

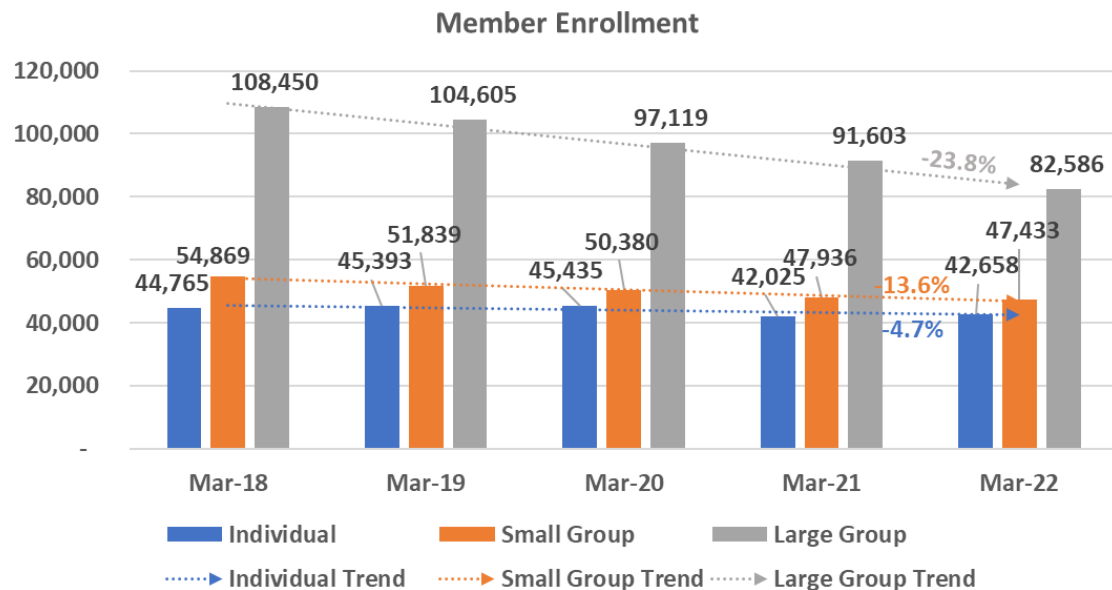
Rhode Island Market Summary- Part I: Enrollment, Premium, and Claims

Based on Plan Year 2023 and Prior Rate Filings
April 11, 2023



Gorman Actuarial, Inc.

All Fully-Insured Market segments experienced declines in membership from 2018 - 2022, led by Large Group.



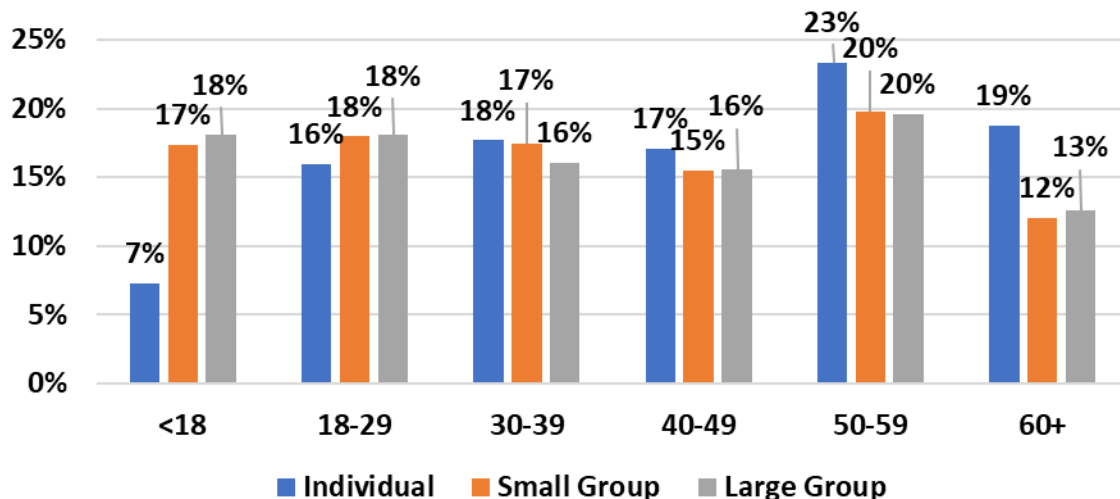
- The Small Group and Large Group Markets experienced declines in membership from 2018 through 2022.
- After remaining stable from 2018 through 2020, the Individual Market membership declined 7.5% or approximately 3,500 members in 2021. In 2022, the Individual Market regained approximately 600 members, or 1.5%. The Individual Market declined -4.7% overall from 2018 to 2022.
- The Large Group Fully-Insured Market experienced the largest overall decline during this time period of -23.8% while the Small Group declined -13.6%.

Source: OHIC Rhode Island Rate Filing Template. Large Group Market is fully-insured only and excludes FEP. Aetna has 69 members in RI as of March 2022. Their first account in Rhode Island was sold in April 2021. Given their size, Aetna members are not included in the chart above. CIGNA membership estimated based on calendar year member months for 2018 and 2019.



The Individual Market was older than the Fully-Insured Group Markets.

