

# **Consumer Narrative**

## **Tufts Associated Health Maintenance Organization, Inc.**

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

#### **Section 1: Scope and Range of the Rate Increase**

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The average requested first quarter 2021 rate increase for the Advantage HMO suite of products is 2.7%. 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 2,612 members currently enrolled in one of the Advantage HMO products with a renewal date in the first quarter 2021.

#### **Section 2: Financial Experience of the product**

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As demonstrated in the 2019 Supplemental Health Care Exhibit, Tufts Associated Health Maintenance Organization, Inc. Company did not meet the legal requirements with a loss ratio in excess of 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.

#### **Section 3: Changes in Medical Service Costs**

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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
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#### **Section 4: Changes in Benefits**

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A consideration in the rate filing process is the changes in benefit plan design by product. Benefits have been reduced across most plans in order to lower rate increases.

## **Section 5: Changes in administrative expenses, taxes, and fees**

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Administrative expenses, excluding 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 1.0%.