

SERFF Tracking Number: UHLC-127390439 State: District of Columbia  
 Filing Company: UnitedHealthcare Insurance Company State Tracking Number:  
 Company Tracking Number:  
 TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
 Product Name: DC-SG-UHCIC-IND-2012-01  
 Project Name/Number: /

**Rate Information**

Rate data applies to filing.

**Filing Method:** Review and Approval  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** -1.000%  
**Effective Date of Last Rate Revision:** 10/01/2011  
**Filing Method of Last Filing:** Review and 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):
UnitedHealthcare Insurance Company	Decrease	-1.000%	-1.000%	\$-581,052	675	\$58,105,173	-1.000%	-1.000%
<b>Product Type:</b>	<b>HMO</b>	<b>PPO</b>	<b>EPO</b>	<b>POS</b>	<b>HSA</b>	<b>HDHP</b>	<b>FFS</b>	<b>Other</b>
<b>Covered Lives:</b>		127	1,732	7,342				
<b>Policy Holders:</b>		9	140	526				

SERFF Tracking Number: UHLC-127390439 State: District of Columbia  
Filing Company: UnitedHealthcare Insurance Company State Tracking Number:  
Company Tracking Number:  
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
Product Name: DC-SG-UHCIC-IND-2012-01  
Project Name/Number: /

## Rate Review Details

### COMPANY:

Company Name: UnitedHealthcare Insurance Company  
HHS Issuer Id: 41842  
Product Names: UHCIC- Indemnity  
Trend Factors: The annual pricing trend is 11.2%

### FORMS:

New Policy Forms:  
Affected Forms:  
Other Affected Forms: POL.I.07.DC et al, POL.I.09.DC et al, COVNET.01.DC, COVPLS.01.DC, COVMI8080.01.DC, COVPPO.01.DC

### REQUESTED RATE CHANGE

#### INFORMATION:

Change Period: Other  
Member Months: 157,579  
Benefit Change: Decrease  
Percent Change Requested: Min: -1.0 Max: -1.0 Avg: -1.0

#### PRIOR RATE:

Total Earned Premium: 58,105,173.00  
Total Incurred Claims: 43,082,728.00  
Annual \$: Min: 365.05 Max: 365.05 Avg: 365.05

#### REQUESTED RATE:

Projected Earned Premium: 68,661,353.00  
Projected Incurred Claims: 51,423,966.00  
Annual \$: Min: 435.73 Max: 435.73 Avg: 435.73

SERFF Tracking Number: UHLC-127390439 State: District of Columbia  
 Filing Company: UnitedHealthcare Insurance Company State Tracking Number:  
 Company Tracking Number:  
 TOI: H16G Group Health - Major Medical Sub-TOI: H16G.003G Small Group Only - Other  
 Product Name: DC-SG-UHCIC-IND-2012-01  
 Project Name/Number: /

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Exhibits	POL.I.07.DC et al, POL.I.09.DC et al, COVNET.01.DC, COVPLS.01.DC, COVMI8080.01.DC, COVPPO.01.DC	Revised	Previous State Filing Number: Percent Rate Change Request: -1.000	DC-SG-UHCIC-IND-2012-01-Exhibits.pdf

**Rating Factors**

Exhibit 1a

(1) Starting Base Rate

	<u>Medical</u>	<u>Rx</u>
Indemnity:	\$290.14	\$76.82

(2) Trend Factors

<u>Effective Quarter</u>	<u>Factor</u>
1st Qtr, 2012	2.113
2nd Qtr, 2012	2.170
3rd Qtr, 2012	2.228
4th Qtr, 2012	2.288

(thereafter continue 2.7% trend per quarter)

(3) Age Factors

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
Child	0.524	45	1.127
<25	0.708	46	1.172
25	0.736	47	1.218
26	0.736	48	1.266
27	0.765	49	1.316
28	0.765	50	1.368
29	0.795	51	1.422
30	0.795	52	1.478
31	0.826	53	1.536
32	0.826	54	1.597
33	0.826	55	1.660
34	0.859	56	1.726
35	0.859	57	1.795
36	0.859	58	1.866
37	0.893	59	1.866
38	0.893	60	1.940
39	0.928	61	1.940
40	0.928	62	2.017
41	0.965	63	2.017
42	1.003	64	2.097
43	1.043	65+ Plan Primary	2.097
44	1.084	65+ Medicare	1.251

Maximum number of children assumed is 3 per family.