Distribution of Members by Age
March 2022

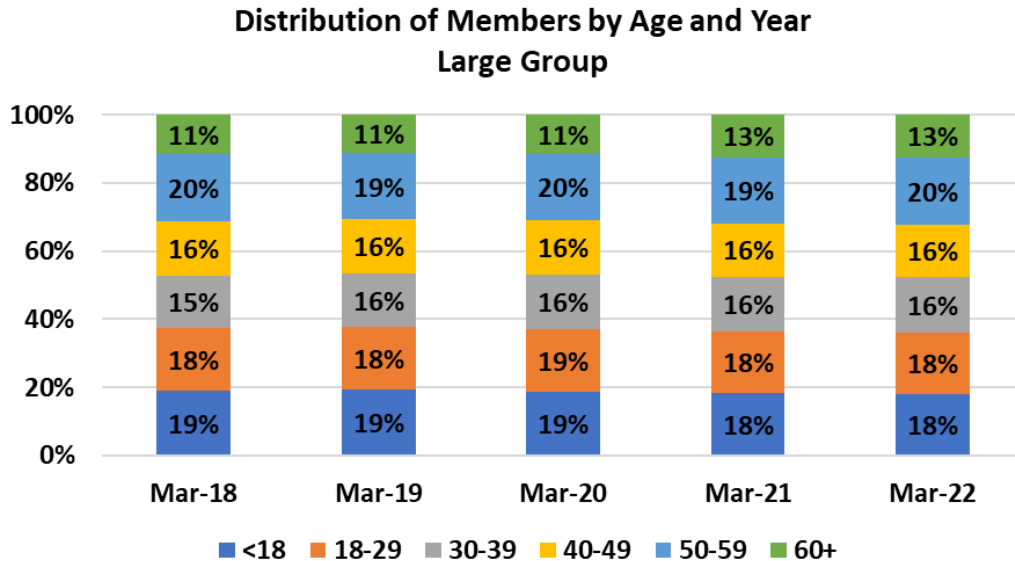


- The Fully-Insured Large Group and Small Group Markets had a similar age distribution.
- The Individual Market had a higher proportion of 50-59 and 60+ enrollees compared to Large and Small Group, consistent with prior years.
- The estimated average age for the Individual Market was 42.7 while the estimated average age was 37.1 for Small Group and 37.0 for Large Group Fully-Insured Market.

Source: OHIC Rhode Island Rate Filing Template. Average age was determined by using the midpoint of the provided age ranges weighted by total membership in that age range, where 9 was assumed for "<18" and 67 was assumed for "65+."
Large Group Market is fully-insured only and excludes FEP.



The Large Group Market age distribution remained steady despite membership declines.



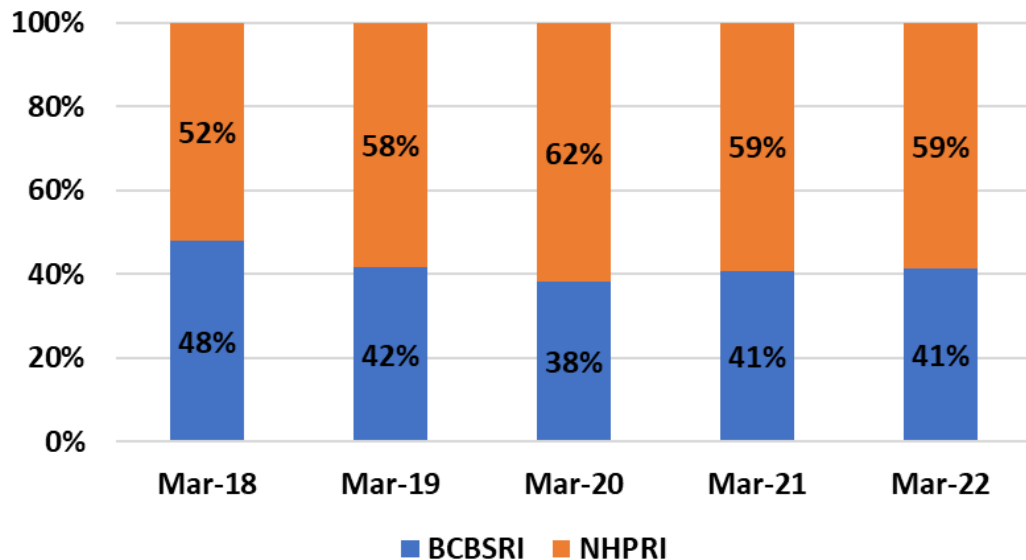
- Despite a significant decrease in Large Group membership from 2018 to 2022, the distribution of members by age has remained stable during this time frame.
- The estimated average age for this segment has increased slightly from 36.5 in 2018 to 37.0 in 2022.
- Similarly, there has been minimal change in the age distribution in both the Individual Market and the Small Group Market over time. These charts are shown in the Appendix.

Source: OHIC Rhode Island Rate Filing Template. Average age was determined by using the midpoint of the provided age ranges weighted by total membership in that age range, where 9 was assumed for "<18" and 67 was assumed for "65+."
Large Group Market is fully-insured only and excludes FEP. Cigna data was not available for 2018 and 2019 but represents less than 1% of the population.



In the Individual Market, NHPRI has generally increased market share over time.

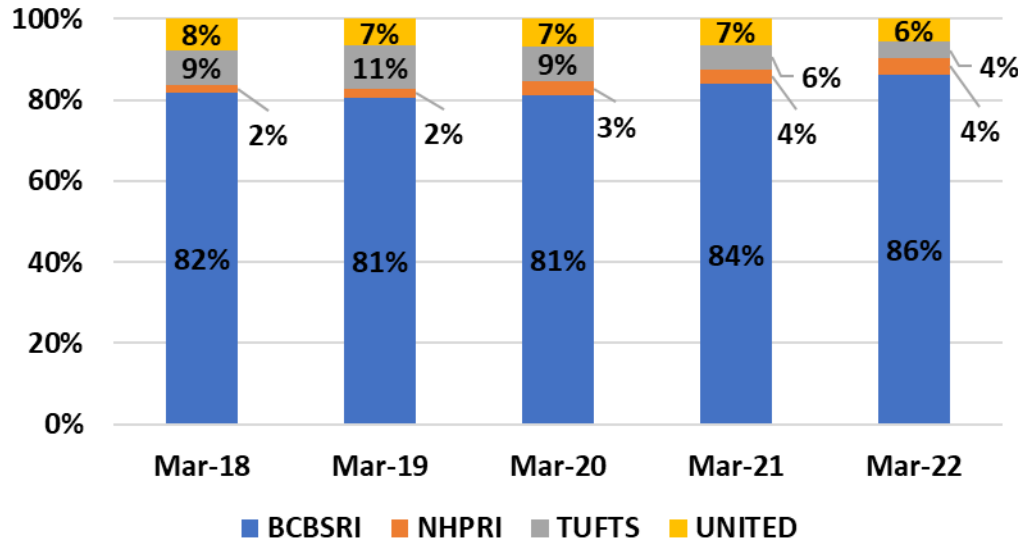
Distribution of Membership by Insurer
Individual Market



- As of March 2022, NHPRI covered 59% of membership and BCBSRI covered 41%.
- While NHPRI's market share has fluctuated, it has increased in 2022 compared to 2018.

