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OHIC Approves Commercial Health Insurance Rates for 2017

CRANSTON, R.I. (August 11, 2016) - Health Insurance Commissioner Kathleen C Hittner, MD today announced her final decision on commercial health insurance premiums for 2017. She approved lower rates than those requested for most health insurers, resulting in approximately \$18 million dollars in savings for individuals and employees. 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.

“Throughout the rate review process, my staff and I must continuously balance affordability to the consumer with a legal obligation to guard the solvency of insurers,” said Commissioner Hittner. “We were encouraged to see several requests filed this year that sought more modest increases than in previous years, or even sought rate decreases. However, too many hardworking Rhode Islanders and business owners still struggle with the increasing cost of health insurance for their families and their employees. There continues to be room to improve affordability as we transform the health care system.”

OHIC reviewed increases to premium rates for health plans sold to individuals, small employers, and large employers who purchase their coverage through Blue Cross Blue Shield of Rhode Island (BCBSRI), Neighborhood Health Plan of Rhode Island (NHPR), Tufts Health Plan (Tufts) and UnitedHealthcare (United).

All reviews were conducted under OHIC’s annual rate review process except for Blue Cross Blue Shield of Rhode Island’s individual health plans. BCBSRI’s individual plans were subject to a separate rate review hearing that is required by Rhode Island law. 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. OHIC’s final decision includes changes to insurers’ medical expenses and contributions to reserves and profit.

In the individual and small group markets, the EHB (Essential Health Benefits) Base Rate represents the premium for a hypothetical plan with no cost-sharing for a 21-year-old. The Weighted Average Overall Rate Change includes adjustments to the plans offered to reflect the benefits selected, including modifications to prior year benefits and pricing. This is the average premium increase to consumers, before reflecting changes in age. 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.

2017 Individual Market Rate Summary: Requested and Approved

| Insurer | Approved for 2016 | Requested for 2017 | Approved for 2017 | Approved EHB Rate Increase from 2016 ¹ | Approved Weighted Average Overall Rate Change from 2016 ² |
|---------------|-------------------|--------------------|-------------------|---|--|
| BCBSRI | \$364.44 | \$392.76 | \$381.56 | 4.7% | 5.9% |
| NHPRI | \$312.20 | \$282.93 | \$281.49 | -9.8% | -5.9% |

2017 Small Employer Market Rate Summary: Requested and Approved

| Insurer | Approved for 2016 | Requested for 2017 | Approved for 2017 | Approved EHB Rate Increase from 2016 | Approved Full Year EHB Base Rate Change from 2016 |
|-------------------|-------------------|--------------------|-------------------|--------------------------------------|---|
| BCBSRI | \$376.94 | \$382.39 | \$375.86 | -0.3% | 3.6% |
| NHPRI | \$320.98 | \$312.53 | \$310.17 | -3.4% | -3.1% |
| Tufts HMO | \$398.13 | \$402.52 | \$402.52 | 1.1% | 0.8% |
| Tufts PPO | \$403.25 | \$403.11 | \$403.11 | 0.0% | 1.0% |
| United HMO | \$406.33 | \$408.03 | \$399.19 | -1.8% | 0.4% |
| United PPO | \$410.85 | \$412.55 | \$403.62 | -1.8% | 0.1% |

2017 Large Employer Average Expected Premium Increases: Requested and Approved

| Insurer | Approved for 2016 | Requested for 2017 | Approved for 2017 |
|------------------|-------------------|--------------------|-------------------|
| BCBSRI | 5.1% | 8.9% | 7.0% |
| Tufts HMO | 6.1% | 4.8% | 4.8% |
| Tufts PPO | 6.6% | 4.3% | 4.3% |
| United | 4.4% | 5.3% | 3.6% |

OHIC's form and rate review process is conducted in the context of a greater effort across state agencies to reduce the cost of health care and to increase the affordability of health insurance premiums. OHIC is a driving force in Governor Gina M. Raimondo's broad efforts to spark innovation across Rhode Island's healthcare system that results in better health outcomes and quality of care, while achieving better value for taxpayers and ratepayers. This includes policy initiatives adopted by OHIC to align health care payment methods with efficiency and quality and promote delivery and payment system reform. Additionally, OHIC plays a leading role in Rhode Island's State Innovation Model (SIM) initiative, designed to test the effects of using population health outcomes and value-based purchasing to drive health delivery system reform.

For more detailed information, please see the [Requested and Approved Summary for 2017 Rates](#). For more information about OHIC, please visit www.ohic.ri.gov.

¹ The EHB Rate Increase uses a theoretical plan and allows for comparisons across health insurance carriers and across years.

² The Weighted Average Overall Rate Change includes adjustments to the plans offered to reflect the benefits selected, including modifications to prior year benefits and pricing. This is the average premium increase to consumers, before reflecting changes in age. The assumptions making up this number change from year to year and change from carrier to carrier.