

# Reinsurance program helps curb premiums

By **Scott Blake** - September 20, 2019 2:50 am



**BIG IMPACT:** Sam Salganik, executive director of the Rhode Island Parent Information Network, said the Affordable Care Act has made the biggest positive impact in the health care system in recent years. It's been complemented by the state's efforts to make insurance more accessible and affordable.

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Sam Salganik sees hardship cases of Rhode Islanders struggling to pay for health care. But he's seeing less of it.

"The state is making progress," said Salganik, executive director of the Rhode Island Parent Information Network, a nonprofit in Warwick that advocates for better health care and education, particularly for children with special needs.

"There are people out there having trouble affording their care, of course, but I think we're doing better," he added. "It still isn't enough. But everything is relative. And in Rhode Island, I think we're doing better than many places."

There's data to back up that view. It shows that Rhode Island has one of the lowest rates of residents without health care insurance in the nation. It also shows that Rhode Island is near to the top in access and affordability of health care, according to the 2019 scorecard on state health system performance by The Commonwealth Fund, a private group that promotes health care improvements.

And there's more good news coming next year in the realm of health care insurance for some Rhode Island consumers and employers, according to state officials.

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*'We still need ... to look at the [whole system's] underlying costs.'*

*SAM SALGANIK, RIPIN executive director*

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R.I. Health Insurance Commissioner Marie L. Ganim's office recently disclosed its approved health insurance rates for 2020. Her office cast it as a public victory of sorts, noting that individual market insurance premiums will decrease on average next year by up to 1.5%, depending on the insurer.

"This is the first time in recent history that costs have gone down on average for any consumer group" in the health care insurance market, Ganim's office said.

Her office said individual market rates dropped due in large part to the creation of a \$14.7 million statewide reinsurance program, which needed federal approval and makes use of federal and state money to help keep premiums down.

Without the reinsurance program, consumers in the individual market here would have seen an increase of 7% next year, according to Ganim's office.

Fairly unique, the state's reinsurance program offsets some costs of claims for insurers in the individual market that they otherwise would factor into their yearly premiums.

Still, the individual market is only a small part of the overall market. It consists of people who buy their health care insurance directly from insurers. In Rhode Island, it accounts for only 4% of the total health care insurance market, according to a market overview by Blue Cross & Blue Shield of Rhode Island, the state's largest health care insurer. Blue Cross individual rates will decrease by 1.5%.

Neighborhood Health Plan of Rhode Island, the other insurer in the individual market, was approved for a slight increase of 0.2%.

According to the report, 43% of Rhode Islanders get their health care insurance through employers, and that group will mainly see increased premiums. Meanwhile, 28% of Rhode Islanders get health care insurance from Medicaid; 21% get it from Medicare; and less than 5% are uninsured.

In Rhode Island, for 2020, the large-group market [generally for employers offering health care insurance to more than 50 employees] had the biggest overall rate increases, with the smallest increase being 8.1% for Blue Cross and UnitedHealthcare of New England Inc. The largest increases in the large-group market were 9.6% for the Tufts Health Plan HMO and 10.6% for Tufts' preferred provider organization.

In the small-group market [generally for employers offering health care insurance to fewer than 50 employees], the 2020 approved premiums rates varied more.

Neighborhood was approved for a slight rate decrease of 0.09%; Blue Cross was approved for a 4.5% increase; UnitedHealthcare's HMO and PPO were approved for 7.5% and 6.8% increases, respectively; and Tufts' HMO and PPO were approved for 6.7% and 11% increases, respectively.

Ganim's office said the approved rates were below what insurers had proposed – the difference will save employers and consumers an estimated \$15.5 million in premium payments next year, she said.

The Commonwealth Fund ranked Rhode Island No. 7 in the United States in overall performance of the health care system.

The only category where Rhode Island slipped was in avoidable hospital use and cost, which the state ranked No. 26, down three spots from last year.

Looking at the big picture of health care in Rhode Island, Salganik sees the federal Affordable Care Act making the biggest positive impact in the system in recent years, complemented by the state's efforts to make insurance more accessible and affordable. "There are now two companies selling insurance in Rhode Island's individual market, but there only used to be one," he recalled. "And Rhode Island is one of the few states to have a health insurance commissioner.

"What we still need is not to just work on keeping insurance premiums down each year," he added, "but ... to look at the [whole system's] underlying costs."



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