BCBSRI continued to have the largest market share in the Small Group Market, increasing to 86% in 2022.

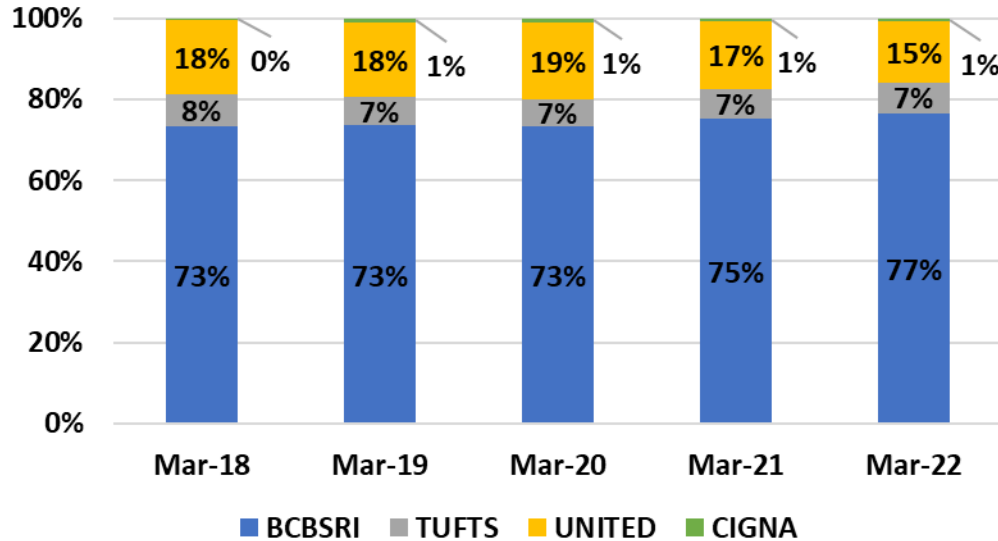
Distribution of Membership by Insurer
Small Group Market



- BCBSRI covered 86% of the Small Group Market membership as of March 2022.
- United, Tufts Health Plan, and NHPRI covered 6%, 4%, and 4% of March 2022 membership, respectively.
- Tufts Health Plan has lost market share over time while United’s and NHPRI’s market share remained fairly consistent.

In the Large Group Fully-Insured Market, BCBSRI had 77% of the market share in 2022, followed by United at 15%.

**Distribution of Membership by Insurer
Large Group Market**

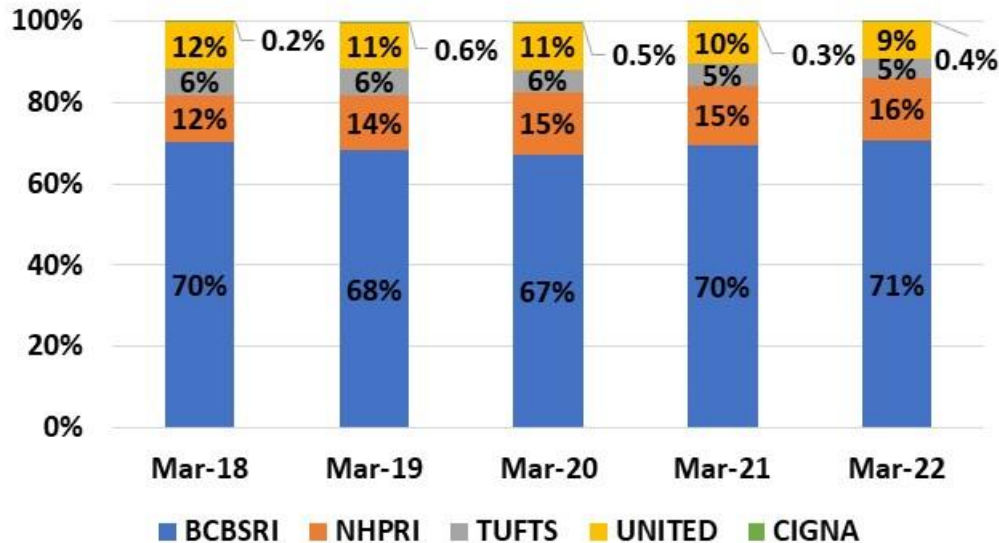


- BCBSRI covered 77% of the Large Group Market membership in March 2022.
- United, Tufts Health Plan, and Cigna covered 15%, 7%, and 1% of March 2022 membership, respectively.
- United lost market share during this time while BCBSRI increased their market share.

Source: OHIC Rhode Island Rate Filing Template. Large Group Market is fully-insured only and excludes FEP. Aetna has 69 members enrolled as of March 2022 and is not included in this chart. CIGNA membership estimated based on calendar year member months for 2018 and 2019.

Across the entire Fully-Insured Market in Rhode Island, market share has remained fairly consistent for the past five years.

