

# **Consumer Narrative**

## **Tufts Insurance Company**

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

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

The average requested first quarter 2020 rate increase for the Advantage PPO suite of products is 11.8%. 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 740 members currently enrolled in one of the Advantage PPO products with a renewal date in the first quarter 2020.

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

As demonstrated in the 2018 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 included enhancements to out of area coverage that resulted in higher premiums.

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

Administrative expenses, excluding ACA related administrative expenses, taxes, and fees, as a percent of premium, have remained flat. Premium rate increase due to the reintroduction of the ACA Health Insurance Tax for 2020.

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%.