

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 Increase:**

BCBSRI has proposed rate increases for 2017 Group Medicare Supplement plans for Rhode Island members. These rate changes, once approved, will apply to approximately 2,000 members. The new monthly premium rates will apply to members beginning January 1, 2017.

The average rate increase for these plans is expected to be 3.5%. The range of rate increases groups will experience is: -3.3 to 12.2%.

The actual increase 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 increase for 2017 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
- the price a healthcare provider charges for those services (cost).

For 2017, increases in the cost of medical services, including prescription drugs, 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 newly negotiated pharmacy prices.

Increasing utilization also contributes to the increase in healthcare expenses. The number of medical services our members receive continues to grow year over year. In addition, Medicare deductibles that are covered under these plans are expected to increase. 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, as well as to collaborate with our healthcare delivery system partners to develop and implement new approaches to transform our business.