



PRESS RELEASE

FOR IMMEDIATE RELEASE: July 17, 2014

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OHIC Approves Commercial Health Insurance Rates for 2015

Cranston, Rhode Island, July 17, 2014- Today, Health Insurance Commissioner Kathleen C Hittner, MD announced her final decision to approve lower premium increases than requested by most insurers for individuals, and small and large employers that purchase their coverage through Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPRI), Tufts Health Plan (Tufts) and UnitedHealthcare (United).

This year, United entered the individual market and NHPRI proposed decreased rates from 2014. Additionally, there are several new plans with different network designs being offered, resulting in a more choices for consumers.

Commissioner Hittner stated, “Thanks to the health reform efforts of the Lieutenant Governor’s office and HealthSource RI, the Office of the Health Insurance Commissioner’s rate announcement today reflects more competition in Rhode Island’s individual insurance market. Instead of only one insurance carrier making plans available to all Rhode Islanders, now there are three carriers in the market. There is more choice of plans from these carriers, including plans that cost less than they did last year.”

Besides approving new rates for 2015, OHIC also reviewed each health insurer’s contracts to ensure that plans sold in Rhode Island meet all benefit, access, and member cost sharing standards required by the State and the Affordable Care Act (ACA).

Rates Approved by OHIC

OHIC’s review of proposed rates and rate increases covers health plans sold to individuals and small and large employers. With the exception of Blue Cross’s individual health plans, all reviews were conducted under OHIC’s rate review process. The approval of Blue Cross’ individual health plan rates were completed through a more formal rate review hearing that is required by Rhode Island law. OHIC approved plan designs from the four insurance carriers participating in Rhode Island’s markets. Plan designs describe a health plan’s specific benefit, physician network and member cost sharing structure.

In the individual and small group markets, the EHB (Essential Health Benefits) Base Rate represents the premium for a plan with no cost-sharing for a 21-year-old – and is the basis for the rates that will be charged for plans offered in Rhode Island’s individual and small group markets. Final rates will differ based on a subscriber’s age and the benefits he or she chooses. In the large group market, the expected premium increases are averages—employers will see higher and lower rates depending on demographic changes in their workforce and their own company’s rates of medical care utilization. Essential Health Benefits base rates are described more completely in OHIC’s Requested and Approved Summary for 2015 Rates.

2015 Individual Essential Health Benefits Base Rates: Requested and Approved

Insurer	Requested	Approved	Approved Rate Increase from 2014
BCBSRI	\$341.68	\$328.25 ¹	4.5%
NHPRI	\$288.99	\$288.99	-7.3%
United	\$298.77	\$298.77	N/A

2015 Small Employer Essential Health Benefits Base Rates: Requested and Approved

Insurer	Requested	Approved	Approved Rate Increase from 2014
BCBSRI	\$369.77	\$365.51	5.2%
NHPRI	\$314.95	\$314.95	-1.8%
Tufts HMO	\$385.56	\$385.56	4.5%
Tufts PPO	\$388.75	\$388.75	4.7%
United HMO	\$400.48	\$377.54 ²	9.6%
United PPO	\$405.03	\$381.76 ³	9.6%

2015 Large Employer Average Expected Premium Increases: Requested and Approved

Insurer	Requested	Approved
BCBSRI	9.8%	8.4%
Tufts	5.0%	5.0%
United	17.8%	11.0% ⁴

Commissioner Hittner's final decision includes significant changes to insurers' medical expenses and contributions to reserves and profit. For more detailed information, please see the Requested and Approved Summary for 2015 Rates and the BCBSRI Direct Pay Hearing Order.

As this year's rate decision shows, the rising cost of medical care – the prices insurers pay to providers for particular services and the number of services members use – continues to be the main driver of health insurance premium growth.

¹ Pending final verification. OHIC will review BCBSRI documentation to support approved factors in Commissioner Hittner's order.

² Pending final verification. OHIC will review United documentation.

³ Pending final verification. OHIC will review United documentation.

⁴ Pending final verification. OHIC will review United documentation.

OHIC's form and rate review process is conducted in the context of a greater effort to reduce the cost of healthcare. To support this effort, OHIC's decision also modified conditions that aim to support the Affordability Standards and are designed to encourage initiatives that promote alternative payment mechanisms and price transparency. There are also several state-wide initiatives, both public and private, that aim to reduce total healthcare cost, including the creation of Accountable Care Organizations through partnerships between the insurers and providers and the development of an application for State Innovation Model funds (sponsored by the Centers for Medicare and Medicaid Innovation) to test the effects of using population health outcomes and value-based purchasing designs to drive delivery system reform.

For more information, please visit www.ohic.ri.gov.

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About the State of Rhode Island Office of the Health Insurance Commissioner

The State of Rhode Island Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the Rhode Island. Under this legislation, OHIC is dedicated to:

1. Protecting consumers
2. Guarding the solvency of health insurers
3. Encouraging the fair treatment of health care providers
4. Improving the health care system as a whole

OHIC sets and enforces standards for health insurers in each of these four areas.