Distribution of Membership by Insurer
Total Fully-Insured Market

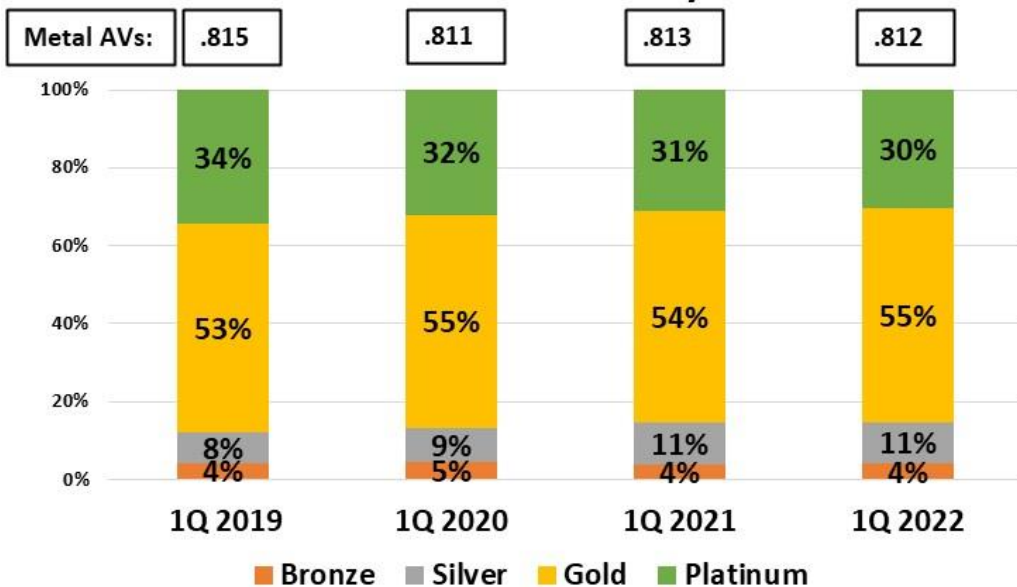


- BCBSRI covered 71% of the Fully-Insured Market membership as of March 2022.
- NHPRI, United, Tufts Health Plan, and Cigna covered 16%, 9%, 5%, and 0.4% of the March 2022 Fully-Insured membership, respectively.
- The distribution of membership by insurer generally remained consistent over the past five years with NHPRI gaining a small amount of market share and United losing a small amount.

Source: OHIC Rhode Island Rate Filing Template. Large Group Market is fully-insured only and excludes FEP. Aetna has 69 members enrolled as of March 2022 and is not included in this chart. CIGNA membership estimated based on calendar year member months for 2018 and 2019.

In the Small Group Market, the benefit richness has remained consistent from 1Q 2019 to 1Q 2022.

Small Group Market Enrollment Distribution by Metallic Tier

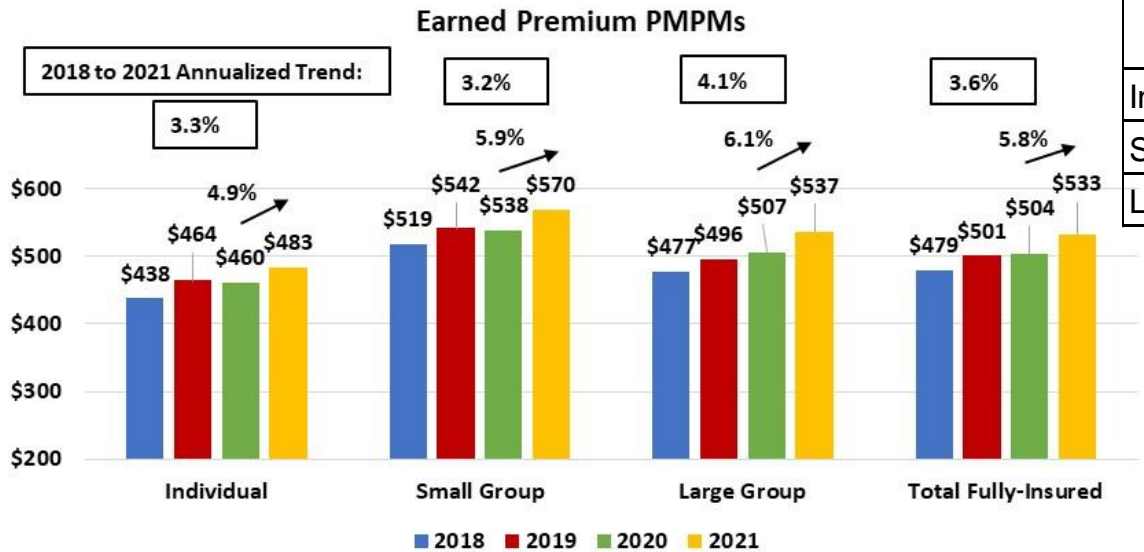


- Over this four year period, the percentage of enrollees in Platinum plans have decreased while the percentage of enrollees in Gold and Silver plans has increased.
- The overall Metal AV, which is a measure of benefit richness, has remained fairly consistent during this time frame, and is at .812 in 1Q 2022.

Source: OHIC Rhode Island Rate Filing Template.



Total Earned Premium PMPM increases were higher than what was experienced in prior years.



Approved Rate Changes

	2019	2020	2021	3 Years Annualized
Individual	8.2%	-0.4%	4.1%	3.9%
Small Group	4.5%	4.8%	2.5%	3.9%
Large Group	8.4%	7.5%	5.4%	7.1%

- Some insurers issued COVID premium credits in 2020 which lowered the earned premium PMPMs in 2020 and led to higher earned premium trends in 2021.

Source: OHIC Rhode Island Rate Filing Template. State-based reinsurance program under Section 1332 Waiver started in 2020. Large Group Market is fully-insured only and excludes FEP. Approved Rate changes represent weighted averages by insurer enrollment as of the first quarter of each year. State-based reinsurance program in the Individual Market started in 2020.



Approved rate changes will differ from earned premium changes for various reasons.

Benefit Buy Down or Buy Up
Approved rate changes assumes no change in plan design compared to the prior year. Earned premium reflects enrollees switching plans from year to year, typically to a lower costing plan.

Demographic Shifts
Approved rate changes reflect static populations. Earned premium changes reflect the changing age of the population.

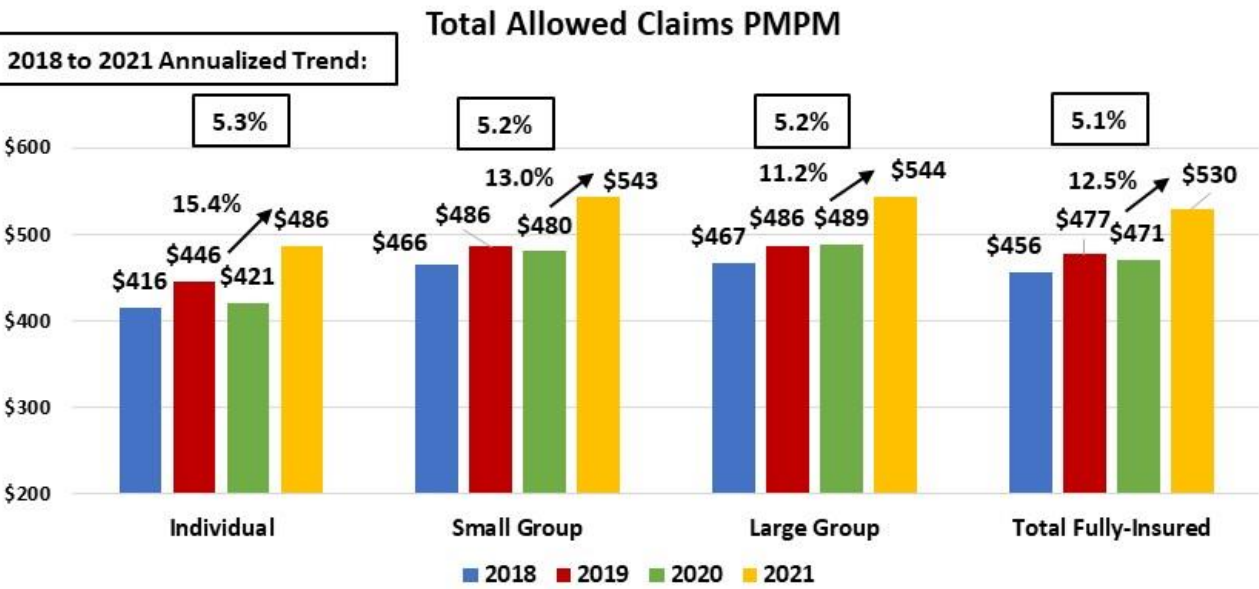
Market Shifts
Approved rate changes do not reflect any shifting enrollment among insurers while earned premium changes will include this. This includes shifts due to new and terminated business.

