



December 10, 2024

To the Health Insurance Advisory Council:

I am pleased to share the 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 Rhode Island-based health insurers. This report promotes transparency into the components and drivers of health insurance premiums in Rhode Island. The new Market Summary incorporates data from 2023.

I encourage you to think about the individuals and families who obtain insurance coverage in this market and bear the costs of premiums and out-of-pocket payments documented in this report. These rising costs consume a significant portion of Rhode Islanders' incomes and force households to make difficult tradeoffs. I recently received an email from an individual concerning their 2025 health insurance renewal quote. They put the terms of these tradeoffs in real language that I would like to share with you:

*“Consider the average income of a married couple, cost of housing, automobiles that require insurance, food, clothing, basic necessities and then throw in your rate increase and where does it put people??”*

This is why our work on health care affordability is so important.

Key findings from the Market Summary include:

- The fully insured group market continues to experience declining enrollment, with the large group market segment experiencing the greatest decline (-18.4%) since 2020, followed by small group, which experienced an 11.1% decline.
- Between 2023 and 2024, individual market enrollment grew 20%, after years of modest decline. This growth is likely driven by enhanced premium tax credits that make health insurance more affordable, and the reinstatement Medicaid eligibility redeterminations after the end of the public health emergency.
- Insurer claims expenditures rose. 84% of earned premium was used for medical and pharmacy claims in 2023. This represents a worsening of loss ratios from 2022 to 2023. 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 80% in the individual market.
- After moderate growth from 2021 to 2022, claims expenditures increased significantly from 2022 to 2023, increasing 8.4% for the market as a whole, and 10.2% for the small group market.
- Consumers experienced a 10.1% increase in cost sharing payments from 2022 to 2023.
- Loss ratios increased for all insurers in 2023, reflecting an increase in patient care expenditures relative to earned premium. 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) fell in each market segment from 2022 to 2023.

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- Rhode Island had the tenth lowest individual market average premium compared to other states in 2023.
- Rhode Island's small group average premium was the 24<sup>th</sup> highest in the United States in 2023, but lower than the New England average, including being lower than Connecticut, Vermont, New Hampshire, and the merged market state of Massachusetts. Rhode Island's small group market continues to have higher actuarial values (richer benefits), allowable rating factors (age), and risk scores than the United States average and New England averages.

My hope is that the Market Summary continues to contribute 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  
Health Insurance Commissioner