



## State of Rhode Island Office of the Health Insurance Commissioner Requested and Approved Summary for 2016 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 2016 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 **EHB (Essential Health Benefits) base rate** represents the monthly average rate for a plan with no cost-sharing for a 21-year old for a given insurer in a given market. It is the basis for the rates that will be charged for plans offered by 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 **Overall Weighted Average Rate Increase** represents adjustments to reflect the benefits in plans, including modifications to prior year benefits and pricing. This weighted average rate increase represents the average rate that consumers will experience.
- **Plan relativity factors** represent the differences in plan design features among plans for a given insurer in a given market. Plan design features include items such as: benefits, cost sharing (deductibles, co-insurance, and co-payments) and provider network. Plan relativity factors address the differences in rates that carriers can charge based on how similar or alike their plans are to the Essential Health Benefits base rate.
- 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.

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.

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

### Individual EHB Base Rate Summary | Requested and Approved

The following table depicts the **requested and approved** essential health benefits (EHB) base rates and the key assumptions in their development for the individual (IND) market filed by Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPRI), and UnitedHealthcare (United) as part of OHIC's 2015 rate review process (for rates effective in 2016). **Shading indicates the approved factor differs from the requested factor.**

	BCBSRI IND		NHPRI IND		United IND	
	Requested	Approved	Requested	Approved	Requested	Approved
EHB Base Rate	\$389.59	\$364.44	\$320.28	\$312.20	\$331.80	\$311.10
<b>Medical Expense Trend Assumptions</b>						
Hospital Inpatient	3.4%	0.8%	5.7%	5.7%		
Hospital Outpatient	5.1%	4.7%	4.4%	4.4%		
Primary Care	5.4%	4.4%	2.5%	2.5%		
Other Physician	1.7%	0.7%	2.5%	2.5%		
Pharmacy	9.5%	9.5%	10.4%	10.4%		
Capitation	0.0%	0.0%	0.0%	0.0%		
Other Claims Not Categorized	0.0%	0.0%	0.0%	0.0%		
<b>Total Medical Trend</b>	4.5%	3.5%	5.1%	5.1%	5.8%	5.3%
<b>Adjustments to Medical Portion of Premium</b>						
Reinsurance Adjustment	-3.8%	-4.0%	-3.1%	-3.1%	-4.2%	-4.2%
Risk Adjustment	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%
Other Demographic Adjustments	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Broker Commissions	0.8%	0.0%	0.0%	0.0%	1.4%	0.0%
HealthSource RI Assessment	5.9%	3.2%	6.0%	4.3%	4.3%	3.0%
<b>Non-Medical Portion of Premium</b>						
Contribution to Reserves	3.0%	3.0%	2.0%	2.0%	1.9%	0.7%
Other Retention Charge					2.1%	1.4%
RI Immunizations and Children's Health Account	1.5%	1.5%	2.0%	1.0%	1.8%	0.9%
<b>EHB Base Rate Increase from 2015</b>						
	18.0%	10.4%	10.8%	8.0%	11.1%	4.1%
<b>Overall Weighted Average Rate Increase</b>						
	11.0%	3.8%	8.6%	5.8%	10.2%	2.7%

### Small Group EHB Base Rate Summary | Requested and Approved

The following table depicts the **requested and approved** essential health benefits (EHB) base rates and the key assumptions in their development for the small group (SG) market filed by BCBSRI, NHPRI, United, and Tufts as part of OHIC's 2015 rate review process (for rates effective in 2016). Tufts and United filed separately for their HMO and PPO plans. **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
EHB Base Rate	\$385.72	\$376.94	\$315.97	\$320.98	\$404.59	\$398.13	\$409.85	\$403.25	\$430.26	\$406.33	\$435.04	\$410.85
<b>Medical Expense Trend Assumptions</b>												
Hospital Inpatient	3.4%	0.8%	5.7%	5.7%	3.5%	1.3%	3.5%	1.3%	2.2%	2.2%	2.2%	2.2%
Hospital Outpatient	5.1%	4.7%	4.4%	4.4%	1.7%	1.7%	1.7%	1.7%	6.0%	6.0%	6.0%	6.0%
Primary Care	5.4%	5.4%	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%	4.3%	4.3%	4.3%	4.3%
Other Physician	1.7%	1.7%	2.5%	2.5%	3.5%	3.5%	3.5%	3.5%	4.3%	4.3%	4.3%	4.3%
Pharmacy	9.5%	9.5%	10.4%	10.4%	17.8%	14.8%	17.8%	14.8%	9.5%	9.5%	9.5%	9.5%
Capitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	4.7%	4.7%	4.7%
Other Claims Not Categorized	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Medical Trend</b>	4.7%	4.1%	5.1%	5.1%	5.3%	4.4%	6.1%	5.2%	5.4%	5.4%	5.3%	5.3%
<b>Adjustments to Medical Portion of Premium</b>												
Reinsurance Adjustment	0.6%	0.6%	1.0%	1.0%	0.4%	0.4%	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%
Risk Adjustment	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	2.9%	0.0%
Other Demographic Adjustments	1.8%	1.8%	0.0%	0.0%	-0.6%	-0.6%	-0.6%	-0.6%	0.0%	0.0%	0.0%	0.0%
HealthSource RI Assessment	1.3%	0.6%	1.4%	5.0%	1.2%	0.0%	1.2%	0.0%	1.0%	0.1%	1.0%	0.1%
<b>Non-Medical Portion of Premium</b>												
Contribution to Reserves	4.0%	3.34%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	3.0%	2.0%	3.0%	2.0%
RI Immunizations and CHA	1.5%	1.5%	2.0%	1.0%	1.25%	1.0%	1.25%	1.0%	1.8%	0.9%	1.8%	0.9%
<b>EHB Base Rate Increase from 2015</b>	4.7%	2.3%	0.3%	1.9%	4.9%	3.3%	5.4%	3.7%	13.5%	7.2%	13.5%	7.2%
<b>Overall Weighted Average Rate Increase</b>	2.3%	0.0%	0.8%	2.4%	-2.5%	-4.1%	-2.9%	-4.5%	13.5%	7.2%	13.5%	7.2%