2020 COVID Premium Credits
Some insurers provided premium credits to individuals and groups due to the impact of COVID. This is included in the earned premium change but not the approved rate changes.

Three insurers in Rhode Island provided COVID premium credits in 2020: BCBSRI, CIGNA and United. Also note that in the Large Group Market, approved rate changes on the previous slide represent the rate cap determined as part of the rate review process for renewing groups but this is not necessarily what is sold to the employer group.

Allowed Claims PMPM Trends significantly increased in 2021 after negative trends in 2020.

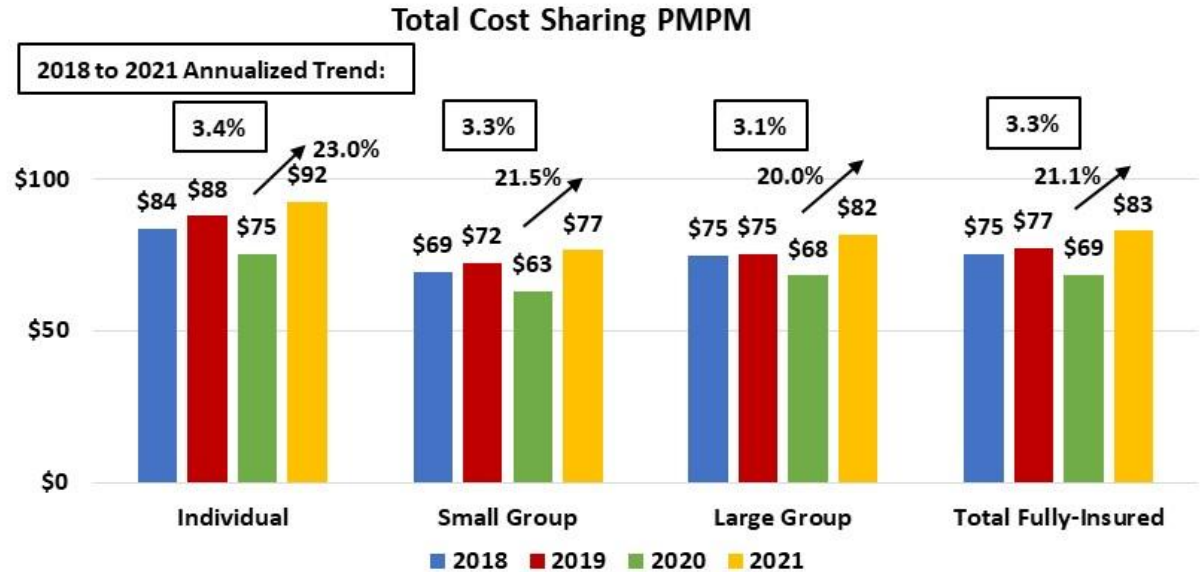
- Allowed Claims PMPM represents the insurer liability (or incurred claims) and the member cost sharing.
- Allowed Claims PMPM trends rebounded in 2021 compared to negative trends in 2020 due to low utilization levels from the impact of COVID-19. The overall 2021 trend was 12.5%.
- The average annualized trend for the Total Fully Insured Market from 2018 to 2021 was 5.1%.
- The Individual, Small Group, and Large Group Markets have experienced similar average annualized trends from 2018 to 2021, with Individual at 5.3%, Small Group at 5.2%, and Large Group at 5.2%.



Source: OHIC Rhode Island Rate Filing Template.
 Large Group Market is fully-insured only and excludes FEP.



Cost Sharing PMPM decreased in 2020 but rebounded in 2021.

