BCBSNM's 51.6% rate hike request denied by Insurance Superintendent

Blue Cross and Blue Shield of New Mexico will likely not offer individual HMO and PPO products on the New Mexico Health Insurance Exchange in 2016 after the Office of the Superintendent of Insurance formally denied the carrier's requested premium rate increase for 2016.

According to Janice Torrez, DVP of external affairs and chief of staff for BCBSNM, without an "adequate" increase on premium rates, the insurer is left with little choice but to limit its offerings in the individual insurance market next year.

"We cannot offer products at sustainable and predictable rates without the adequate rates we filed with the OSI," she said.

In May of this year, the health insurer made headlines when it asked for an average 51.6 percent increase in its premium rates for 2016.

In a statement, New Mexico Insurance Superintendent John Franchini said that after reviewing the insurer's proposed rate increase for 2016, the OSI found that BCBSNM "did not provide sufficient information to actuarially justify the requested rate revision. Based on the data presented, our analysis could only substantiate a much lower increase."

BCBSNM's president, Kurt Shipley, said that the decision was disappointing — particularly after the insurer submitted a new rate proposal in response to the one originally submitted in April.

"It really is about our members and members having choice. We want to be able to have our products on the exchange. We recently put an offer on the table that we thought was reasonable and it amounted to an increase of 11 percent. The resulting rates — what would have been in place for HMO plans — would have been competitive with other HMO plans. We think it would be a great solution for the market and would continue to allow Blue Cross Blue Shield to be an option for our members," he said. "We’d sure like to have all New Mexicans have Blue Cross and Blue Shield as an option and we hope that we can come to resolution."

Shipley maintained that BCBSNM provided all the necessary data to justify the premium rate increases and not only hired outside actuaries to determine what those rates should be, but also hired an actuarial firm to get a second opinion.

Unless the OSI approves the newly submitted proposal, the insurer will have a limited offering in the individual market come 2016.

About 35,000 people are currently enrolled in BCBSNM's individual HMO and PPO plans and would need to find new insurance options before January 1. The insurer's Medicare Advantage, Medicaid, small group and commercial members would not be affected by the exit. Additionally, not participating in the exchange would not affect employment at BCBSNM.
A number of other Blue Cross and Blue Shield organizations around the country asked for similar increases to the requested New Mexico rate hike, citing underestimated claims costs associated with new enrollees under the Affordable Care Act. By comparison, other insurers in the New Mexico market asked for average rate increases of 2 to 7 percent.

This story has been updated to clarify that Blue Cross and Blue Shield of New Mexico expects to continue to offer some individual products off the exchange.