### 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 in the large group market as part of OHIC's 2015 rate review process (for rates effective in 2016). **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
<b>Medical Expense Trend Assumptions</b>								
Hospital Inpatient	4.2%	1.6%	4.9%	2.7%	4.9%	2.7%	3.6%	
Hospital Outpatient	6.0%	5.6%	3.5%	3.5%	3.5%	3.5%	7.5%	
Primary Care	6.3%	6.3%	3.4%	3.4%	3.4%	3.4%	6.0%	
Other Physician	2.5%	2.5%	4.4%	4.4%	4.4%	4.4%	13.4%	
Pharmacy	11.2%	11.2%	20.4%	15.3%	20.4%	15.3%	10.9%	
Capitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	
Other Claims Not Categorized	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Total Weighted Medical Trend</b>	5.7%	4.9%	6.9%	5.6%	6.9%	5.6%	7.9%	6.5%
<b>Retention Charges Assumption</b>								
Contribution to Reserves	4.0%	3.34%	0.0%	0.0%	0.0%	0.0%	3.0%	2.3%
<b>Expected Average Overall Rate Increase from 2015</b>								
	7.3%	5.1%	6.7%	6.1%	7.2%	6.6%	7.6%	4.4%

## Consumer Disclosure – Small Group

Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) has submitted its annual rate filing for the small group market. This document gives an overview of that filing.

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

Carriers file two average rate increase amounts with the Office of the Health Insurance Commissioner (OHIC): the Essential Health Benefit Base Rate Increase and the Weighted Average Rate Increase. These two percentages reflect different calculations.

- **Essential Health Benefits Base Rate Increase:** After considering all the pricing assumptions except for benefits and cost sharing, the average rate increase for a theoretical plan that provides 100% coverage for all Essential Health Benefits would be 2.3%. Since this EHB increase uses a theoretical plan, it allows for comparisons across health insurance carriers and across years.
- **Weighted Average Rate Increase:** However, consumer plans have adjustments to reflect the benefits selected, including modifications to prior year benefits and pricing. The average premium increase to consumers, before reflecting changes in age is expected to be 0.0%.

The range of rate increases, before reflecting changes in age, which consumers will experience is: -3.4% to 6.5%.

The actual increase experienced by a group and its employees will vary based upon:

- the age of each employee and their dependents; and
- the plan selected.

### **Key Drivers for this Filing:**

The rate increase for 2016 is mainly due to the continued rise in the total cost of health care in Rhode Island.

Premium is driven mainly by the cost of medical services BCBSRI pays on behalf of our members. This filing reflects a projected medical loss ratio (“MLR”) of 82.4% using the federal formula. The MLR is the percent of each premium dollar that we spend to pay for healthcare services for and activities that improve the quality of care of our members. The federal government requires an MLR of 80% or higher in the small group market.

Medical expenses are driven by:

- how often and how much health care is received (utilization); and
- the price a healthcare provider charges for those services (cost).

For 2016, increases in the cost of medical services, including prescription drugs, continue to drive the increase in overall medical expenses. New drug treatments account for a large part of the increase in medical costs.

While utilization has not risen at the rate we have seen in other years, the projected rise in the price of services means an overall increase in rates. Administrative costs factor into this filing as well as premium taxes paid to the state of Rhode Island. Taxes and fees associated with the Patient Protection and Affordable Care Act (“ACA”) add to the increase. This includes a fee proposed by the state to fund Rhode Island’s health insurance marketplace, HealthSource RI, adding a 0.5% increase to the rate.

**Changes in Benefits:**

At the same time as this filing, BCBSRI submitted plans to the Office of Health Insurance Commissioner for approval. The plan filing makes changes to current plans, including:

- increases in annual out of pocket maximums consistent with federal regulations;
- changes to copays and coinsurance levels; and
- simplified prescription benefits for certain plans.

BCBSRI will also add 17 new plans to the small group market in 2015. This will include new variations of existing plans and the introduction of a new tiered network plan.

Also, effective upon renewal starting January 1, 2016, BCBSRI will withdraw two plans from the small group market. The plans being withdrawn are HealthMate Coast-to-Coast and our Silver VantageBlue Select plans. Employers and subscribers that are now enrolled in one of these plans will receive notice that their plan is being withdrawn from the market as of their next renewal. Employers will have the option to select any other plan offered in the small group market. We will help employers that are affected by this withdrawal to select a new plan that meets their needs.

## Aetna Life Insurance Company – Small group plans

Rate request filing ID #249139 - This information is supplied by the company. It has not been verified by the Office of the Insurance Commissioner and may change.

