



State of Rhode Island Office of the Health Insurance Commissioner Requested and Approved Summary for 2020 Rates in the Individual, Small Group, and Large Group Markets

The Rhode Island Office of the Health Insurance Commissioner (OHIC) has completed its review of plan year 2020 rates for the individual, small group, and large group markets. This document is a summary of the requested and approved amounts for each insurer by market.

As required by the ACA, OHIC reviews premiums in the **individual and small group** markets by examining the following components:

- The **CPAIR (Calibrated Plan Adjusted Index Rate)** represents the weighted average base rate across all plan designs calibrated (or normalized) for rating factors.
- 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.
- In the **small group market**, OHIC also reviews the **quarterly effective date projection factor** which represents the expected annualized inflation rate for rates charged to small employers renewing at different points during a year. For example, a small employer renewing in January will pay a lower rate than a small employer renewing in December for the same plan because there are fewer months over which they will experience inflation, assuming that the two small employers have a workforce of the same age.

In the **large group** market, OHIC reviews the **average expected premium increase** which represents the average expected percentage change in premiums from one year to the next, holding benefits constant, across all employers that are up for renewal within a given market. It is weighted by employer size. This average expected premium increase is comprised of rate factors that are applied to the employer's existing experience.

The **Medical Expense Trend** Assumption is the annualized rate of increase due to increases in the unit cost of services and in the utilization of services. Because rates are generally based on the calendar year 2018 experience adjusted for trend, the expected experience underlying the 2020 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 taxes and ACA fees.

For more information, please visit <http://www.ohic.ri.gov/ohic-formandraterreview.php>.

Individual Market Rate Summary | Requested and Approved

The following table depicts the **requested and approved** CPAIR and the key assumptions in their development for the individual (IND) market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI) and Neighborhood Health Plan of Rhode Island (NHPRI), as part of OHIC's review of 2020 rates. **Shading indicates the approved factor differs from the requested factor.**

	BCBSRI IND		NHPRI IND	
	Requested	Approved	Requested	Approved
Calibrated Plan Adjusted Index Rate (CPAIR)	\$315.09	\$310.90	\$240.65	\$236.95
Medical Trend Assumptions				
Inpatient Hospital	4.1%	4.1%	5.0%	5.0%
Outpatient Hospital	6.2%	6.2%	7.1%	7.1%
Professional	6.3%	6.3%	9.1%	9.1%
Other Medical	6.3%	6.3%	6.6%	6.6%
Capitation	0.0%	0.0%	0.0%	0.0%
Prescription Drugs	6.2%	6.2%	11.1%	11.1%
Total Medical Trend	5.8%	5.8%	8.4%	8.4%
Adjustments to Medical Portion of Premium				
Risk Adjustment	-7.4%	-7.1%	7.1%	7.2%
Leverage Adjustment	1.1%	0.7%		
Non-Medical Portion of Premium				
Contribution to Reserves/Profit	3.85%	2.85%	5.0%	3.6%
CPAIR Change from 2019				
	-0.1%	-1.5%	1.7%	0.2%

Small Group Market Summary | Requested and Approved

The following table depicts the **requested and approved** CPAIR and the key assumptions in their development for the small group (SG) market filed by BCBSRI, NHPRI, United, and Tufts Health Plan as part of OHIC's review of 2020 rates. **Shading** indicates the approved factor differs from the requested factor.

	BCBSRI SG		NHPRI SG		TUFTS HMO SG		TUFTS PPO SG		UNITED HMO SG		UNITED PPO SG	
	Requested	Approved	Requested	Approved	Requested	Approved	Requested	Approved	Requested	Approved	Requested	Approved
CPAIR	\$379.57	\$375.78	\$267.14	\$267.14	\$339.00	\$339.00	\$375.94	\$375.94	\$344.37	\$334.87	\$386.82	\$375.75
Medical Expense Trend Assumptions												
Inpatient Hospital	4.3%	4.3%	5.2%	5.2%	6.7%	6.7%	6.7%	6.7%	7.4%	7.4%	7.4%	7.4%
Outpatient Hospital	6.6%	6.6%	7.4%	7.4%	8.8%	8.8%	8.8%	8.8%	7.7%	7.7%	7.7%	7.7%
Professional	6.6%	6.6%	9.0%	9.0%	4.2%	4.2%	4.2%	4.2%	6.0%	6.0%	6.0%	6.0%
Other Medical	6.6%	6.6%	6.8%	6.8%	6.0%	6.0%	6.0%	6.0%	4.4%	4.4%	4.4%	4.4%
Capitation	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%
Prescription Drug	6.4%	6.4%	11.6%	11.6%	7.2%	7.2%	7.2%	7.2%	9.3%	9.3%	9.3%	9.3%
Total Medical Trend	6.1%	6.1%	8.3%	8.3%	6.4%	6.4%	6.4%	6.4%	7.4%	7.4%	7.4%	7.4%
Adjustments to Medical Portion of Premium												
Risk Adjustment	-1.4%	-1.2%	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	1.9%	3.0%	1.9%
Manual Morbidity Adjustment									7.1%	8.0%	7.1%	8.0%
Restated Base Claims Adjustment										-0.8%		-0.8%
Leverage Adjustment	1.1%	0.7%							0.9%	0.7%	0.9%	0.7%
Non-Medical Portion of Premium												
Contribution to Reserves/Profit	2.9%	2.4%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	2.0%	1.0%	2.0%	1.0%
CPAIR 1Q Rate Change	5.7%	4.7%	-0.9%	-0.9%	7.0%	7.0%	11.8%	11.8%	11.0%	7.9%	10.6%	7.4%
Overall Weighted Average Full Year Rate Change	5.6%	4.5%	-0.9%	-0.9%	6.7%	6.7%	11.0%	11.0%	10.6%	7.5%	10.0%	6.8%

Large Group Rate Summary | Requested and Approved

The following table depicts the **requested and approved** average expected premium increases and the key assumptions behind their development as filed by BCBSRI, United, and Tufts Health Plan in the large group market as part of OHIC's review of 2020 rates. **Shading indicates the approved factor differs from the requested factor.**

	BCBSRI LG		TUFTS HMO LG		TUFTS PPO LG		UNITED LG	
	Requested	Approved	Requested	Approved	Requested	Approved	Requested	Approved
Medical Expense Trend Assumptions								
Inpatient Hospital	3.8%	3.8%	6.7%	6.7%	6.7%	6.7%	7.5%	7.5%
Outpatient Hospital	6.7%	6.7%	8.8%	8.8%	8.8%	8.8%	7.7%	7.7%
Professional	6.3%	6.3%	4.2%	4.2%	4.2%	4.2%	6.0%	6.0%
Other Medical	6.3%	6.3%	6.0%	6.0%	6.0%	6.0%	4.5%	4.5%
Capitation	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	5.0%	5.0%
Prescription Drug	6.1%	6.1%	7.2%	7.2%	7.2%	7.2%	9.3%	9.3%
Subtotal Excl. Leverage	5.8%	5.8%	6.5%	6.5%	6.5%	6.5%	7.4%	7.4%
Leverage	1.1%	0.7%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Total Incl. Leverage	6.9%	6.5%	7.5%	7.5%	7.5%	7.5%	8.4%	8.4%
Retention Charges Assumption								
Contribution to Reserves	3.0%	2.5%	1.0%	1.0%	1.0%	1.0%	3.0%	2.0%
Expected Average Overall Rate Change from 2019								
	9.6%	8.1%	9.6%	9.6%	10.6%	10.6%	9.4%	8.1%