

SERFF Tracking Number: UHLC-127374725 State: District of Columbia
Filing Company: UnitedHealthcare of the Mid-Atlantic, Inc. State Tracking Number:
Company Tracking Number:
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other
Product Name: DC SG UHCMA 01-01-12 Rate Filing
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Efren Tanhehco	01/04/2012	01/04/2012

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Disposition

Disposition Date: 01/04/2012
 Implementation Date: 01/04/2012
 Status: APPROVED
 HHS Status: HHS Approved
 State Review: Reviewed by Actuary
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
UnitedHealthcare of the Mid-Atlantic, Inc.	-1.000%	-1.000%	\$-121,334	62	\$12,133,421	-1.000%	-1.000%
	Percent Change Approved:						
	Minimum:	-1.0%	Maximum:	-1.0%	Weighted Average:		-1.0%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Justification		Yes
Supporting Document	Cover Letter		Yes
Supporting Document	Exhibit B		Yes
Supporting Document	Schedule A		Yes
Rate	DC SG UHCMA 01-01-12 Exhibits		Yes

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Rate Information

Rate data applies to filing.

Filing Method: Review & Approval
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: -1.000%
Effective Date of Last Rate Revision: 07/01/2011
Filing Method of Last Filing: Review & Approval

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
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UnitedHealthcare of the Mid-Atlantic, Inc.	Decrease	-1.000%	-1.000%	\$-121,334	62	\$12,133,421	-1.000%	-1.000%
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Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:	649							
Policy Holders:	62							

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Rate Review Details

COMPANY:

Company Name: UnitedHealthcare of the Mid-Atlantic, Inc.
HHS Issuer Id: 21066
Product Names: UHCMA
Trend Factors: The annual pricing trend is 11.2%.

FORMS:

New Policy Forms:
Affected Forms:
Other Affected Forms: POL.H.07.DC et al, POL.H.09.DC et al

REQUESTED RATE CHANGE

INFORMATION:

Change Period: Other
Member Months: 35,974
Benefit Change: Decrease
Percent Change Requested: Min: -1.0 Max: -1.0 Avg: -1.0

PRIOR RATE:

Total Earned Premium: 12,133,421.00
Total Incurred Claims: 8,827,911.00
Annual \$: Min: 333.91 Max: 333.91 Avg: 333.91

REQUESTED RATE:

Projected Earned Premium: 14,337,744.00
Projected Incurred Claims: 10,537,081.00
Annual \$: Min: 398.56 Max: 398.56 Avg: 398.56

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Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	DC SG UHCMA 01-01-12 Exhibits	POL.H.07.DC et al, POL.H.09.DC et al	Revised	Previous State Filing Number: Percent Rate Change Request:	DC-SG-UHCIC-2012-01-Exhibits.xls

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Attachment "DC-SG-UHCIC-2012-01-Exhibits.xls" is not a PDF document and cannot be reproduced here.

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Supporting Document Schedules

Item Status:

Status

Date:

Satisfied - Item: Actuarial Justification

Comments:

Attachment:

DC-SG-UHCMA-2012-01-ActMemo.pdf

Item Status:

Status

Date:

Satisfied - Item: Cover Letter

Comments:

Attachment:

DC-SG-UHCMA-2012-01-Cover.pdf

Item Status:

Status

Date:

Satisfied - Item: Exhibit B

Comments:

Attachment:

DC-ExhibitB-2012-12-22.pdf

Item Status:

Status

Date:

Satisfied - Item: Schedule A

Comments:

Attachment:

DC Small Group Schedule A - Oct-11.pdf

Actuarial Memorandum
UnitedHealthcare of the Mid-Atlantic
DC Small Group (2-50) Rate Filing

August 17, 2011

This rating manual presents proposed premium rates effective January 1, 2012 for HMO and HMP (HMO-Plus) benefit plans.

The expected loss ratio for this filing is 80%.

Exhibit 1: Rates and rate factors.

Exhibit 2: Rate calculation formula and example.

Exhibit 3: Rate and rate factor changes.

Description of Changes Made to Rating Factors

1) Benefit plan pricing and overall rate reduction.

Effective January 2012, we are changing the rate relationships between our benefit plans. While the rates for some benefit plans will decrease and some will increase, overall, in total for the business on each of our licenses (we wish to keep our rates consistent between our HMO and insurance company licenses), based on the current distribution of membership by benefit plan, these changes represent a rate reduction of 1%.