### Overview

Requested average\* rate change: 3.3%  
 Requested effective date: Jan. 1, 2013  
 Plans impacted: All of the company’s small group health plans  
 People impacted: 94

### Key information used to develop the rate request

(Sep. 2011-Aug. 2012)

Premiums	\$477,638
Claims	\$593,181
Administrative expenses	\$71,795
Company made (or lost)	<b>-\$187,337</b>

### How it plans to spend your premium

If this rate is approved, here’s how your insurance company plans to spend your premium:

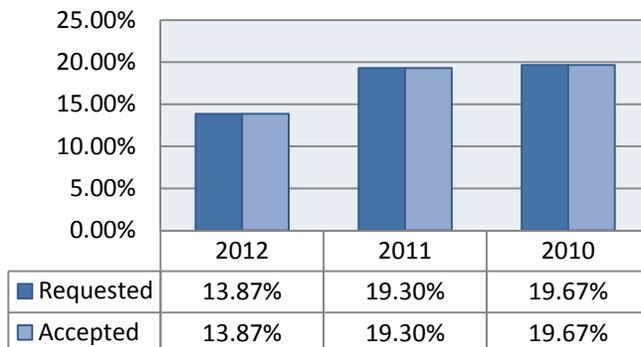
Claims:	80.0%
Administrative:	19.0%
Profit:	1.0%

The company expects its annual medical costs to increase **10.6%**.

### Are there any benefit changes?

No.

### Company’s annual rate request history



### Need Help?

Call our Insurance Consumer Hotline at 1-800-562-6900 8 a.m. to 5 p.m., Monday – Friday.

\*The employer’s premium may vary based on the employees’ age, where they live, the size of their family, and the benefits they choose.

### GLOSSARY

**Administrative expenses:** Any expenses not related to medical claims, including: employee and executive salaries, the cost of the company's offices and equipment, agent commissions, and taxes.

**Annual rate change:** Companies normally file a rate change each year due to their medical claims experience. The annual rate request may or may not include benefit changes.

**Average rate change:** The average amount rates will change for all plan members.

For individual health plans: Your premium may vary based on your age, where you live, how many family members are covered on your plan, whether or not you or your family members smoke and which benefits you choose.

For small employer plans: The employer's premium may vary based on their employees' age, where they live, their family size, and the benefits they choose.

**Medical costs:** What the health plan spends on direct medical services including hospital stays, providers, and prescription drugs.

**Profit:** The amount of money remaining after claims and administrative expenses are paid.



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## 2016 Health Insurance Plans & Premiums - FAQs

### How do the premiums for 2016 plans compare to the 2015 plans?

The *average* increase in premiums is higher for 2016 than it was in 2015. Overall, the average increase is 7.04 percent. For individual plans, the statewide average increase is 9.84 percent, while it is 3.17 percent for small group plans (plans purchased by small employers with 2 - 100 employees). For 2015, the increases were 0.71 percent for individual plans, and 2.54 percent for small group plans.

It's important to note that these are *statewide averages*, which mean they include larger increases and decreases, as well as all of the variability across all of the plans for the state. The premium increases in each of the geographic areas are also averages.

### Why do premiums vary so much?

Premiums will vary based on where one lives, age, tobacco usage and plan type (bronze, silver, gold, platinum). Variation also exists between insurance carriers. Consumers should check the specific details for the plans available in their area.

### What caused the increase?

There are a few key reasons behind the increases.

- 1. Data drives the numbers:** This is the first year insurance carriers had a full of year of data on which to base their premiums. Carriers were able to use data from all of 2014, along with a portion of data from 2015, and determine what they paid in claims. That initial year of ACA claims was likely fueled by pent-up demand for healthcare services from consumers who had previously been uninsured or under-insured. It was not unexpected to see higher claims costs for 2014.
- 2. Cost of healthcare rose:** Premiums reflect the cost of healthcare - the medical services, prescriptions and the payments to doctors and hospitals. If there are more claims, premiums will reflect that increase.
- 3. Cost of healthcare varies by region:** Certain areas of the state have higher healthcare costs - because of a lack of doctors and hospitals, or the types of illnesses and injuries common to an area, or the area trends in how doctors treat certain conditions - and those higher costs lead to higher premiums.

### Doesn't the Division of Insurance determine the premiums?

No. The Division of Insurance (DOI) does not determine premiums. The DOI does review and approve (or deny) them if it determines that any changes in premiums are justified (or unjustified).

### **Doesn't the Division of Insurance regulate the cost of healthcare?**

The DOI also does not regulate healthcare costs, which drives the cost of premiums. The DOI regulates the insurance carrier that offers the plans and has the responsibility of ensuring that the insurance carrier is financially solvent to pay its members' claims.

### **What is the role of the Division of Insurance in reviewing health insurance plans and rates?**

As part of its role in implementing the Affordable Care Act (ACA), the DOI reviews individual and small group health insurance plans to be sold in the Colorado market. The DOI looks at proposed premiums and any changes to the plans, to determine what is and is not justified. The DOI also ensures that the plans comply with the ACA and Colorado health insurance laws and regulations.

The DOI helps ensure a competitive marketplace for health insurance companies in Colorado, which provides consumers with a wide variety of choices. For more than 40 years, the DOI has reviewed rate and benefit changes requested by health insurance companies.

### **How many choices are available to consumers in 2015?**

Colorado continues to have a very competitive marketplace and consumers will have many health plans to choose from. The DOI has reviewed and approved 1,073 ACA-compliant health plans from 20 carriers, including 3 new companies - Golden Rule, Aetna Health Inc. and Aetna Insurance Company. Of these, 413 plans are for individuals (188 on-exchange; 225 off-exchange), while 660 plans are for small employers through the small group market (159 on-exchange, 501 off-exchange).

