

## Health Insurance Premium Rate Review Process Small 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 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 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 individual or large employer group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 44,772 consumers enrolled in SG market plans with these carriers (data as of March 2024<sup>1</sup>). This represents approximately 26.1% of the fully-insured market (individual, small employer group, and large employer group markets).

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<sup>1</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>2</sup> These trend assumptions are applied to calendar year 2023 claims experience to project 2025 required revenue rates.<sup>3</sup>
- 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 **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.
- The **Quarterly 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.

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<sup>2</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.

<sup>3</sup> Per the Federal Unified Rate Review Template instructions, insurers are required to utilize 2023 data.

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

Average Rate Change	BCBSRI	HPHCNE	HPIC	NHPRI	UHIC	UHCNE	TOTAL <sup>4</sup>
Overall Weighted Average Rate Change	15.6%	11.0%	10.2%	8.9%	22.7%	8.8%	15.4%
Enrollment as of 03/31/2024	39,660	427	435	2,203	1,644	403	44,772

Trend Assumptions	BCBSRI	HPHCNE	HPIC	NHPRI	UHIC	UHCNE	TOTAL <sup>5</sup>
Hospital Inpatient	5.3%	6.3%	6.3%	5.5%	8.1%	8.1%	5.5%
Hospital Outpatient	9.2%	6.3%	6.3%	6.7%	7.5%	7.5%	8.9%
Professional	7.5%	6.3%	6.3%	5.4%	6.8%	6.8%	7.3%
Other Medical	7.5%	6.3%	6.3%	6.2%	7.0%	7.0%	7.4%
Capitation	6.7%	6.3%	6.3%	0.0%	6.0%	6.0%	6.3%
Prescription Drug	11.1%	10.5%	10.5%	10.2%	10.1%	10.1%	11.0%
Total Trend	8.3%	7.2%	7.4%	7.1%	7.7%	7.8%	8.2%

Risk Adjustment <sup>6</sup>	BCBSRI	HPHCNE	HPIC	NHPRI	UHIC	UHCNE
Risk Adjustment Assumption	-0.03%	2.82%	2.82%	0.00%	-0.40%	-0.40%

Non-Medical Portion of Premium <sup>7</sup>	BCBSRI	HPHCNE	HPIC	NHPRI	UHIC	UHCNE
ACA Fees	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
State Premium Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to Reserves	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
HealthSource RI Assessment	0.5%	0.0%	0.0%	3.5%	0.0%	0.0%
All Other Retention	11.4%	12.0%	12.0%	11.2%	12.7%	12.7%
Total Retention	15.3%	14.1%	14.1%	16.8%	14.8%	14.8%

Quarterly Projection Factors	BCBSRI	HPHCNE	HPIC	NHPRI	UHIC	UHCNE
1Q 2025	1.000	1.000	1.000	1.000	1.000	1.000
2Q 2025	1.018	1.023	1.023	1.016	1.021	1.021
3Q 2025	1.037	1.040	1.040	1.032	1.042	1.042
4Q 2025	1.056	1.063	1.063	1.048	1.063	1.063

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

<sup>5</sup> Ibid.

<sup>6</sup> Negative risk adjustment represents a receivable and positive risk adjustment represents a payable.

<sup>7</sup> 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.