Scope and Range of the Rate Increase

2017 rate increases have been proposed for the AARP Standardized Medicare Supplement Insurance Plans for members residing in Rhode Island. These rate actions are projected to apply to 15,261 members. The new monthly premium rates will apply to members beginning April 1, 2017. Members will not receive a rate increase within their first six months of coverage.

The average rate increase for these plans is expected to be 5.0%. Rate increases vary by plan. The range of rate increases is: 0.0% to 5.1%. Additional premium changes may occur due to changes in policyholder discounts.

The proposed rate increase is needed to cover the projected medical and administrative costs for 2017. We will continue to work hard to keep premium rates as low as possible for all members.

Increases in Medical Costs

There are many different health care cost trends that contribute to increases in the Medicare health care spending each year. Some of the key health care cost trends that have affected this year’s rate increases include:

- **Increasing Cost of Medical Services:** Annual increases in reimbursement rates to health care providers.

- **Increasing Utilization:** The number of office visits and other medical services continues to grow. In addition, total health care spending will vary by the intensity of care and use of different types of health services.

- **Increases in Medicare Deductibles:** Medicare deductibles that are covered under these plans are expected to increase.

- **Impact of New Technology:** Improvements to medical technology and clinical practice lead to more expensive services increasing health care spending.

Administrative Costs

Expected calendar year 2017 administrative costs for these plans are similar to current administrative costs and are not contributing to the proposed rate increase.