### **When will the 2016 health plans be on the market?**

Open enrollment for 2016 individual coverage begins on November 1, 2015. If consumers want to get coverage by January 1, they must enroll by December 15. Coverage cannot begin sooner than January 1. This is especially important for current consumers with plans from the Colorado HealthOP, New Health Ventures and Time Insurance Company, three carriers who will not offer plans in 2016. Having coverage in place by January 1 will keep them from having a gap in their health insurance coverage.

This year, open enrollment will last until January 31, 2016.

Coverage purchased by the 15th of December becomes effective January 1, 2016. Coverage purchased between December 16 and January 15 will be effective February 1, and if purchased between January 16 and January 31, will become effective March 1. Open enrollment closes January 31, 2016.

### **Did the geographic rating areas remain the same for 2016?**

Yes, the geographic rating areas for 2016 are the same ones used for 2015.

Geographic rating areas are used by insurance carriers to price premiums. For 2015, the DOI established nine geographic rating areas for health insurance carriers to use in setting their premiums, and these same areas are in use for 2016. There was no significant change in healthcare costs across areas that would lead to another change.

It's important to note that just as carriers providing individual health insurance in Colorado do not have to offer it in all areas of the state, carriers offering individual coverage in a geographic rating area are not required to offer it to all counties in an area. Thus not everyone in a rating area will have access to all the plans offered in that area.

### **Will these rates be what consumers will actually pay for 2016 health plans?**

Yes, but these do not take into account consumers' eligibility for federal tax credits that help to reduce the cost of premiums. These tax credits, called Advance Premium Tax Credits or APTC, are only available if coverage is purchased through Connect for Health Colorado, the state's health insurance exchange. Eligibility for the APTC is based on household income.

Consumers can contact Connect for Health Colorado at [www.connectforhealthco.com](http://www.connectforhealthco.com) / 855-752-6749 for more information about APTC.

### **Will changing premiums impact the tax credits?**

Yes. Because the calculation of the APTC is tied to premiums for the second-lowest silver plan available to a consumer, a change in the premium of that plan will impact the APTC. However, while the calculation is connected to that silver plan, consumers who qualify for an APTC can use the credit to shop for any bronze, silver, gold, or platinum plan available in their area through Connect for Health Colorado.

In some areas of the state, the Colorado HealthOP was the second-lowest silver plan, thus it was the premium benchmark for the APTC in those areas. Because plans from the Colorado HealthOP will not be available for 2016, the second-lowest silver designation will move up to the next plan on the list, increasing the APTC in those areas. This means that even as people move to plans with higher premiums, those eligible for the APTC will get more in tax credits to help them afford the higher premiums.

The tax credit amount is determined by subtracting the expected household contribution to medical premiums (based on household income) from the cost of the second-lowest silver plan (also called a benchmark cost) available. The expected contribution is determined on a sliding scale, established by the federal government.

Second-lowest silver premium - household contribution = tax credit amount

**Example: Premium for second-lowest silver plan goes up from \$300 in 2015 to \$400 in 2016.**

- Individual at 150% of the Federal Poverty Level (FPL)
- 4% of household income required by law as contribution to health insurance (for an individual at 150% of the FPL)
- 2014 annual income of \$17,505 (monthly: \$1,458.75)
- 2015 annual income of \$17,655 (monthly: \$1,471.25)

#### **Calculation for APTC for 2015 (using FPL for 2014)**

- 4% of \$1,458.75 = \$58.35 (expected monthly household contribution)
- Second-lowest silver plan monthly premium = \$300
- \$300 - \$58.35 = \$241.65

**\$241.65 was the amount of APTC for 2015 for this person.**

#### **Calculation for APTC for 2016 (using FPL for 2015)**

- 4% of \$1,471.25 = \$58.85 (expected monthly household contribution)
- Second-lowest silver plan monthly premium = \$400 (an increase from 2015)
- \$400 - \$58.85 = \$341.42

**\$341.42 will be the amount of APTC for 2016 for this person.**

APTCs are only available if insurance is purchased through Connect for Health Colorado. Consumers can visit [www.connectforhealthco.com](http://www.connectforhealthco.com) or call 855-752-6749 for more information about tax credits.

###

The [Colorado Division of Insurance](#) regulates the insurance industry and assists consumers and other stakeholders with insurance issues. Visit [www.dora.colorado.gov/insurance](http://www.dora.colorado.gov/insurance) for more information or call [303-894-7499](tel:303-894-7499) / toll free [800-930-3745](tel:800-930-3745).

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission. Visit [www.dora.colorado.gov](http://www.dora.colorado.gov) for more information or call [303-894-7855](tel:303-894-7855) / toll free [1-800-886-7675](tel:1-800-886-7675).



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### Final 2016 Rate Decisions for Individual Health Benefit Plans

#### Background

Insurance companies offering individual health benefit plans in 2016 are required to file proposed rates with the Department of Consumer and Business Services' Insurance Division for review and approval before plans can be sold to consumers. Rates reflect estimates of future costs, including medical and prescription drug claims costs and administrative expenses, and are based on historical data and forecasts of future trends.

Rates must be “actuarially sound” – essentially, they need to adequately cover costs without being too high, too low, or unfairly discriminatory. Insurance companies have a responsibility to develop rates that meet these requirements, but the Insurance Division also has a responsibility to protect the public by ensuring that rates are actuarially sound. It is easy to understand why the division would be concerned about rates being too high, as consumers should not be overcharged for their insurance coverage. But it is just as critical for the division to ensure rates are not too low so consumers can count on the coverage they purchase.

