



## State of Rhode Island Office of the Health Insurance Commissioner Requested and Approved Summary for 2015 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 2015 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.
- **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/2014%20Rate%20Factor%20Review.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 2014 rate review process (for rates effective in 2015). **Shading** indicates the approved factor differs from the requested factor.

	BCBSRI IND		NHPRI IND		United IND	
	Requested	Approved <i>Pending final verification</i>	Requested	Approved	Requested	Approved
EHB Base Rate <sup>1</sup>	\$341.68	\$328.25	\$288.99	\$288.99	\$298.77	\$298.77
<b>Medical Expense Trend Assumptions</b>						
Hospital Inpatient	5.4%	4.3%				
Hospital Outpatient	6.8%	6.8%				
Primary Care	7.1%	7.1%				
Other Physician	3.1%	3.1%				
Pharmacy	8.0%	8.0%				
Capitation	0.0%	0.0%				
Other Claims Not Categorized	3.1%	3.1%				
<b>Total Medical Trend</b>	5.7%	5.4%	4.9%	4.9%		
<b>Adjustments</b>						
Reinsurance Adjustment <sup>2</sup>	-5.50%	-8.6%	-5.0%	-5.0%	-7.9%	-7.9%
Other Demographic Adjustments	0.20%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Non-Medical Portion of Premium</b>						
Contribution to Reserves	2.30%	2.30%	4.0%	4.0%	1.9%	1.9%
<b>EHB Base Rate Increase from 2014</b>	8.9%	4.5%	-7.3%	-7.3%	N/A	N/A

<sup>1</sup> 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, excluding the cost of pediatric dental

<sup>2</sup> Represents reimbursement to insurers for some expenses resulting from covering high-cost individuals through the ACA's Transitional Reinsurance Program net of the fees to fund the program

### 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 2014 rate review process (for rates effective in 2015). 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 PPO SG		UNITED HMO SG	
	Requested	Approved	Requested	Approved	Requested	Approved	Requested	Approved	Requested	Approved <i>Pending final verification</i>	Requested	Approved <i>Pending final verification</i>
EHB Base Rate <sup>3</sup>	\$369.77	\$365.51	\$314.95	\$314.95	\$385.56	\$385.56	\$388.75	\$388.75	\$405.03	\$381.76	\$400.48	\$377.54
<b>Medical Expense Trend Assumptions</b>												
Hospital Inpatient	5.4%	4.3%			3.3%	3.3%	3.3%	3.3%	1.9%	1.9%	1.9%	1.9%
Hospital Outpatient	6.7%	6.7%			5.1%	5.1%	5.1%	5.1%	6.7%	6.7%	6.7%	6.7%
Primary Care	7.1%	7.1%			2.0%	2.0%	2.0%	2.0%	3.9%	3.9%	3.9%	3.9%
Other Physician	3.1%	3.1%			5.0%	5.0%	5.0%	5.0%	3.9%	3.9%	3.9%	3.9%
Pharmacy	8.0%	8.0%			9.0%	9.0%	9.0%	9.0%	13.0%	9.0%	13.0%	9.0%
Capitation	0.0%	0.0%			0.0%	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%
Other Claims Not Categorized	3.1%	3.1%			0.0%	0.0%	0.0%	0.0%	15.6%	9.2%	15.6%	9.2%
<b>Total Medical Trend</b>	5.8%	5.6%	4.9%	4.9%	5.4%	5.4%	5.3%	5.3%	6.3%	5.3%	6.3%	5.3%
<b>Adjustments</b>												
Morbidity Adjustment <sup>4</sup>									3.3%	1.7%	2.2%	0.6%
<b>Non-Medical Portion of Premium</b>												
Contribution to Reserves	3.34%	3.34%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%	3.0%	1.0%	3.0%	1.0%
Taxes on Contribution to Reserves	0.75%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EHB Base Rate Increase from 2014</b>	6.4%	5.2%	-1.8%	-1.8%	4.5%	4.5%	4.7%	4.7%	16.3%	9.6%	16.3%	9.6%

<sup>3</sup> 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, excluding the cost of pediatric dental

<sup>4</sup> Morbidity adjustment - united has assumed an adjustment due to deterioration in risk pool in 2014.

## 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 2014 rate review process (for rates effective in 2015). **Shading indicates the approved factor differs from the requested factor.**

	BCBSRI LG		TUFTS LG		UNITED LG	
	Requested	Approved	Requested	Approved	Requested	Approved <i>Pending final verification</i>
<b>Medical Expense Trend Assumptions</b>						
Hospital Inpatient	6.6%	5.5%	2.8%	2.8%	4.5%	
Hospital Outpatient	8.1%	8.1%	5.4%	5.4%	9.5%	
Primary Care	8.1%	8.1%	1.5%	1.5%	6.4%	
Other Physician	4.4%	4.4%	4.8%	4.8%	6.4%	
Pharmacy	7.7%	7.7%	14.7%	14.7%	15.7%	
Capitation	0.0%	0.0%			7.6%	
Other Claims Not Categorized	4.4%	4.4%			18.4%	
<b>Total Weighted Medical Trend</b>	6.6%	6.3%	5.9%	5.9%	9.0%	
<b>Retention Charges Assumption</b>						
Contribution to Reserves	3.3%	3.3%	0.0%	0.0%	3.0%	
Tax on Contribution to Reserves	0.8%	0.0%	0.0%	0.0%	0.0%	
<b>Expected Average Overall Rate Increase</b>	9.8%	8.4%	5.0%	5.0%	17.8%	11.0%