

2018 Health Insurance Premium Rate Review Process Individual Market Summary of Requested 2019 Rates

The following table depicts the proposed overall weighted average premium increase, the Essential Health Benefits (EHB) base rate, and the key assumptions behind premium development for the individual market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI) and Neighborhood Health Plan of Rhode Island (NHPRI) as part of the Office of the Health Insurance Commissioner's (OHIC) 2018 rate review process (for rates effective in 2019). This information is subject to change as the rate review process continues. Please see our 2018 Rate Review Process Public Comment Solicitation 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 small group or large group markets, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

There are 31,672 individual policies covering a total of 44,765 consumers enrolled in individual market plans with these carriers (data as of March 2018). This represents 21.6% of the fully-insured market (individual, small group, and large group markets).

- The **Overall Weighted Average Rate Increase** represents adjustments to reflect the benefits in plans, including modifications to prior year benefits and pricing and it includes terminated plans. This weighted average rate increase represents the average rate that consumers will experience. The **range of rate changes** represents variation by plan benefits. It does not include the effect of changes in age.
- The **EHB base rate** is used by OHIC to compare premiums across insurers and years and represents the monthly average rate for a hypothetical plan with no cost-sharing for a 21-year old for a given insurer in a given market. Essential Health Benefits are a set of benefits that must be covered by plans, as called for in the Affordable Care Act.
- The **Medical Expense Trend Assumption** is the annualized rate of increase due to increases in the unit cost of health care services and in the utilization of health care services. Because rates are generally based on the calendar year 2017 experience adjusted for trend, the expected experience underlying the 2019 rates is projected using two years of medical expense trend.
- The **Non-Medical Portion of Premium** represents the percent of overall premium that is required to cover administrative expense, contribution to reserves and required taxes and fees, including premium tax, ACA fees (which were required for 2018 but suspended in 2019) and HealthSource RI Exchange Fees.

Individual Market Rate Request Summary – Requested Amounts (Data as of May 30, 2018)

	BCBSRI	NHPRI
Overall Average Weighted Rate Change ¹	10.7%	8.7%
EHB Base Rate ²	\$482.03	\$364.18
EHB Base Rate Change from 2018	14.2%	14.6%

Individual Market Rate Request Summary – Medical Trend Assumptions (Data as of May 30, 2018)

	BCBSRI	NHPRI
Hospital Inpatient	3.5%	6.1%
Hospital Outpatient	6.5%	7.1%
Primary Care	6.6%	6.6%
Other Medical/Surgical	4.1%	6.6%
Prescription Drug	7.4%	11.1%
Capitation	0.0%	0.0%
Total Weighted Trend	5.4%	7.6%

Individual Market Rate Request Summary – Risk Adjustment Assumption (Data as of May 30, 2018)

	BCBSRI	NHPRI
Risk Adjustment Assumption ³	-3.4%	7.7%

Individual Market Rate Request Summary – Non-Medical Portion of Premium (Data as of May 30, 2018)

	BCBSRI	NHPRI
Administrative Expense	11.2%	12.5%
ACA Fees ⁴	0.0%	0.0%
State Premium Tax	2.0%	2.0%
Contribution to Reserves	3.0%	3.0%
HealthSource RI Assessment ⁵	1.5%	3.5%

¹ Represents adjustments to reflect the benefits in plans, including modifications to prior year benefits and pricing and terminated plans. This weighted average rate change represents the average rate change that consumers will experience before changes to age.

² Represents the monthly average rate for a hypothetical plan (no member cost sharing) for a 21-year old for a given insurer in a given market, excluding the cost of pediatric dental.

³ Represents an adjustment to the Index Rate for the Projection Period to reflect the ACA's risk adjustment program which redistributes funds from carriers with lower-risk enrollees to plans with higher-risk enrollees.

⁴ Represents costs associated with ACA's taxes and fees. ACA taxes and fees are suspended for 2019.

⁵ Represents the assessment being charged to fund the ongoing operations of RI's state-based insurance marketplace, HealthSource RI.