#### 2014: First Year of Data under the Affordable Care Act

When the division approved rates for 2014 and 2015 individual health benefit plans, actual data reflecting the cost to provide coverage in the individual market was not yet available. We had to estimate the impact of significant changes in the market, particularly the elimination of medical underwriting, on these costs. The results in 2014 and 2015 were some of the most competitive individual health benefit plan rates in the country.

Earlier this year, insurance companies filed their 2014 financial statements, showing that the total cost to provide coverage for individual plans was \$830 million, while premiums were only \$703 million. This means that costs exceeded rates by \$127 million, or an average of \$624 per person in 2014.

Rates for 2015 did not change much relative to 2014 – some increased, but many decreased. While little information is available about 2015 costs, insurance companies' first quarter financial statements show that costs continue to exceed rates. The division is concerned that like 2014 rates, 2015 rates are inadequate and will continue to fall short of covering costs through year-end.

#### Market Overview

As Oregon's health insurance market has become more transparent and competitive, price – in the form of rates – has been a large driver of consumer choice and of significant competition among insurance companies. This is often a good thing, as it drives companies to find efficiencies to deliver value to consumers, but it can also be problematic, especially if actual costs exceed the rates being charged.

Charging a rate below cost can make sense in some situations – growing companies may decide to take a loss initially to gain membership and spread out large fixed costs. But when it becomes widespread and persists over a period of years, competitors are driven to set rates too low to gain or retain market share. This type of competition is not sustainable, and consumers will ultimately bear the consequences. For example:

*Consumers could face large rate increases in future years.* If insurance companies need to increase rates after a period of time of not covering costs, the result will be large rate increases all at once. This makes it more difficult for consumers to plan and adjust than if insurance companies take smaller increases as they are needed.

*Consumers could have fewer and less diverse health insurance options.* Insurance companies may decide to leave the market if they cannot cover their costs. Companies with less capital will go out of business if they do not have enough money to pay claims and other expenses. Both scenarios lead to consumers having fewer insurance companies and plans from which to choose and may hinder smaller companies' ability to compete for consumers' business.

*Consumers may have to switch to a new insurance company and plan with little notice.* If a company does go out of business because it cannot pay claims and expenses, consumers will have to switch to a new insurance company immediately. This can be stressful and even costly for consumers, particularly if they are in the midst of treatment, have to pay a higher rate for a different plan, or have to meet a new deductible mid-year.

### **2016 Filing Review, Public Comment, and Final Decisions**

In addition to reviewing insurance companies' own projections for 2016, division actuaries prepared an independent analysis of average claims costs across the Oregon individual market for 2014 and a projection of average claims costs for 2016. Division actuaries expect the average health of the individual market population to improve by 5% in 2016. However, the average cost of medical services and prescription drugs is expected to increase, and government programs that help pay for large claims will pay less in 2016 than in 2014. These assumptions led the division to project 2016 market average claims costs of \$321 per member per month. The division found that most rate filings projected average claims costs below our estimate. In total, we estimate that claims costs and expenses could still exceed rates by more than \$120 million in 2016 on individual plans if we approved rates as filed – another year of losses averaging more than \$500 per member.

After reviewing insurance companies' rate filings and public comment received to date, the division released its preliminary rate decisions on June 18. Preliminary decisions reflected findings that some projections lower than our estimate were still within a reasonable range, but that others were too low for a variety of reasons. Some filings included a number of aggressive assumptions about how 2016 experience will compare to 2014, some appear to include technical errors, and some include plans to sustain significant losses to remain competitive and may trigger payments from a federal program designed to help companies with larger than expected losses. If the total impact of the division's adjustments for a particular filing was less than +/-2%, we determined that the filed rates were within a reasonable range and did not adjust the rates.

The division held public hearings June 23-25 to discuss the preliminary decisions and continued to receive public comment through June 25. We received comments from members of the public and the Oregon State Public Interest Research Group (OSPIRG), an advocacy organization with which DCBS contracts to participate in the rate review process on behalf of consumers. OSPIRG provided written comments, citizen petitions, in-person testimony on four filings, and general testimony regarding the division's preliminary decisions to increase some rates above those requested by the insurance company. Comments focused on affordability, the magnitude of the requested rate changes and the division's preliminary decisions.

The division shares the concern about the impact of large rate changes on consumers and considered this in both the preliminary and final decisions. We evaluated the possibility of phasing in rate increases more gradually, but this approach raises several concerns that may outweigh any potential benefits. Deliberately allowing rates to fall short of covering costs may shift the cost burden to federal programs designed to guard against mispricing, and continued rate inadequacy may lead to significant adverse effects for consumers in the future, including larger rate increases, fewer choices, and insurance company insolvencies.

The division's final rate decisions reflect a range of projections and allow for the possibility that 2016 costs will be lower than anticipated. The final rate decisions also reflect reductions relative to the preliminary decisions for four insurance companies, based on clarifications made during the public hearing and public comment. Final decisions are unchanged from the preliminary decisions for the remaining companies.

It's important to put the final rates in perspective. Looking past the percentage increases, the resulting rates are comparable to current rates in other states and offer a range of options for consumers. For example, half of the insurance companies offer a silver plan for less than \$300 per month for a 40-year-old in the Portland area. Also, nearly 40% of Oregonians qualified for a tax credit in 2015, and this may help offset some of the rate increase for eligible individuals. And, finally, insurance companies have to pay rebates to consumers if they don't spend at least 80 cents of every premium dollar on medical costs.

