

Health Insurance Premium Rate Review Process Individual Market Summary of Requested 2025 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 2025). This information is subject to change as the rate review process continues. Please see our 2025 Public Comment Solicitation Rate Review Process 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 employer group or large employer group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 35,285 individual policies covering a total of 47,327 consumers enrolled in individual market plans with these carriers (data as of March 2024). This represents approximately 27.6% of the fully-insured market (individual, small employer group, and large employer 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.¹ These trend assumptions are applied to calendar year 2023 claims experience to project 2025 required revenue rates.²
- The **Risk Adjustment Assumption** is the percentage of premium attributable to 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 the percentage of premium attributable to Rhode Island's reinsurance program through a 1332 Waiver.
- The **Non-Medical Portion of Premium** represents the percentage 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.

¹ 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 trend assumptions.

² Per the Federal Unified Rate Review Template instructions, insurers are required to utilize 2023 data.

Individual Market Summary of Requested 2025 Rates Proposed Rate Change & Key Assumptions (as of June 14, 2024)

Average Rate Change	BCBSRI	NHPRI	TOTAL ³
Overall Weighted Average Rate Change	14.3%	5.6%	8.8%
Enrollment as of 03/31/2024	17,614	29,713	47,327

Trend Assumptions	BCBSRI	NHPRI	TOTAL ⁴
Hospital Inpatient	5.1%	5.5%	5.4%
Hospital Outpatient	8.8%	6.7%	7.5%
Professional	7.2%	5.4%	6.1%
Other Medical	7.2%	6.2%	6.6%
Capitation	6.4%	0.0%	2.4%
Prescription Drug	9.7%	10.3%	10.1%
Total Trend	7.8%	7.1%	7.3%

Risk Adjustment & Reinsurance ⁵	BCBSRI	NHPRI
Risk Adjustment Assumption	-9.1%	7.8%
Reinsurance Assumption	-6.5%	-3.8%

Non-Medical Portion of Premium ⁶	BCBSRI	NHPRI
ACA Fees	0.1%	0.1%
State Premium Tax	2.0%	2.0%
Contribution to Reserves	2.0%	1.5%
HealthSource RI Assessment	1.6%	3.5%
All Other Retention	11.7%	12.4%
Total Retention	17.4%	19.5%

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

⁴ Ibid.

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

⁶ 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.