

August 11, 2023

Courtney Miner
Principal Policy Associate
Office of the Health Insurance Commissioner
State of Rhode Island
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920

Re: Trend Support for Aetna, Cigna, and UHC

Dear Courtney Miner:

L&E received a request from the Office of the Health Insurance Commissioner requesting additional documentation on the United, Cigna, and Aetna trend range of 6.5% to 8.5% as well as clarification on if differences between large group pricing trends and small group pricing trends were considered.

The selection of the trend range of 6.5% to 8.5% was based on the following considerations:

1. Company’s Historical Trends

UHC SG and LG

For both small group and large group, we reviewed the most recent three years of normalized claims experience and ran regression models with the following results:

SG

L&E Average Regression	6.17%
L&E average 24 Regression	5.52%
L&E average 24 Rolling	6.98%

LG

L&E Average Regression	7.03%
L&E average 24 Regression	6.25%
L&E average 24 Rolling	7.11%

While L&E understands UHC develops its trend assumption on a prospective basis, the assumed trend should have a reasonable relationship to recent actual historical trends,

with any significant differences explained and supported. The assumed trends are significantly higher than what historical results suggest is reasonable.

We also understand there are potential differences between the large group and small group pricing trends, such as the inclusion of an aging adjustment in large group trends as well as different capitation trends and leveraging. However, reviewing the recent claims experience, both markets exhibit similar recent underlying allowed trends. Since we provided a trend range rather than an exact estimate, these differences can be considered when deciding where within the range is appropriate for the small and large group markets. We believe that a trend between 6.5% and 8.5% is reasonable for UHC in both markets.

Cigna and Aetna

While it is our preference to review company and market-specific trend experience, Cigna and Aetna did not provide sufficient trend support to analyze their claims experience to determine an appropriate trend independently. Thus, we relied on market and industry trends when determining an appropriate trend range.

Cigna and Aetna both provided a trend support file showing a snapshot of their historical observed trends. They applied several upward adjustments to the trend with limited support, resulting in a filed trend significantly higher than the recent observed trends.

2. Recent Industry Trends

We reviewed recently filed trends in the ACA market for the past three years. We have compiled roughly 700 filings in the ACA filing for each of the past three years, and we note that UHC SG, UHC LG, and Aetna all filed trends that would be above the 85th percentile in each of the past three years.

The 6.5%, which we chose as the bottom end of our range, would be roughly the 50th percentile over the past three years, while the 8.5% upper limit is around the 85th percentile.

3. Market Trends in RI

We also considered the filed trends of other carriers in the market. UHC and Aetna filed trends at or near the top end of the RI market, whereas BCBS of RI and Harvard Pilgrim

filed significantly lower trends. The chosen trend range established a reasonable correlation with trends exhibited by other market carriers.

Summary

L&E considers this trend range reasonable for all carriers in relation to historical trend experience provided as well as industry and market-wide trend data.