Ultimately, the division's final decisions focus on protecting Oregon's insurance consumers against the risk of large future rate increases and the risk of companies not being able to pay claims, while also protecting consumers from being charged more than the cost of coverage.



## Department of Consumer and Business Services

350 Winter Street NE, Room 200

P.O. Box 14480

Salem, Oregon 97309-0405

(503) 947-7872

[www.cbs.state.or.us](http://www.cbs.state.or.us)

## Final 2016 Rate Decisions for Small Group Health Benefit Plans

### Background

Insurance companies offering small group health benefit plans in 2016 are required to file proposed rates with the Department of Consumer and Business Services' Insurance Division for review and approval before plans can be sold to small businesses and their employees. Rates reflect estimates of future costs, including medical and prescription drug claims costs and administrative expenses, and these estimates are based on historical data and forecasts of future trends.

Rates must be "actuarially sound" – essentially, they need to adequately cover costs without being too high, too low, or unfairly discriminatory. Insurance companies have a responsibility to develop rates that meet these requirements, but the Insurance Division also has a responsibility to protect the public by ensuring that rates are actuarially sound. It is easy to understand why the division would be concerned about rates being too high, as businesses and their employees should not be overcharged for their insurance coverage. But it is just as critical for the division to ensure rates are not too low so policyholders can count on the coverage they purchase.

### 2014: First Year of Data under the Affordable Care Act

When the division approved rates for 2014 and 2015 small group health benefit plans, actual data reflecting the cost to provide coverage in the small group market was not yet available. However, changes to the small group market as a result of the Affordable Care Act (ACA) were much smaller than those in the individual market. This is true because the small group market already reflected some of the ACA's requirements. For example, prior to 2014, insurance companies could not deny small groups coverage based on the health of the group, Oregon law placed restrictions on factors that could be used to set rates, and a typical small group plan covered more benefits than a typical individual plan. The relative consistency in the small group market dynamics made it easier to rely on historical data to estimate future costs.

Earlier this year, insurance companies filed their 2014 financial statements, and out of 12 insurance companies that sold small group coverage in Oregon, six made a profit and six sustained losses. Looking across the entire small group market, the total cost to provide coverage was \$854 million, while premiums were \$875 million. This means that rates covered costs and the market as a whole made \$21.6 million in profit or margin, or about 2.5% of premium in 2014. These types of financial results, where some companies profit and others sustain losses and rates cover costs, are generally indicative of a competitive market with actuarially sound rates.

Rates for 2015 did not change much relative to 2014 – some increased, and some decreased. While little information is available about 2015 costs, the division is not concerned that 2015 rates will be excessive or inadequate at this time.

### Market Overview

Oregon's small group health insurance market has been quite competitive for many years, and while price has driven competition to a degree, other factors come into play, as well. Many small businesses work with an agent to select health benefit plan options for their employees, and this usually means that small groups consider more than rates in their decision. They're less likely to change from one insurance company to another each year just to get a lower rate to maintain continuity and predictability for employees and their families.

As a result of competition and a relatively predictable pool of covered employees and families, the small group market has stabilized in recent years, resulting in smaller year-to-year fluctuations in rates and a mix of financial results for insurance companies. This stability is good for small businesses, their employees, and their families.

### 2016 Filing Review, Public Comment, and Final Decisions

On June 18, the division released its preliminary rate decisions, which were based on the division's analysis of information and public comment received to date. Preliminary decisions reflected findings that a few projections

were too low due to aggressive assumptions, technical errors, or plans to sustain significant losses that may trigger payments from a federal program designed to help companies with larger than expected losses. One projection was found to be too high. If the total impact of the division's adjustments for a particular filing was less than +/-2%, we determined that the filed rates were within a reasonable range and did not propose to adjust the filing.

The division held public hearings June 23 to 25 and continued to receive public comment through June 25. This was the first time the division released preliminary decisions prior to holding public hearings in an effort to provide the public and insurance companies a better opportunity to discuss elements of the filings and the factors affecting the division's decisions. Most public comments related to individual plans, but the few comments received related to small group plans focused on affordability.

After considering both public comment and points made during the hearings, the division found that most project an average claims cost within a reasonable range. Final decisions are unchanged from the division's preliminary decisions for all but one insurance company, and that decision was adjusted to reflect information discussed in the public hearing.

The division's final decisions focus on protecting Oregon's insurance consumers against the risk of large future rate increases and the risk of companies not being able to pay claims, while also protecting consumers from being charged more than the cost of coverage.

# Price Transparency for RI

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NH Health Cost Site as Vehicle for RIAPCD Data



# Overview

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- Risk adjusted procedure price data currently available in the APCD
- Best sites feature both Transparency & Quality
- OHIC has reviewed a dozen sites
- **New Hampshire does the best job- *recent redesign after almost a decade of experience***
- NH code developed with federal funds and is freely distributed



Lab Work Price Check

NH Insurance Market Report

Statewide Rates Reports

Home

Health Costs

Quality of Care

A Guide to Health Insurance

About

## Compare Health Costs & Quality of Care in New Hampshire

NH HealthCost was developed by the [New Hampshire Insurance Department](#) to improve the [price transparency](#) of health care services in New Hampshire.



### Know What You Might Pay

Compare health care costs in the state of New Hampshire by insurance plan.

**COMPARE COSTS**

### Know The Care You Can Expect to Receive

See how different facilities in New Hampshire perform.

