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Via Electronic Mail Only

Mr. Cory King
Health Insurance Commissioner
Office of the Health Insurance Commissioner
Cory.King@ohic.ri.gov

Re: Blue Cross & Blue Shield of Rhode Island ("BCBSRI") - Individual Market Rate Filing; Plan Year 2027

Dear Commissioner King:

Pursuant to Rhode Island General Laws § 27-36-1, and consistent with the request for public comment set forth in the Office of the Health Insurance Commissioner's ("OHIC") Public Comment Solicitation, the Rhode Island Attorney General submits this public comment in response to BCBSRI's request to increase its health plan premium rates for 16,138 Rhode Islanders.

The Attorney General files this comment in furtherance of his distinct role in the health insurance rate review process: to represent, protect and advocate for Rhode Island consumers.[1] At the same time, the Attorney General also files this comment in his role as the State's Health Care Advocate: "to advocate for any changes necessary to support the goal of quality and affordable health care for all."[2] As such, it is not the role of the Attorney General to simply advise whether the actuarial projections provided by an insurer can support requested rate increases; rather, it is incumbent upon the Attorney General to also determine whether such increases are warranted given the health care and economic landscape against which such increases are sought.

[1] *See* R.I. Gen. Laws § 27-36-1.
[2] *See* R.I. Gen. Laws § 42-9.1-2(5).

The standard for reviewing the requested rate is whether it is in the proper conduct of the carrier's business *and* in the public interest. The filing, and any decision on the proposed rate, must address each prong separately. *See Blue Cross & Blue Shield of Rhode Island v. McConaghy*, No. PC 04-6806, 2005 WL 1633707, at *13 (R.I. Super. July 11, 2005) ("The two-prong standard provided by the General Assembly for assessing the propriety of rates set by Blue Cross is designed to guarantee that a public need for affordable health insurance will be served."). Rate filings must be considered beyond the threshold question of what is actuarially reasonable. Even if a filer's rate filing is "actuarially unassailable," that does not mean the requested rate is affordable and in the public interest. *See Blue Cross & Blue Shield of Rhode Island v. McConaghy*, No. PC 04-6806, 2005 WL 1633707, at *7 (R.I. Super. July 11, 2005). A simple rubber stamping of a rate due to actuarial soundness would deviate from key affordability criteria expressed in statute. *Id.* at *10-12 ("The Court concludes that the State legislature has in fact addressed the issues of cost and affordability by delegating to the Department of Business Regulation the task of ensuring that Blue Cross conducts its business properly, in a manner consistent with the interests of the residents of this State.").

Under this two-pronged test, OHIC must first examine whether, placed in the broader context of the health care system and economy, consumers can afford the rate. Second, OHIC must examine whether BCBSRI has shown efforts to enhance affordability of its rates. *Id.* at *6. We urge OHIC to conclude that BCBSRI's filing fails to satisfy both prongs and that the requested rate should thus be disapproved and/or modified to protect affordability to consumers and ensure BCBSRI's rates are in the public interest.

We set forth arguments on each prong below and have enclosed a Consumer and Economic Report compiled and hereby submitted by Christopher Whaley, Ph.D., which provides further context on the affordability concerns raised by the filing, challenges several of BCBSRI's justifications for its rate request, and details various options to enhance affordability that there is no evidence the filer considered.

I. Affordability to Consumers

BCBSRI is requesting a 9% increase for plan year 2027. This increase follows last year's approved increase of 22%.[3] Last year's rate increase proved to be lucrative for BCBSRI, which generated $54 million in additional revenue last year over and above the prior year and is set to experience a $50 million profit from its individual market for plan year 2026.[4] This is the exact harm the Attorney General has warned against year after year in this process: insurers profiting off the backs of Rhode Islanders who are required by law to maintain health insurance.

[3] 2026 Rate Approvals Press Release Rhode Island
[4] Consumer and Economic Report, at 6-7.

Rhode Islanders face mounting affordability pressures. In contrast to BCBSRI's combined, proposed 31% rate increase over the past 2 years, annual private wage growth in Rhode Island only grew 4.3% in 2025, and there was no sector in the state that received more than an 8% average increase in wages.[5] The cost of living in this state is 3% higher than the national average, and Rhode Islanders pay 5% more for housing and 49% more for utilities than the national average.[6] Other measures of economic outlook are also stagnant or in decline relative to peer states.[7] It is important to place BCBSRI's requested rate increases within that context: it is bad policy for consumers and for the state's broader economy for enrollees to continually shoulder excessive rate increases. As further evidence of the impact of cumulative rate increases, roughly 10,000 Rhode Islanders jettisoned their plans from the individual insurance market last year – that type of loss is unsustainable to maintain a stable health care system and insurance market.

Under BCBSRI's proposal, some consumers may face annual average costs of $12,000 per year for a BCBSRI plan. As highlighted in the attached expert report, these costs are excessive and many more consumers may drop their insurance altogether, with all of the negative effects that entails in terms of forgone care and/or additional uncompensated care costs for safety-net providers.[8] Where BCBSRI has ample reserves to protect itself prudentially, asking consumers to pay up further is antithetical to the public interest.

Viewed in this context, we urge the commissioner to conclude that the filer has failed to show the filing satisfies its statutory requirement to provide "affordable and accessible health insurance to insureds."[9]

II. Efforts to Enhance Affordability

The Commissioner may reject a filing altogether if the filer "did not make an adequate showing that its proposed rates were affordable *or even that it had attempted to make the rates affordable.*" *Blue Cross & Blue Shield of Rhode Island v. McConaghy*, No. PC 04-6806, 2005 WL 1633707, at *11 (R.I. Super. July 11, 2005) (emphasis added). The rate review process as it has recently been conducted – and the resulting insurance rates in the State – would benefit from a searching inquiry into the evidence the carrier has put forward to show it has attempted to make its rates affordable.

The past several years of decisions have failed to require payors to report on any efforts taken to enhance affordability. Nor have the final decisions prompted or required

[5] https://dlt.ri.gov/sites/g/files/xkgbur571/files/2026-05/2025summary_0.pdf
[6] https://ripec.org/rhode-islands-economic-prosperity-scorecard/
[7] *Id.* at 19-24 (comparing labor force productivity, GDP per capita, and real income to other states for 2014, 2019, and 2024).
[8] Consumer and Economic Report, Page 4.
[9] R.I. Gen. Laws § 27-19.2-3.

such action. BCBSRI made no effort this year, nor in years past, to demonstrate it has considered different pricing strategies designed to enhance the affordability of rates. We urge that this be considered now. In its filing, BCBSRI proffered no reasoning or evidence regarding the question of affordability. That failure alone should call in to question the acceptability of the filing.

Given BCBSRI's expected revenue and profit gains, finding strategies to enhance affordability are an achievable (and required) undertaking. The enclosed Consumer and Economic Report identifies a host of options for consideration and implementation, including but not limited to referenced-based pricing, caps on drug prices, site neutral payment policies, and improving insurer competition by implementing a public option plan.

The Attorney General urges the Commissioner to utilize its full authority to protect the public interest of Rhode Islanders, reject the requested rate, and ensure that carriers like BCBSRI detail their strategies to enhance affordability.

Respectfully submitted,

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