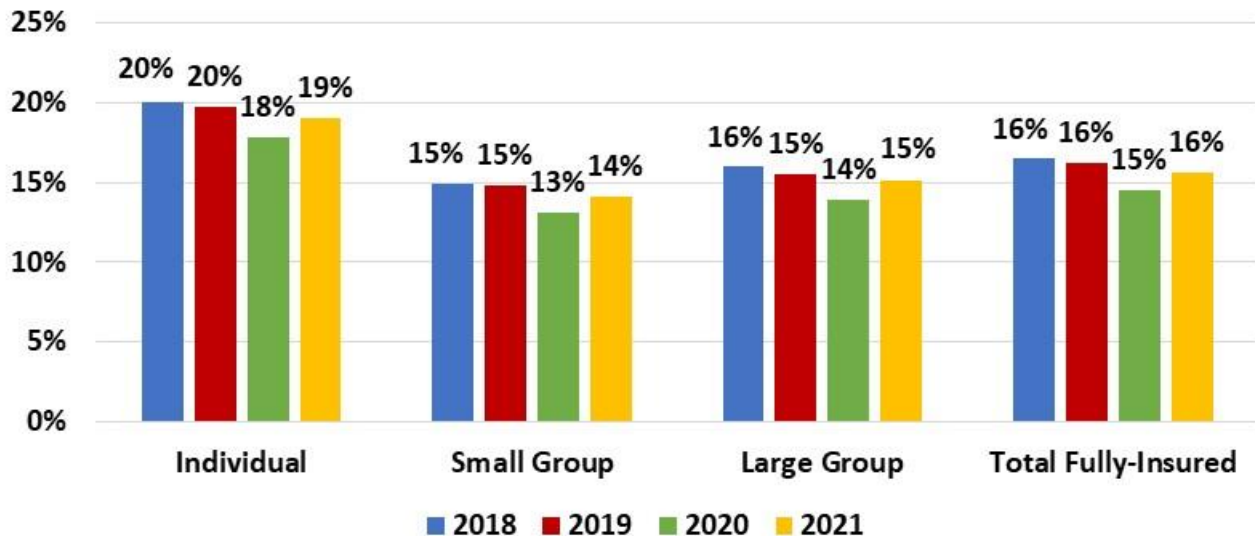


- Total cost sharing represents the member portion of medical and pharmacy claim and includes copays, coinsurance and deductibles.
- From 2018 to 2019, cost sharing increased 2.8% across the Total Fully-Insured Market.
- This changes from 2019 to 2020 where cost sharing PMPMs were negative. This is due to the impact of COVID-19 and the reduced utilization of services that have cost sharing applied.
- For 2021, cost sharing PMPMs rebounded, increasing 21.1% in 2021.
- The annualized trend from 2018 to 2021 for the Total Fully-Insured Market is 3.3%.

Source: OHIC Rhode Island Rate Filing Template.
 Large Group Market is fully-insured only and excludes FEP.

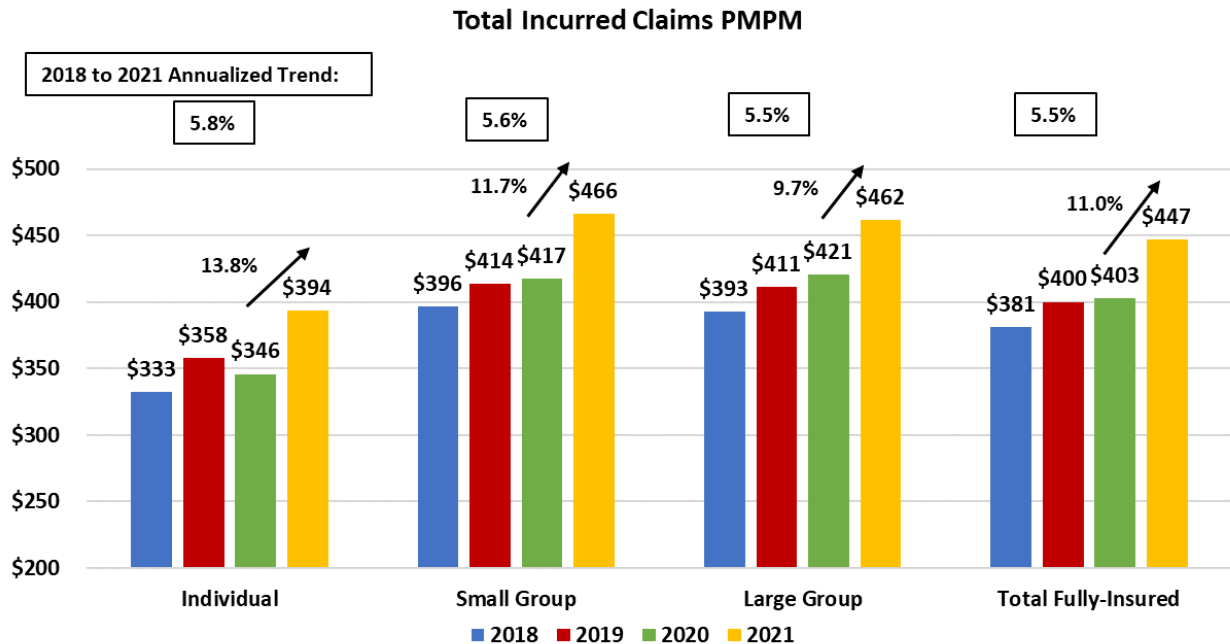
The Individual Market has the highest cost sharing as a percentage of allowed claims.

Cost Sharing as a % of Allowed



- In 2021, the Individual Market enrollees pay 19% of their total allowed claims in cost sharing. This is higher than the Small Group Market at 14% and the Large Group Market at 15%.
- A portion of the Individual Market pays very little in cost sharing due to cost sharing reduction (CSR) subsidies. This data suggests that unsubsidized enrollees within the Individual Market pay significantly more in cost sharing compared to the Group Markets.
- Consistent with the previous slide, the cost sharing as a percentage of the allowed PMPMs has rebounded in 2021 after a decrease in 2020.

Incurred Claims PMPM trends were lower than Allowed Claims PMPM trends in 2021.

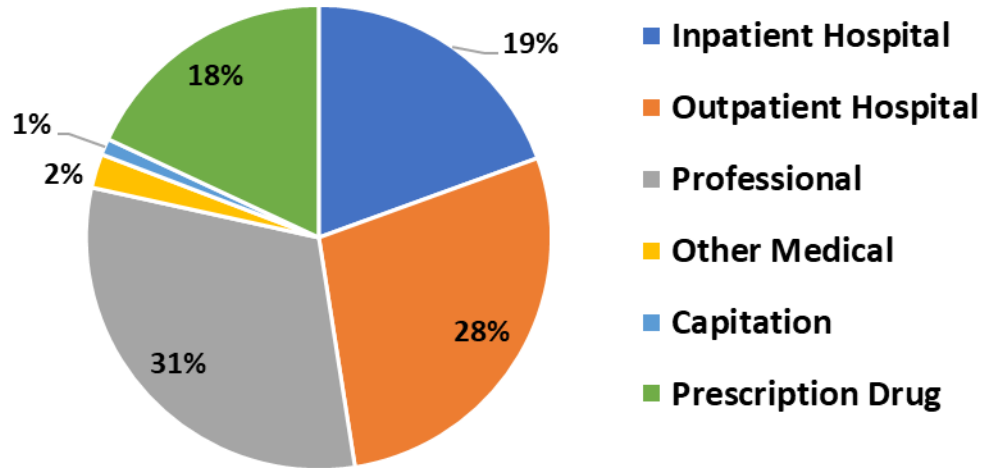


- Incurred Claims, or allowed claims less member cost sharing, represent the health plan liability.
- In 2021, the Incurred Claims PMPM trend was 11.0% and the Allowed Claims PMPM trend was 12.5%. Member cost sharing increased at a higher rate than Allowed Claims, causing the Incurred Claims trend to be lower than the Allowed Claims trend.

