

Consumer Disclosure – Group Plan 65

Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) has submitted its annual rate filing for Group Medicare Supplement plans. This document gives an overview of that filing.

Scope and Range of the Rate Change:

BCBSRI has proposed rate decreases for Group Medicare Supplement plans for Rhode Island members. These rate changes, once approved, will apply to about 7,300 members. The new monthly premium rates will apply to members upon the group’s renewal, beginning July 1, 2018.

The average rate change for these plans is expected to be -3.6%. The range of rate changes groups will experience is: -0.9% to -7.0%.

The actual change experienced by a group and its employees may vary based upon updated members’ claims experience in this market.

Key Drivers for this Filing:

The proposed rate change is mainly due to the continuing increase in the total cost of health care in Rhode Island.

Healthcare expenses are driven by:

- how often and how much health care is received (utilization); and
- year to year changes in Medicare deductibles and copayments.

Increases in the cost of medical services continue to drive the increase in overall healthcare expenses. New drug treatments account for a large part of the increase. The increase in the cost of medical services is partly offset by expected savings from negotiated pharmacy prices.

Increasing utilization is also a part of the increase in healthcare expenses. The number of medical services our members receive continues to grow year over year. Medicare deductibles and copayments that are covered under these plans are expected to increase as well. Administrative costs factor into this filing, as do premium taxes paid to the State of Rhode Island.

BCBSRI recognizes that providing affordable healthcare coverage is very important to our members. We continue to work to improve internal operations to moderate both medical and administrative expense trends. And we are teaming up with our healthcare delivery system partners to develop and implement new ways to transform our business.