

## Health Insurance Premium Rate Review Process Individual Market Summary of Requested 2024 Rates

The following tables depict the proposed overall weighted average premium increase and the key assumptions behind premium development for the individual market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI) and Neighborhood Health Plan of Rhode Island (NHPRI) as part of the Office of the Health Insurance Commissioner's (OHIC) rate review process (for rates effective in 2024). This information is subject to change as the rate review process continues. Please see our 2024 Rate Review Process Public Comment Solicitation for more information about the rates and this process.

OHIC is currently reviewing these assumptions. This review process will culminate in a final decision by the Health Insurance Commissioner approving, modifying, or rejecting the requested rates. For more information on the rate review process or information about rates filed in the small group or large group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 28,678 individual policies covering a total of 39,415 consumers enrolled in individual market plans with these carriers (data as of March 2023). This represents approximately 23.6% 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 change due to changes in the unit cost of health care services and in the utilization of health care services.<sup>1</sup> These trend assumptions are applied to calendar year 2022 claims experience to project 2024 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 **Reinsurance Assumption** is RI's reinsurance program through a 1332 Waiver.
- The **Non-Medical Portion of Premium** represents the percent of overall premium that is required to cover administrative expenses, contribution to reserves and required taxes and fees, including premium tax, ACA fees (note, the health insurance tax has been suspended for 2021 and beyond) and HealthSource RI Exchange Fees.

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

<sup>2</sup> Per the Federal Unified Rate Review Template instructions, insurers are required to utilize 2022 data.

## Individual Market Summary of Requested 2024 Rates Proposed Rate Change & Key Assumptions Data as of June 15, 2023

Average Rate Change	BCBSRI	NHPRI	TOTAL <sup>3</sup>
Overall Weighted Average Rate Change	9.3%	4.4%	6.5%
Enrollment as of 03/31/2023	17,152	22,263	39,415

Trend Assumptions	BCBSRI	NHPRI	TOTAL <sup>4</sup>
Hospital Inpatient	3.6%	8.5%	6.4%
Hospital Outpatient	7.1%	11.1%	9.3%
Professional	5.8%	5.1%	5.4%
Other Medical	5.8%	6.3%	6.1%
Capitation	0.0%	0.0%	0.0%
Prescription Drug	10.3%	12.6%	11.6%
Total Trend	6.8%	9.4%	8.3%

Risk Adjustment & Reinsurance <sup>5</sup>	BCBSRI	NHPRI
Risk Adjustment Assumption	-8.9%	6.8%
Reinsurance Assumption	-5.7%	-4.0%

Non Medical Portion of Premium <sup>6</sup>	BCBSRI	NHPRI
ACA Fees	0.1%	0.1%
State Premium Tax	2.0%	2.0%
Contribution to Reserves	2.0%	1.0%
HealthSource RI Assessment	1.5%	3.5%
All Other Retention	12.0%	12.2%
Total Retention	17.6%	18.8%

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

<sup>4</sup> Ibid.

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

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