

Blue Cross-Blue Shield Revised Filing Drops State Health Insurance Base Rate Average Increase for Small Businesses to Less Than 1 percent

BOSTON - May 3, 2012 - Blue Cross-Blue Shield re-filed its base rate increases for the 3rd quarter, cutting its increase for its HMO from 1.2 percent to 0.2 percent and the increase for its non-HMO product from 2.7 percent to 1.4 percent, the Massachusetts Division of Insurance announced today.

This cut by the largest health insurers in Massachusetts dropped the overall average increase for the small-group health insurance base rate from 1.2 percent to 0.7 percent, according to the DOI.

The average increase of base rates has fallen dramatically in the past three years. In April 2010, Governor Patrick directed DOI to use existing authority to review small-group health insurance rates and use statutory powers to disapprove rates that were unreasonable or excessive. The Division disapproved 235 of 274 rates at that point, and later negotiated lower rate increases with carriers.

In the summer of 2010, the legislature passed and Governor Patrick signed a bill that gave the health care industry new tools to try to deal with rising health care costs. Those measures included expanded review authority for DOI, the creation of group purchasing cooperatives and the creation of limited or tiered network plans that cost subscribers at least 12 percent less than regular plans.

These measures, together with market innovations in integrated care, new cost-sharing models enabled by the federal Affordable Care Act and renegotiated contracts between some insurers and providers, have helped Massachusetts make significant progress in controlling health care costs. Governor Patrick has also proposed legislation that would give the industry more tools to continue moving toward the kind of integrated care that improves health care quality and lowers total cost by rewarding the quality of care, not the quantity.

The new rates go into effect July 1 for customers who are renewing or purchasing new coverage in the third quarter of the year.

Third Quarter Small Group Rates As Filed

The base rate changes put on file by the Division of Insurance illustrate a downward trend in rates. This chart shows the average blended base rate changes over three quarters.

<u>Carrier</u>	1st Quarter 2012	2nd Quarter 2012	3rd Quarter 2012
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Blue Cross-Blue Shield HMO	5.9 percent	1.9 percent	0.2 percent
Blue Cross-Blue Shield non-HMO	5.9 percent	0.3 percent	1.4 percent
Celticare	2.2 percent	3.3 percent	-2.5 percent
Connecticare	-2.0 percent	-0.9 percent	-0.2 percent
Fallon HMO	1.5 percent	2.7 percent	-2.2 percent
Fallon non-HMO	1.2 percent	2.5 percent	-2.0 percent
Harvard Pilgrim HMO	5.2 percent	1.9 percent	3.1 percent
Harvard Pilgrim non-HMO	3.0 percent	-0.8 percent	3.0 percent
Health New England	-0.5 percent	-0.2 percent	0.6 percent
Neighborhood	4.3 percent	3.5 percent	1.8 percent
Tufts HMO	2.6 percent	1.2 percent	-1.3 percent
Tufts non-HMO	4.0 percent	0.9 percent	-2.2 percent
United Health Care	5.9 percent	5.9 percent	5.8 percent
COMBINED AVERAGE	4.9 PERCENT	1.8 PERCENT	0.7 PERCENT

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