

# **Consumer Narrative**

## **Tufts Insurance Company**

### **Rhode Island Small Group Rate Filing**

#### **Scope and Range of the Rate Increase**

The average requested first quarter 2019 rate increase for the Advantage PPO suite of products is 9.0%. The actual rate change realized by a group may vary depending on age composition, geographic location, benefit plan design, size, and SIC. This filing impacts 871 members currently enrolled in one of the Advantage PPO products with a renewal date in the first quarter 2019.

#### **Financial Experience of the product**

As demonstrated in the 2017 Supplemental Health Care Exhibit, Tufts Insurance Company did not meet the legal requirements with a preliminary loss ratio below 80.0%, meaning less than 80.0% of collected premiums went towards medical expenses.

The loss ratio in this filing is anticipated to be above the 80.0% minimum.

#### **Changes in Medical Service Costs**

The rate increase is primarily driven by the continual increase in medical service costs. The key medical cost factors included in the rate filing are as follows:

- Higher provider reimbursement levels from increases in fee schedules
- Higher pharmaceutical costs from increases in the cost of brand name drugs

#### **Changes in Benefits**

A consideration in the rate filing process is the changes in benefit plan design by product. Benefit plan design changes were minimal and had a small impact on the rate increase.

#### **Changes in administrative expenses, taxes, and fees**

Administrative expenses, including ACA related administrative expenses, taxes, and fees, as a percent of premium, have remained flat.

Tufts Health Plan (Tufts Associated Health Maintenance Organization, Inc. and Tufts Insurance Company) files a modest contribution to surplus. In this rate filing, Tufts Health Plan is requesting an average contribution to surplus, as a percent of premium, of 1.5%.