



January 26, 2024

To the Health Insurance Advisory Council:

I am pleased to share the third annual health insurance Market Summary. Each year the Office of the Health Insurance Commissioner (OHIC) analyzes data from health insurance rate filings, federal medical loss ratio reports, insurer financial filings, and other sources to present trends in enrollment, premium, claims, loss ratios, and the underwriting performance of domestic health insurers. This iteration of the Market Summary incorporates data from 2022.

The Market Summary promotes transparency into the components and drivers of health insurance premiums. This transparency is achieved by presenting data on the composition of the medical component of premiums and the non-medical component of premiums for each market. These non-medical components of premium include general administrative expenses, broker commissions, taxes, and profit/contribution to reserves. An overview of profitability and risk-based capital positions among the Rhode Island domestic health insurers that participate in the fully insured market, a regional comparison of individual and small group premiums, and results from the federal risk adjustment program are also presented.

Some key takeaways from the Market Summary include:

- The fully insured market continues to experience declining enrollment, with the large group market segment experiencing the greatest decline (-23.1%) since 2019. It is likely that large employers are choosing to self-insure their health care benefits, which contributes to this trend. Meanwhile, declining enrollment in the individual market is likely attributable to the pandemic and temporary federal policy which placed a hold on Medicaid eligibility redeterminations. The hold on redeterminations has been lifted in recent months and if any market segment is likely to grow in the future, it is the individual market.
- 82% of earned premium was used for medical and pharmacy claims in 2022. The percent of premium used for medical and pharmacy claims ranged from a high of 86% in the large group market to a low of 77% in the individual market.
- After a steep increase in claims trends from 2020 to 2021, trends moderated from 2021 to 2022. The same was true with respect to consumer out of pocket spending. Expenditure growth from 2020 to 2021 represented a rebound in utilization following pandemic-induced declines in 2020.
- Except for Blue Cross, insurer loss ratios improved from 2021 to 2022. Loss ratios are an important metric used to evaluate the adequacy or inadequacy of premiums to cover the health care expenses of the insured population.
- General administration expenses per member per month (PMPM) were consistent from 2021 to 2022 in the small group market (lower by \$3 PMPM) and the large group market (no change) but increased \$6 PMPM in the individual market.
- Rhode Island had the sixth lowest individual market average premium compared to other states in 2022.
- Rhode Island's small group average premium was the 22<sup>nd</sup> highest in the United States in 2022, but lower than the New England average, including being lower than Connecticut, Vermont, and the merged market state of Massachusetts. Rhode Island's small group market continues to

**Protecting Consumers • Engaging Providers • Improving the System • Ensuring Solvency**

[www.ohic.ri.gov](http://www.ohic.ri.gov) • 1511 Pontiac Avenue • Building 69-1 • Cranston, RI 02920 • 401.462.9517

have higher actuarial values (richer benefits), allowable rating factors (age), and risk scores than the United States average and New England averages.

Our hope is that the Market Summary contributes to a data driven discourse on the cost of health care and health insurance in Rhode Island. It is available, along with many other reports and data, on the OHIC website under [OHIC Additional Data and Reports](#).

Sincerely,

A handwritten signature in blue ink that reads "Cory B. King". The signature is written in a cursive, flowing style.

Cory B. King  
Acting Health Insurance Commissioner