

On September 21st, the Rhode Island Office of the Health Insurance Commissioner (OHIC) released its approved 2023 market rates for the individual, small and large group health insurance. According to the OHIC report, the rate review process made modifications that achieved almost \$23 million in savings compared to the original rates requested by the insurers. Tables 1 through 3 present the final OHIC approved rates along with the results of the actuarial studies commissioned by the Rhode Island Attorney General’s Office and the amount requested by the insurers:

**Table 1: Final Individual Market Rates for 2023
Overall Weighted Average Rate Change**

Insurer	Enrollment (March 2022)	OHIC Approved	RIAG Actuary Recommended	Insurer Requested
BCBSRI	17,635	3.1%	1.4%	9.6%
NHPRI	25,023	8.2%	9.8%	6.8%

**Table 2: Final Small Group Market Rates for 2023
Overall Weighted Average Rate Change**

Insurer	Enrollment (March 2022)	OHIC Approved	RIAG Actuary Recommended	Insurer Requested
BCBSRI	40,943	9.7%	9.5%	11.7%
NHPRI	1,875	6.8%	5.8%	9.7%
UnitedHealthcare (HMO)	606	5.0%	9.2%	12.3%
UnitedHealthcare (PPO)	2,067	3.5%	7.7%	10.7%
Tufts Health Plan (HMO)	1,205	7.4%	7.2%	9.2%
Tufts Health Plan (PPO)	737	8.2%	7.4%	10.0%

**Table 3: Final Large Group Market Rates for 2023
Overall Weighted Average Rate Change**

Insurer	Enrollment (March 2022)	OHIC Approved	RIAG Actuary Recommended	Insurer Requested
BCBSRI	63,300	5.9%	5.7%	7.0%
UnitedHealthcare	12,471	8.0%	11.3%	11.7%
Tufts Health Plan HMO	2,911	8.8%	10.4%	10.4%
Tufts Health Plan PPO	3,248	8.9%	10.3%	10.3%
Aetna	69	5.4%	5.1%	13.4%
Cigna	656	5.7%	8.5%	8.5%

According to the Medical Expenditure Panel Survey Insurance Component [MEPS-IC Data Tools](#) | [AHRQ Data Tools](#) (MEPS-IC), A survey of employer sponsored group insurance, Rhode Island’s family premiums are the 13th most expensive in the country and has remained within the upper third of the most expensive in the country.

The cost of health insurance continues to be a concern for most employers, their employees, and families. For many years, benefit professionals have worked the benefit side of the equation, balancing benefits against deductibles and wages, to create a wage and benefit package that will retain and attract employees and help grow businesses in the state. Since COVID, the challenge has been even greater because the market *and* state government, in some cases, are asking employers to add benefits *and* wages.

The question is what will make commercial health insurance in Rhode Island more affordable? Rhode Island employers have directed a lot of effort and resources at keeping employees healthy, so they don't need the health care system while helping employees who do need the health care system to make better quality and affordability decisions. The Rhode Island Office of the Health Insurance Commissioner has weighed in with regulations that the evidence suggests have moderated the rate of increase in large and small group commercial health insurance premiums. Regulation and employer directed efforts are extremely important factors in the pursuit of affordable commercial health insurance premiums. However, the major driver absent in the pursuit of affordability is a focus on provider expenses that substantiates the need for a healthcare delivery system whose payment methodology aligns it with the goal of affordability.

In May of 2022, the Rhode Island Health Care Cost Trend Steering Committee concluded a year-long process with the signing of the "Compact to Accelerate Advanced Value-Based Payment Model Adoption in Rhode Island." The signatories, healthcare providers, insurers, consumer and business representatives all agree to work towards payment reform. The Compact asks hospitals in Rhode Island to adopt a form of global budgeting which, if fully implemented, would eliminate fee-for-service payments to hospitals in Rhode Island. The Compact also calls for the elimination of fee-for-service payment to primary care physicians accompanied by a beginning step to eliminate fee-for-service payment to specialty physicians. This opportunity is particularly significant for several reasons. First, the Compact provides for the elimination of fee-for-service payment which is viewed as the number one cost driver resulting in unaffordable commercial health insurance premiums in the United States. Second, the Compact provides the opportunity for a public-private partnership to make Rhode Island's commercial health insurance premiums more affordable.

Two of the major factors necessary to launch impactful change are present in Rhode Island. The first, the **Advanced Value-Based Payment Compact**, represents a significant framework, the beginning of a plan for payment reform. The second factor, **the Rhode Island Cost Trend Steering Committee**, represents a venue with the potential for meaningful data driven oversight at the community level. The missing element is creating pressure for meaningful and enduring change. Chris Koller, the former RI Health Insurance Commissioner, makes the point that "Evidence (data) alone does not build a common view of reality and the political will to agree on shared goals and actions to achieve them." Koller emphasizes that "the political will to agree on shared goals and actions requires leadership, credible processes for dialogue and compromise, and a viable means of implementing agreed-to actions."

The challenge of affordability is significant. This is not the first time that a group in Rhode Island has been assembled to discuss affordability and related subjects; nor is it the first Compact that has been signed. It is important to remember that there have been two signed Compacts

previously which failed to completely meet stated goals. In addition, it is important to remember that there is ample evidence to demonstrate the need to prompt meaningful and enduring change:

- Between 2008-2020, average family premiums in Rhode Island increased almost twice as fast as median household income and deductibles increased over 400%.
- In 2020, the price of the average family premium, as measured by the University of Pennsylvania Affordability Metric, represented almost 27% of median household income in Rhode Island. According to the 2020 Medical Expenditure Panel Survey, Rhode Island's average family premiums for the commercially insured are the 13th most expensive in the country.
- According to information from the RI Office of the Health Insurance Commissioner, increases in commercial health insurance premiums consume fully one third of the average increase in household income in Rhode Island.
- Between 2010-2020, the number of covered lives in large and small group commercial insurance declined by 33% and 52% respectively.
- Between 2010-2019, hospital profit margins in the state of Rhode Island for services provided to commercially insured patients, according to data from the National Academy of State Health Policy, amounted to a median net profit margin of 31%.

Path Forward in Pursuit of Affordability and Quality

Businesses and consumer groups are beginning to recognize that the current cost, quality, and efficiency of services produced are the result of many years of the delivery system providing healthcare with little or no meaningful input from businesses and consumers using and paying for services provided. **In fact, Rhode Island health care providers often say that the business community in Rhode Island does not want to be involved in healthcare.**

We believe that the pressure and leadership missing is from the business community, the entity paying the lion's share of commercial premiums. The challenge is how to engage business and community leaders in a strategic process directed at helping to maximize the potential impact of the **Compact to Accelerate Advanced Value-Based Payment Model Adoption** in Rhode Island. The answer is rather than repeating the usual suggestions, which are encouraging business to attend healthcare meetings and provide testimony to the various healthcare committees in the General Assembly, this proposal calls for a process that will create pressure for change by framing issues using business concepts like incentives and transparency, and by identifying champions in the business community from whom leaders will emerge who will help to communicate the actions steps to their colleagues, to health delivery system leaders, and the trustees who oversee the delivery system.

Stay tuned for detailed recommendations in future newsletters.