

Health Insurance Premium Rate Review Process Small Employer Group Summary for Requested 2024 Rates

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), Harvard Pilgrim Health Care of New England (HPHC), Harvard Pilgrim Health Care Insurance Company (HPIC), UnitedHealthcare of New England (UHCNE), and United HealthCare Insurance Company (UHIC) as part of the State of Rhode Island 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 individual or large group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 46,228 consumers enrolled in small group market plans (data as of March 2023¹). This represents 27.7% 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.² These trend assumptions are generally applied to calendar year 2022 claims experience to project 2024 required revenue rates.³
- 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.

¹ UHCNE and UHIC enrollment as of February 2023.

² 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.

³ Per the Federal Unified Rate Review Template instructions, insurers are required to utilize 2022 data.

- 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.
- 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 2024 Rates Proposed Rate Change & Key Assumptions Data as of June 15, 2023

Average Rate Change	BCBSRI	NHPRI	HPHC	HPIC	UHCNE	UHIC	TOTAL ³
Overall Weighted Average Rate Change for the full year	5.8%	9.5%	11.9%	11.0%	16.1%	14.7%	6.6%
Enrollment as of 03/31/2023	40,772	2,027	697	532	450	1,750	46,228

Trend Assumptions	BCBSRI	NHPRI	HPHC	HPIC	UHCNE	UHIC	TOTAL ⁴
Hospital Inpatient	3.7%	8.5%	5.8%	5.8%	7.0%	7.0%	4.2%
Hospital Outpatient	7.4%	11.1%	5.8%	5.8%	8.3%	8.3%	7.6%
Professional	6.1%	5.1%	5.8%	5.8%	8.9%	8.9%	6.2%
Other Medical	6.1%	6.3%	5.8%	5.8%	9.5%	9.5%	6.3%
Capitation	0.0%	0.0%	5.8%	5.8%	4.9%	4.9%	0.4%
Prescription Drug	10.9%	12.6%	12.5%	12.5%	9.7%	9.7%	10.9%
Total Trend	7.1%	9.4%	7.2%	7.6%	8.1%	8.2%	7.2%

Risk Adjustment ⁵	BCBSRI	NHPRI	HPHC	HPIC	UHCNE	UHIC
Risk Adjustment Assumption	-0.4%	0.0%	0.0%	0.0%	1.1%	1.1%

Non Medical Portion of Premium ⁶	BCBSRI	NHPRI	HPHC	HPIC	UHCNE	UHIC
ACA Fees	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	2.0%	0.5%	0.0%	0.0%	0.5%	0.5%
HealthSource RI Assessment	0.5%	3.5%	0.0%	0.0%	0.0%	0.0%
All Other Retention	12.4%	13.0%	12.0%	12.0%	14.1%	14.1%
Total Retention	16.9%	19.1%	14.1%	14.1%	16.6%	16.6%

Quarterly Projection Factors	BCBSRI	NHPRI	HPHC	HPIC	UHCNE	UHIC
1Q 2024	1.000	1.000	1.000	1.000	1.000	1.000
2Q 2024	1.017	1.023	1.015	1.015	1.022	1.022
3Q 2024	1.034	1.046	1.029	1.029	1.044	1.044
4Q 2024	1.052	1.069	1.050	1.050	1.067	1.067

³Totals are based on weighted averages using latest enrollment information.

⁴Ibid.

⁵Negative risk adjustment represents a receivable and positive risk adjustment represents a payable.

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