Our previous medical plan relativities were developed using an older version of our pricing model ARC (Actuarial Relativity Calculator). The plan relativities for all our plans were recalculated using our new ARC version. This ARC version incorporates new and updated UnitedHealthcare nationwide experience data. It contains utilization frequencies and unit costs by service category, and claim distributions and adjustment factors for a large number of plan design variables.

Benefit design parameters such as deductibles, coinsurance, copays, out-of-pocket maximums, etc. were input for each plan into the new ARC. The expected claim PMPM for each plan was then used to develop plan relativities for each benefit plan. All benefit plans are priced consistently with each other, with the rates different only by the estimated value of the benefit differences.

New prescription drug plan relativities were similarly developed, using an update to our Rx Pricing Model, which was updated from nationwide prescription drug experience. This model values the cost difference of Rx copays by tier, and other plan cost sharing features such as Rx deductibles and coinsurance.

Based on an analysis of our “medical vs. Rx” claim costs compared to our “medical vs. Rx” premiums, we have determined that we currently have too much pricing weight to medical, and not enough pricing weight to Rx. We are thus increasing our Rx plan rates, and decreasing our medical plan rates.

The medical and Rx InFull rates were adjusted, using current membership by plan as weights, to overall reduce revenue by 1%.

The overall 1% rate reduction was based on an analysis of recent past claim experience, adjusted for the mix of business (age, gender, benefit plan, etc), compared to our current pricing manual rates. This analysis indicated a base rate reduction.

2) Also effective January 2012, we are reducing our annual trend rate from 12.6% to 11.2%.

Policy Forms

The policy forms for which these rates apply are: COVNET.H.01.DC, COVPLS.H.01.DC, POL.H.07.DC et al, POL.H.09.DC et al.

Certification

I certify that these rates were developed according to accepted actuarial principles, are based on reasonable assumptions, and that the rates are not excessive, inadequate, or unfairly discriminatory. To the best of my knowledge and judgment, the filed rates are in compliance with the applicable laws and regulations of the District of Columbia.



Boris P. Gerber, FSA, MAAA
Actuary
UnitedHealthcare



185 Asylum Street, CT039-16B
Hartford, CT 06103
Phone 860-702-5540 Fax 860-702-5016
E-Mail: boris_gerber@uhc.com

August 17, 2011

Laszlo Pentek, Actuary
DC Department of Insurance & Securities Regulation
810 First Street, NE Suite 701
Washington, DC 20002

Re: UnitedHealthcare of the Mid-Atlantic
Small Group (2-50) Rate Filing

Dear Mr. Pentek:

Enclosed please find the group health pricing manual for products offered by United Healthcare of the Mid-Atlantic to employers in the District of Columbia with 50 or fewer eligible employees. These rates are effective January 1, 2012.

Submitted via SERFF, in addition to the rate filing, is an actuarial memorandum.

Please keep these rates confidential to the extent allowed by District of Columbia law.

If you have any questions, please do not hesitate to call.

Sincerely,

Boris P. Gerber, FSA, MAAA
Actuary, UnitedHealthcare

Current Revenue versus Proposed Revenue

- Based on Nov-10 distribution of membership by benefit plan
- Revenue defined as "Members by Plan" x "Starting Base Rate" x "Benefit Plan Ratio"

<u>UnitedHealthcare of the Mid-Atlantic</u>	<u>Medical</u>	<u>Rx</u>	<u>Total</u>
Current Revenue	\$355,334	\$51,506	\$406,840
Proposed Revenue	\$344,339	\$59,231	\$403,570
% Change	-3.1%	15.0%	-0.8%
<u>UnitedHealthcare Ins. Co.</u>	<u>Medical</u>	<u>Rx</u>	<u>Total</u>
Current Revenue	\$2,958,167	\$337,391	\$3,295,558
Proposed Revenue	\$2,882,650	\$391,813	\$3,274,464
% Change	-2.6%	16.1%	-0.6%
<u>Optimum Choice, Inc.</u>	<u>Medical</u>	<u>Rx</u>	<u>Total</u>
Current Revenue	\$783,976	\$118,559	\$902,535
Proposed Revenue	\$740,271	\$136,741	\$877,011
% Change	-5.6%	15.3%	-2.8%
<u>Total of All Three Licenses</u>	<u>Medical</u>	<u>Rx</u>	<u>Total</u>
Current Revenue	\$4,097,477	\$507,456	\$4,604,933
Proposed Revenue	\$3,967,260	\$587,785	\$4,555,044
% Change	-3.2%	15.8%	-1.08%

**UNITED HEALTHCARE
HEALTHCARE ECONOMICS**

**D.C. SMALL GROUP FILING
D.C. DOI FOLLOW UP**

SCHEDULE A -- TREND DEVELOPMENT EXPLANATION

A1: Baseline Medical Expense

United develops forward-looking medical expense estimates based on a number of considerations. In general, recent/emerging claims experience is reviewed at the market level for several broad medical expense categories (inpatient, professional, pharmacy, etc.), with utilization, unit cost, benefit leveraging, and business mix identified for each category. Future trends are developed on a projection of each component.

