate review process continues. Please see our Rate Review Process Public Comment Solicitation for more information about the rates and this process.

OHIC is currently reviewing these assumptions. This review process will culminate in a final decision by the Health Insurance Commissioner approving, modifying, or rejecting the requested rates. For more information on the rate review process or information about rates filed in the individual or large group markets, please visit: [Rate Review | Office of The Health Insurance Commissioner \(ri.gov\)](https://www.ohic.ri.gov/rate-review)

There are 47,433 consumers enrolled in small group market plans (data as of March 2022). This represents 27.5% of the fully-insured market (individual, small group, and large group markets).

- The **Overall Weighted Average Rate Change** represents adjustments to reflect benefit changes in renewing plans and it reflects plans that have been terminated and mapped to existing plan offerings. This weighted average rate change represents the average rate change consumers will experience before changes due to age.
- The **Medical Expense Trend Assumption** is the annualized rate of increase due to increases in the unit cost of health care services and in the utilization of health care services.<sup>1</sup> These trend assumptions are generally applied to calendar year 2021 claims experience to project 2023 required revenue rates.<sup>2</sup>
- The **Risk Adjustment Assumption** is the Affordable Care Act's (ACA) risk adjustment program which redistributes funds from carriers with lower-risk enrollees to plans with higher-risk enrollees.
- The **Non-Medical Portion of Premium** represents the percent of overall premium that is required to cover administrative expense, contribution to reserves and required taxes and fees, including premium tax, ACA fees (note, the health insurance tax has been suspended for 2021 and beyond) and HealthSource RI Exchange Fees.

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

<sup>2</sup> Per the Federal Unified Rate Review Template instructions, insurers are required to utilize 2021 data.

- The **Quarterly Effective Date Projection Factor** represents the expected annualized inflation rate for rates charged to small employers renewing at different points during a year. For example, a small employer renewing in January will pay a lower rate than a small employer renewing in December for the same plan because there are fewer months over which they will experience inflation, assuming that the two small employers have a workforce of the same age.

**Small Group Market Summary of Requested 2023 Rates  
Proposed Rate Change & Key Assumptions  
Data as of June 10, 2022**

Average Rate Change	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO	TOTAL <sup>3</sup>
Overall Average Weighted Rate Change for the full year	11.7%	9.3%	9.2%	10.0%	12.3%	10.8%	11.5%
Enrollment as of 03/31/2022	40,943	1,875	1,205	737	606	2,067	47,433

Trend Assumptions	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO	TOTAL <sup>4</sup>
Hospital Inpatient	6.5%	6.1%	3.8%	3.8%	7.7%	7.7%	6.4%
Hospital Outpatient	10.2%	7.7%	7.7%	7.7%	7.0%	7.0%	9.8%
Professional	7.9%	10.4%	7.2%	7.2%	6.0%	6.0%	7.9%
Other Medical	7.9%	8.3%	5.1%	5.1%	6.0%	6.0%	7.7%
Capitation	0.0%	0.0%	1.2%	1.2%	3.7%	3.7%	0.3%
Prescription Drug	7.3%	10.4%	3.8%	3.8%	8.8%	8.8%	7.4%
Total Trend	8.1%	8.9%	5.9%	6.0%	6.9%	6.9%	8.0%

Risk Adjustment <sup>5</sup>	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO
Risk Adjustment Assumption	-0.5%	0.0%	2.0%	2.0%	4.8%	4.8%

Non Medical Portion of Premium <sup>6</sup>	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO
ACA Fees	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	1.0%	3.0%	1.0%	1.0%	2.0%	2.0%
HealthSource RI Assessment	0.4%	3.5%	0.0%	0.0%	0.0%	0.0%
All Other Retention	13.4%	12.5%	12.0%	12.0%	12.7%	12.7%
Total Retention	16.9%	21.1%	15.1%	15.1%	16.7%	16.7%

Quarterly Projection Factors	BCBSRI	NHPRI	Tufts HMO	Tufts PPO	United HMO	United PPO
1Q 2023	1.000	1.000	1.000	1.000	1.000	1.000
2Q 2023	1.021	1.024	1.018	1.018	1.019	1.019
3Q 2023	1.043	1.049	1.037	1.037	1.038	1.038
4Q 2023	1.064	1.074	1.056	1.056	1.057	1.057

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

<sup>4</sup>Ibid.

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

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