Source: OHIC Rhode Island Rate Filing Template.
Large Group Market is fully insured only and excludes FEP.

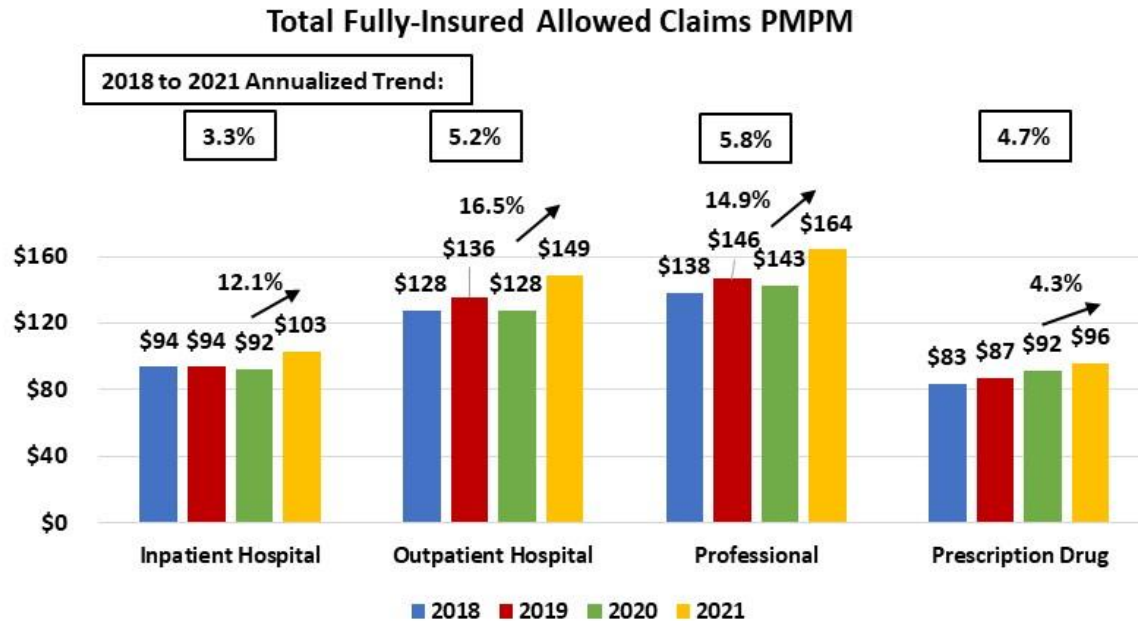
In 2021, Professional Services was the largest service category, representing 31% of Total Fully-Insured Market Allowed Claims

2021 Distribution of Allowed Claims
by Service Category
Total Fully-Insured



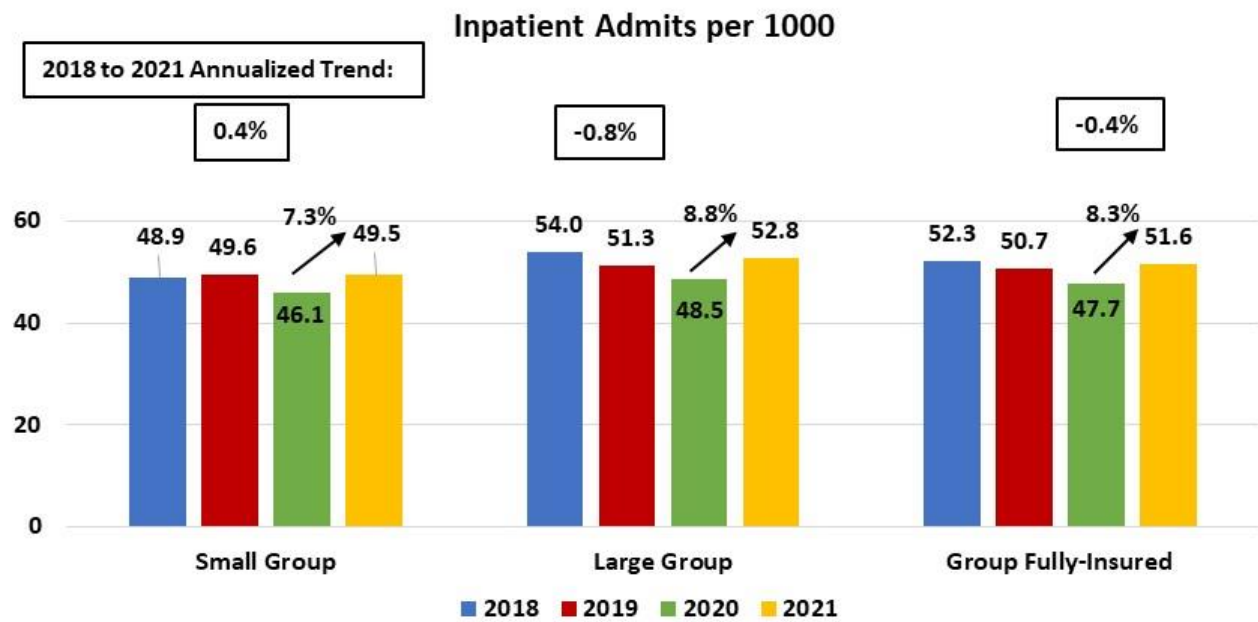
- Professional services contributed 31% of the total Allowed Claims, while Outpatient Hospital services represented slightly less at 28%.
- Inpatient and Prescription Drugs comprised approximately the same amount of the total Allowed Claims at 19% and 18% respectively.
- This distribution in 2021 is relatively consistent with the distribution in 2020, with a slight decrease to the proportions of Inpatient Hospital and Prescription Drugs, and slight increase to the proportions of Outpatient Hospital and Professional.

Each medical service category experienced double digit positive PMPM trends in 2021, following negative trends in 2020.