A2: Adjusted Baseline Medical Expense

Baseline trends are measured and projected net of business mix. These factors typically include changing mix of employer groups, and benefits changes. These component costs are typically captured separately via filed rating methodologies and underwriting formulas, and as such are not recognized for the purposes of developing premium pricing ("core") trend projections.

A3 & A4: Projected Pricing Trends

Forward looking utilization levels are developed based on emerging market level data, supplemented by regional and/or national level utilization data, particularly for markets such as D.C. for which the volume of business is not deemed to be fully credible for actuarial modeling. Macro-economic data is often used to develop assumptions regarding directional changes in national health care consumptions rates.

Market-level unit cost projections are developed based on evaluations of current and anticipated local provider contract economics, as well as consideration to both current and expected changes in non-contracted provider cost exposure. Unit costs projections also consider the estimated cost impact of new technologies, service availability/mandates, or other factors that might influence mix of procedures.

In addition, market-level healthcare affordability activities designed to improve the quality/cost of care that are expected to impact forward-looking medical costs recognized. Depending on the nature of individual initiatives, the impact may be recognized in one or more of the component cost items discussed above. Only incremental activities are recognized in the actuarial models for the purposes of projecting the expected trend impact for any particular period.

UNITED HEALTHCARE
HEALTHCARE ECONOMICS

PROPRIETARY & CONFIDENTIAL INFORMATION

D.C. SMALL GROUP FILING
D.C. DOI FOLLOW UP

SCHEDULE A -- TREND DEVELOPMENT

	Medical			Prescription Drug			
	Incurred YE 1Q2010	Incurred YE 1Q2011	Annual Trend	Incurred YE 1Q2010	Incurred YE 1Q2011	Actual Trend	
A1: Baseline Medical Expense							
Member Months	292,259	284,600		292,259	284,600		D. C. Small Group business
Average Members	24,355	23,717		24,355	23,717		
Incurred Net Medical Spend	\$ 59,828,963	\$ 66,784,794		\$ 13,890,835	\$ 15,530,873		
Incurred Medical Spend PMPM	\$ 204.71	\$ 234.66	14.6%	\$ 47.53	\$ 54.57	14.8%	Claims paid through Jul-11 with provision for estimated unpaid
A2: Adjusted Baseline Medical Expense							
Impact of New / Term Business on Trend		/	5.0%		/	5.0%	Measured value of employer group changes
Impact of Benefit Changes on Existing Business		/	0.6%		/	-0.4%	Measured value of plan design changes, common employer groups
Explicit Margin		x	1.0%		x	1.0%	Explicit pricing margin
Baseline Implied Pricing Trend		=	9.6%		=	8.3%	
A3: Projected CY 2011 Pricing Trend							
Projected Unit \$ Change		x	1.8%		x	0.0%	Impact of anticipated provider charges and/or contract changes
Core Utilization & Service Intensity Mix		x	2.6%		x	0.8%	
Impact of Work Day Changes		x	0.2%		x	0.0%	Modeled value of yr/yr business day content
Other Adjustments		x	-2.3%		x	-0.5%	
CY 2011 Implied Pricing Trend		=	12.1%		=	8.6%	Implied CY Pricing Trend
A4: Projected CY 2012 Pricing Trend							
Projected Network Contracting Changes		x	-1.2%		x	0.0%	Modeled impact of anticipated provider charges and/or contract changes
Core Utilization & Service Intensity Mix		x	0.3%		x	-0.2%	
Impact of Work Day Changes		x	0.3%		x	0.1%	Modeled value of yr/yr business day content
Other Adjustments		x	0.3%		x	0.6%	
CY 2012 Implied Pricing Trend		=	11.7%		=	9.2%	Implied CY Pricing Trend
A5: Blended CY Pricing Trend							
			11.9%			9.0%	40% / 60% calendar years' blend
Mgt Adjustment		+	-0.7%		+	2.2%	
		=	11.2%		=	11.2%	Proposed Pricing Trend - Annual Basis
			2.7%			2.7%	Proposed Pricing Trend - Quarterly Basis [1.027^4 = 11.2%]