

## Health Insurance Premium Rate Review Process Large Employer Group 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 large employer group (LG) market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI), Harvard Pilgrim Health Care of New England (HPHC), Harvard Pilgrim Health Care Insurance Company (HPIC), UnitedHealthcare of New England (UHCNE), United HealthCare Insurance Company (UHIC), Aetna Life Insurance Company (Aetna), and Cigna Health and Life Insurance Company (Cigna) as part of the Office of the Health Insurance Commissioner's (OHIC) rate review process (for rates effective in 2025). These rate increases are comprised of the following rate components: (1) medical expenses, (2) administrative costs, and (3) contributions to reserves and/or profit. Rate components affect the rates that are charged to large employers and the resulting weighted average increase across an insurer's large group market represents a maximum average increase that, if approved, the insurers are committed not to exceed.<sup>1</sup> 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 individual or small employer group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 79,367 consumers enrolled in LG market plans with these carriers (data as of March 2024<sup>2</sup>). This represents approximately 46.3% of the fully-insured market (individual, small employer group, and large employer group markets).

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<sup>1</sup> The rate cap only applies to insurers with greater than one percent of the fully-insured Rhode Island market. Therefore, it does not apply to Aetna and CIGNA.

<sup>2</sup> UHCNE and UHIC enrollment as of February 2024.

- 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>3</sup> These trend assumptions are generally applied to calendar year 2023 claims experience to project 2025 required revenue rates.
- 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).

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<sup>3</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 trend assumptions.

## Large Employer Group Market Summary of Requested 2025 Rates Proposed Rate Change & Key Assumptions (as of June 14, 2024)

Average Rate Change	Aetna	BCBSRI	Cigna	HPHC & HPIC	UHCNE & UHIC	Total <sup>4</sup>
Overall Weighted Average Rate Change	7.9%	13.5%	2.5%	13.5%	14.9%	13.6%
Enrollment as of 03/31/2024	74	59,990	383	6,606	12,314	79,367

Trend Assumptions	Aetna	BCBSRI	Cigna	HPHC & HPIC	UHCNE & UHIC	Total <sup>5</sup>
Hospital Inpatient	9.8%	5.1%	7.5%	5.6%	7.9%	5.6%
Hospital Outpatient	8.0%	8.8%	7.2%	5.6%	7.4%	8.3%
Professional	3.6%	7.2%	6.5%	5.6%	6.8%	7.0%
Other Medical	8.0%	7.2%	4.1%	5.6%	6.9%	7.0%
Capitation	0.4%	7.1%	4.1%	5.6%	7.4%	7.0%
Prescription Drug	9.3%	10.9%	12.0%	14.4%	10.1%	11.1%
Subtotal Excluding Leverage	7.7%	7.9%	7.6%	7.0%	7.9%	7.8%
Leverage	0.8%	0.9%	0.7%	1.2%	1.1%	1.0%
Total Including Leverage	8.6%	8.9%	8.4%	8.3%	9.1%	8.9%

Non-Medical Portion of Premium <sup>6</sup>	Aetna	BCBSRI	Cigna	HPHC & HPIC	UHCNE & UHIC	Total
ACA Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	1.0%	2.0%	1.0%	1.0%	2.0%	1.0%
All Other Retention	4.7%	9.0%	5.8%	11.4%	6.5%	4.7%
Total Retention	7.7%	13.0%	8.8%	14.4%	10.5%	7.7%

<sup>4</sup> Totals are based on weighted averages using latest enrollment information.

<sup>5</sup> Ibid.

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