

2019 Health Insurance Premium Rate Review Process Individual Market Summary of Requested 2020 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) 2019 rate review process (for rates effective in 2020). This information is subject to change as the rate review process continues. Please see our 2019 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-formandratereview.php>.

There are 32,415 individual policies covering a total of 45,393 consumers enrolled in individual market plans with these carriers (data as of March 2019). This represents 22.6% of the fully-insured market (individual, small group, and large group markets).

- The **Overall Weighted Average Rate Increase** represents adjustments to reflect benefit changes in plans.¹ This weighted average rate increase represents the average rate that consumers will experience before changes due to age. 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 excluding the cost of pediatric dental. 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 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 tax, ACA fees (which were suspended for 2019 but will be required for 2020) and HealthSource RI Exchange Fees.

Individual Market Rate Request Summary – Requested Amounts (Data as of June 21, 2019)

	BCBSRI	NHPRI
Overall Average Weighted Rate Change	6.9%	5.4%
EHB Base Rate	\$473.33	\$390.69
EHB Base Rate Change from 2019	1.2%	7.3%

Individual Market Rate Request Summary – Medical Trend Assumptions (Data as of June 21, 2019)²

	BCBSRI	NHPRI
Hospital Inpatient	4.1%	5.0%
Hospital Outpatient	6.2%	7.1%
Primary Care	6.3%	9.1%
Other Medical/Surgical	6.3%	6.6%
Prescription Drug	6.2%	11.1%
Capitation	0.0%	0.0%
Total Weighted Trend	5.8%	8.4%

Individual Market Rate Request Summary – Risk Adjustment Assumption (Data as of June 21, 2019)³

	BCBSRI	NHPRI
Risk Adjustment Assumption	-6.9%	6.9%

Individual Market Rate Request Summary – Non-Medical Portion of Premium (Data as of June 21, 2019)⁴

	BCBSRI	NHPRI
Administrative Expense	12.5%	12.3%
ACA Fees ⁵	2.1%	0.0%
State Premium Tax	2.0%	2.0%
Contribution to Reserves	3.0%	3.0%
HealthSource RI Assessment	1.4%	3.5%

¹ This also reflects plans that have been terminated and mapped to existing plan offerings.

² May include the impact of leverage.

³ Represents an adjustment to the Weighted Average Plan Adjusted Index Rate for the Projection Period. The ACA's risk adjustment program redistributes funds from carriers with lower-risk enrollees to plans with higher-risk enrollees.

⁴ Excludes RI Fees & Assessments & Investment Income Credit.

⁵ Represents costs associated with ACA's taxes and fees. ACA taxes and fees were suspended for 2019 but reinstated for 2020.