- High positive trends for the medical service categories were expected due to low utilization levels in 2020 as a result of COVID-19.
- Outpatient Hospital and Professional service experienced the highest 2021 trend and experienced the highest annualized trend from 2018 to 2021.
- Pharmacy PMPMs were not expected to be impacted by COVID-19 and increased 4.3% in 2021 and the annualized trend from 2018 to 2021 is 4.7%.

Inpatient Admits increased in the group market segments from 2020 to 2021.



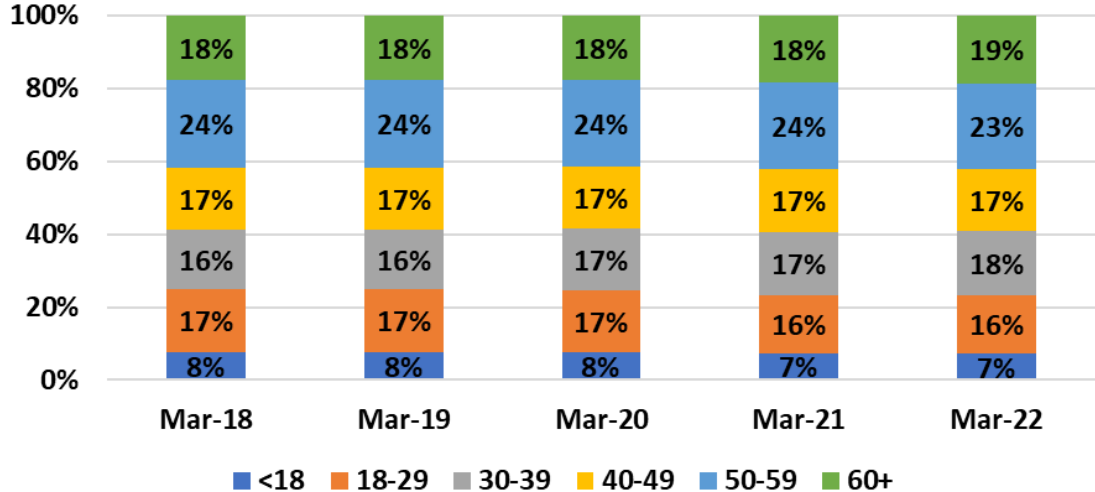
- Each of the group market segments experienced a significant increase in inpatient admits from 2020 to 2021 following a large decrease in 2020, most likely due to the impacts from COVID-19.
- The annualized trend from 2018 to 2021 in the Total Fully-Insured segment is -0.4%.

Source: OHIC Rhode Island Rate Filing Template. Large Group Market is fully insured only and excludes FEP. This slide excludes NHPRI.

Appendix

Distribution of Members by Age and Year Individual Market

Distribution of Members by Age and Year
Individual

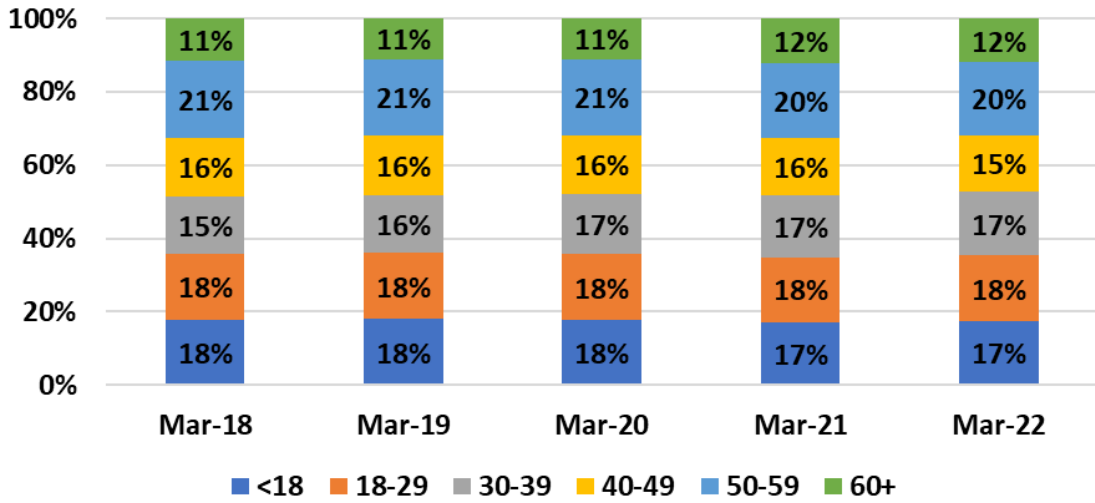


Source: OHIC Rhode Island Rate Filing Template 2023. Average age was determined by using the midpoint of the provided age ranges weighted by total membership in that age range, where 9 was assumed for "<18" and 67 was assumed for "65+."
 Large Group Market is fully-insured only and excludes FEP. Cigna data was not available for 2018 and 2019 but represents less than 1% of the population.

Distribution of Members by Age and Year

Small Group Market

Distribution of Members by Age and Year
Small Group



Source: OHIC Rhode Island Rate Filing Template 2023. Average age was determined by using the midpoint of the provided age ranges weighted by total membership in that age range, where 9 was assumed for "<18" and 67 was assumed for "65+."
 Large Group Market is fully-insured only and excludes FEP. Cigna data was not available for 2018 and 2019 but represents less than 1% of the population.

Disclosures and Limitations

Limitations and Data Reliance

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Analysis in this report was based on data provided by the insurers in the Rhode Island health insurance markets in the annual rate filings, federal Medical Loss Ratio forms, and other public sources. Gorman Actuarial has not audited this information for accuracy. We have performed a limited review of the data for reasonableness and consistency. If the underlying data are inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete.

The report contains statements that attempt to provide some prospective context to current or past trends. These statements are based on the understanding of the existing and proposed regulatory environment as of November 2022. If subsequent changes are made, these statements may not appropriately represent the expected future state.

Qualifications

The analysis in this report is based on work conducted by Bela Gorman, Amy Kwong, and Jennifer Smagula, each of whom are members of the American Academy of Actuaries. Amy Kwong is an Associate of the Society of Actuaries. Jennifer Smagula and Bela Gorman are Fellows of the Society of Actuaries. They each meet the qualification standards for performing the actuarial analyses presented in this report.