**COMPARE QUALITY**

<http://nhhealthcost.nh.gov/>



## Health Costs

Make the most of your insurance coverage by knowing how much health care services cost. The price you pay will vary depending on what [health care provider](#) you go to and what health insurance company you are enrolled with.

- Select your insurance company, plan type, [deductible](#) and [co-insurance](#) to get a better estimate of what you will pay.
- Choose a category and then a service or procedure to see the cost.
- View the estimated total cost for facilities (🏢) and professionals (👨) in New Hampshire.
- Confirm that a provider is covered by your plan by contacting your health insurance company before seeking care.

### Compare Costs for...

[Medical Procedures](#)[Dental Procedures](#)[Prescriptions](#)

This website was developed by the New Hampshire Insurance Department and the University of New Hampshire Mobile Development team and is maintained by the Department in cooperation with the Institute for Health Policy and Practice at the University of New Hampshire.

[Privacy Policy](#) | [Glossary](#)

New Hampshire Insurance Department

[Home](#)[Health Costs](#)[Quality of Care](#)[A Guide to Health Insurance](#)[About](#)

# Cost View Page



I'm interested in the cost of:

Emergency Room Visit - Very Minor (out) ▼

Show results in:

Zip Code

Entire State ▼

Actual driving distances may vary.

Submit

My Health Insurance:

Edit

I do not have medical insurance

Medical Procedures

Dental Procedures

Prescriptions

Medical Procedures

## Emergency Room Visit - Very Minor (outpatient)

Procedure Code: 99281



This event consists of a number of health care services that often occur at the same time. The cost shown reflects the services provided bundled into one cost estimate.

Emergency room visit for minor problems. Procedure code 99281

Advanced just shows case complexity

Sort Results

Sort by Facility ▼

BASIC    **ADVANCED**

	Estimate of Total Cost	Uninsured Discount	What you Will Pay	Typical Patient Complexity
<input type="checkbox"/> <b>Androscoggin Valley Hospital</b>	?	?	?	?
<input type="checkbox"/> Anna Jaques Hospital	\$184	0%	\$184	MEDIUM
<input type="checkbox"/> Catholic Medical Center	\$185	15%	\$157	VERY HIGH
<input type="checkbox"/> Cheshire Medical Center	\$193	45%	\$106	HIGH
<input type="checkbox"/> Concord Hospital	\$307	40%	\$184	MEDIUM

Link to Quality Data



I'm interested in the quality of:

Room was "always" clean

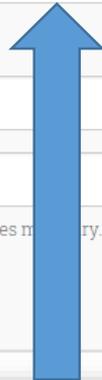
Show results in:

Zip Code

Entire State

Actual driving distances may vary.

Submit



## Room was "always" clean

Patients who reported that their room and bathroom were "Always" clean

Sort Results

Sort by Facility

		National Average: 74% ?	
<input type="checkbox"/>	Alice Peck Day Memorial Hospital	<span style="color: yellow;">●</span> Near the average	69%
<input type="checkbox"/>	Androscoggin Valley Hospital	<span style="color: green;">▲</span> Better than average	83%
<input type="checkbox"/>	...	<span style="color: yellow;">●</span> Near the average	71%
<input type="checkbox"/>	...	<span style="color: yellow;">●</span> Near the average	77%
<input type="checkbox"/>	...	<span style="color: red;">▼</span> Below the average	68%
<input type="checkbox"/>	...	<span style="color: yellow;">●</span> Near the average	70%
<input type="checkbox"/>	...	<span style="color: yellow;">●</span> Near the average	75%
<input type="checkbox"/>	... hospital	<span style="color: green;">▲</span> Better than average	87%

I'm interested in the quality of:

Room was "always" clean

## Room was "always" clean

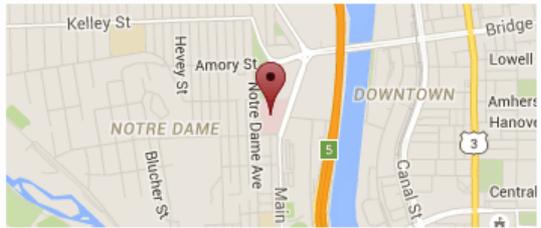
Patients who reported that their room and bathroom were "Always" clean

- Doctors "always" communicated well
- Nurses "always" communicated well
- Pain was "always" well controlled
- Patients "always" received help as soon as they wanted
- Patients who gave a rating of "9" or "10" (high)
- Room was "always" clean**
- Staff "always" explained
- Yes, staff "did" give patients this information
- Pneumonia Care**
- Initial antibiotic selection for CAP in immunocompetent \_ ICU patient
- Initial antibiotic selection for CAP in immunocompetent \_ non ICU patient
- Readmissions**
- 30-Day Readmission Rate Following Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA)
- Acute Myocardial Infarction (AMI) 30-Day Mortality Rate
- Acute Myocardial Infarction (AMI) 30-Day Readmission Rate
- Complication Rate Following Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA)
- Heart failure (HF) 30-Day Mortality Rate
- Heart failure (HF) 30-Day Readmission Rate
- Pneumonia (PN) 30-Day Mortality Rate
- Pneumonia (PN) 30-Day Readmission Rate

# Facility View Page

## Catholic Medical Center

📍 100 McGregor Street Manchester, NH 03102  
🌐 <https://www.catholicmedicalcenter...>  
☎ 603.668.3545



📍 [View on Google Maps](#)

### Patient Experience

8 out of 10

Patients would recommend this hospital (79%)



Patients "always" received help as soon as they wanted:	67%
Pain was "always" well controlled:	69%
Room was "always" clean:	71%
Nurses "always" communicated well:	80%
Staff "always" explained:	66%
Doctors "always" communicated well:	82%

**Health Costs**    Quality of Care

### Filter Quality Results

Show All Quality Results

 [Printer Friendly Version](#)

### Heart Attack Care

Measure		
ACE inhibitor or ARB for LVSD	 Near the average	 99% national average (98%)
Aspirin at arrival	 Near the average	 100% national average (99%)
Aspirin prescribed at discharge	 Near the average	 100% national average (99%)

# Data Sources

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- Cost: RI APCD
- Quality: CMS Hospital Compare:

Measure set	Data sources
Hospital characteristics and inspection information	Data submitted by hospitals through the CMS Certification And Survey Provider Enhanced Reporting (CASPER) system
Structural (e.g., registry measures)	An online data entry tool made available to hospitals and their vendors
Timely and effective care: heart attack, heart failure, pneumonia, surgical care, stroke, blood clot, influenza, pregnancy and delivery	Data submitted by hospitals to the QIO Clinical Data Warehouse through the <b>CMS Abstraction and Reporting Tool (CART)</b>
Timely and effective care: healthcare worker influenza vaccination	The Centers for Disease Control and Prevention (CDC) collects data from hospitals via the National Healthcare Safety Network (NHSN) tool
Timely and effective care: Children's asthma	The Joint Commission
Readmissions & deaths: 30-day mortality and readmission	Medicare enrollment and claims data. Some measures also include Veterans Health Administration (VA) administrative data.
Complications: surgical complications	Medicare enrollment and claims data
Complications: healthcare-associated infections	The Centers for Disease Control and Prevention (CDC) collects data from hospitals via the National Healthcare Safety Network (NHSN) tool
Outpatient imaging efficiency	Medicare enrollment and claims data
Patients' survey	Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey conducted by hospitals
Medicare payment	Medicare enrollment and claims data

# Procedure Types

- Use NH experience as a guide
- Start with limited subset and expand over time

▼ Office Visits
• Basic Office Visit
• Comp Preventive Medicine 18-39 yrs old
• Comp Preventive Medicine 40-64 yrs old
• New Patient, Comp Prevent Medicine 18-39 yrs old
• New Patient, Comp Prevent Medicine 40-64 yrs old
• Office Visit, Established Pt
• Office Visit of Moderate Complexity

▼ <u>Outpatient Tests and Procedures</u>
• Arthrocentesis (outpatient)
• Arthroscopic Knee Surgery (outpatient)
• Colonoscopy (outpatient)
• Destruction of Lesion (outpatient)
• Gall Bladder Surgery (outpatient)
• Hernia Repair - laproscopic (outpatient)
• Kidney Stone Removal (outpatient)
• Tonsillectomy with Adenoidectomy (outpatient)

▼ Physical Therapy
Evaluation - PT
Manual Therapy - PT
Therapeutic Activities - PT
Therapeutic Exercises - PT
Electrical Stimulation Therapy - PT
Neuromuscular Reeducation - PT
Ultrasound Therapy - PT

▼ Radiology
• Bone Density Scan (outpatient)
• CT - Abdomen & Pelvis, with contrast
• CT - Chest (outpatient)
• Mammogram (outpatient)
• MRI - Back (outpatient)
• MRI - Brain (outpatient)
• MRI - Knee (outpatient)
• MRI - Pelvis (outpatient)
• Myocardial Imaging (outpatient)

▼ Emergency Visits
• Emergency Room Visit - Very Minor (outpatient)
• Emergency Room Visit - Medium (outpatient)

▼ Laboratory Services
Electrolytes Panel
Health Screening - General Health Panel
Hepatic (Liver) Function Panel
Lipid Panel - Cholesterol Test
Metabolic Panel - Comprehensive
Pregnancy (Obstetric) Panel
Renal (Kidney) Function Panel

# Considerations

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- Limited consumer use
- Raises general awareness of price disparities
- Helps lay groundwork for value-based payment

# Implementation

- We have the code ->
- Working on RFP
  - Web Hosting
  - Web (Drupal) and MySQL Database Development
  - Copy Writing
  - PR/Outreach
- Timeline: start late Summer/Fall

Name	Date modified	Type	Size
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CDPS_programs.zip	4/5/2016 11:38 AM	Compressed (zipp...	7 KB
CHIS_programs.zip	4/5/2016 11:37 AM	Compressed (zipp...	9 KB
HC_programs.zip	4/5/2016 11:38 AM	Compressed (zipp...	25 KB
INVOKE.zip	4/5/2016 11:38 AM	Compressed (zipp...	2 KB
MACROS.zip	4/5/2016 11:39 AM	Compressed (zipp...	4 KB
MAPS.zip	4/5/2016 11:39 AM	Compressed (zipp...	391 KB
market basket for labs.using 2014 data.O...	4/5/2016 10:09 AM	SAS File	29 KB
NHHC_WMD_Charter2014-Final and App...	4/5/2016 10:09 AM	Adobe Acrobat D...	7,352 KB
PARMS.zip	4/5/2016 11:38 AM	Compressed (zipp...	3 KB
rx_annual_top_drugs_code_rev.sas	4/5/2016 10:08 AM	SAS File	24 KB
Rx_output_files_for_website_final_rev.sas	4/5/2016 10:08 AM	SAS File	25 KB
Setup_Instructions.txt	4/5/2016 11:39 AM	Text Document	2 KB
SETUP_programs.zip	4/5/2016 11:39 AM	Compressed (zipp...	2 KB
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