**Rating Factors - Continued**

(4) Benefit Plan Ratios

Indemnity	
Plan	Ratio
CWJ	0.6770
D7A	0.6702
D7B	0.6515

Rx	
Plan	Ratio
0H	0.4489
0I	0.4377
2V	0.4499
3B	0.4176
4F	0.4793
5U	0.4491
5W	0.3494
7L	0.4236
7M	0.4755
7R	0.4507
7S	0.5061
7T	0.4492
7U	0.5067
7V	0.4597
7W	0.5188
7X	0.4720
7Y	0.5326
7Z	0.4338
8A	0.4872
8H	0.5432
8I	0.5163
8J	0.4850
8Y	0.3746
8Z	0.3709
9A	0.4135
A2	0.7298
AU	0.3412
BK	0.5438
BL	0.4872
BM	0.4702
BY	0.5395
CC	0.2353
CD	0.3010
CE	0.2320
CF	0.3785
CG	0.3214
CQ	0.3253
DS	0.3634
DZ	0.1404
EA	0.3916
F5	0.5113
F7	0.4552
G4	0.4279
H9	0.4803
K4	0.5395
K5	0.4922
K6	0.5523
N7	0.5240
N8	0.4767
P9	0.4382
S5	0.5379
S8	0.3726
U8	0.5118
W1	0.4643
W2	0.4537
Y6	0.4613
SP1	0.5484
SP2	0.4771
SP3	0.3575

New benefit plans may be introduced periodically. These plans will be priced consistently with the current benefit plans, i.e. price differences reflecting only the actuarial value of the benefit plan differences.

(5) Group Size Factor

Group Size	
<u>(# Emps)</u>	<u>Factor</u>
1	1.30
2	1.15
3	1.10
4-50	1.00

(6) Risk Adjustment Factor

a) Maximum New Business Premium Discount for Medical Underwriting

<u>Type of Application</u>	<u>Factor</u>	<u>Default Group Size</u>
Individual Application	1.03	1-2
Individual Application	0.75	3-24
Group Level Application	0.92	25-50

b) Other Factors

Based on the underwriter's review, rates may be adjusted for:

- past experience claims
- medical underwriting and/or health status
- duration of coverage
- evidence of prior coverage
- and any other factors that the underwriter determines necessary, for example factors that impact claims or administration costs such as distribution channels, financial risk assessment, additional utilization expected from employer funded health reimbursement accounts, or known future changes such as plan closings, facility additions, or contract size changes

Based on this review, groups will be assigned an underwriting factor in the range of 0.75 to 6.00.

(7) Industry Factors

<u>Industry SIC Code</u>	<u>Factor</u>	<u>Industry SIC Code</u>	<u>Factor</u>	<u>Industry SIC Code</u>	<u>Factor</u>	<u>Industry SIC Code</u>	<u>Factor</u>	<u>Industry SIC Code</u>	<u>Factor</u>
0001-0783	1.00	4300-4811	1.05	6412-6711	1.00	7390-7399	0.95	8714-8720	0.95
0784-1010	1.05	4812-4999	1.00	6712-6799	0.95	7400-7910	1.05	8721	0.90
1011-1099	1.20	5000-5153	0.95	6800-6999	1.00	7911-7999	1.15	8722-8731	0.95
1100-1210	1.10	5154-5158	1.00	7000-7299	1.05	8000-8011	1.05	8732-8733	0.90
1211-1241	1.20	5159-5169	0.95	7300-7360	0.95	8012-8020	1.10	8734-8740	0.95
1242-1310	1.10	5170	1.00	7361-7362	1.00	8021	1.05	8741-8744	0.90
1311-1389	1.20	5171-5199	0.95	7363	1.05	8022-8042	1.10	8745-8747	0.95
1390-1410	1.10	5200-5499	1.00	7364-7370	0.95	8043	1.05	8748	0.90
1411-1499	1.20	5500-5510	1.05	7371	0.85	8044-8049	1.10	8749-8810	0.95
1500-1610	1.00	5511-5521	1.10	7372	0.90	8050	1.05	8811	1.20
1611-1710	1.05	5522-5599	1.05	7373-7375	0.85	8051-8069	1.10	8812-9110	1.00
1711-2410	1.00	5600-5799	1.00	7376-7377	0.90	8070	1.05	9111-9210	1.10
2411-2499	1.10	5800-5899	1.20	7378-7379	0.85	8071-8099	1.10	9211-9310	1.15
2500-2796	0.95	5900-5920	1.00	7380	0.95	8100-8110	1.00	9311-9510	1.10
2797-3311	1.00	5921	1.15	7381	1.00	8111-8299	0.95	9511-9610	1.05
3312-3399	1.20	5922-5991	1.00	7382	0.90	8300-8399	1.00	9611-9710	1.10
3400-4013	0.95	5992	1.10	7383	0.95	8400-8639	0.95	9711-9720	1.05
4014-4110	1.00	5993-6010	0.95	7384	0.90	8640-8699	1.00	9721-9721	1.15
4111-4200	1.05	6011-6099	0.90	7385-7388	0.95	8700-8710	0.95	9722-9999	1.10
4201-4299	1.00	6100-6411	0.95	7389	0.90	8711-8713	0.90		

(8) Channel Alliances Class of Business

Groups written into our Channel Alliances class of business receive a 3% rate discount.

Rate Changes

Exhibit 2

<u>Annual Trend Rates</u>	<u>Current</u>	<u>Proposed</u>	<u>% Chg</u>
Medical	12.6%	11.2%	-1.4%
Rx	12.6%	11.2%	-1.4%

Base Rates

<u>Product Type</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>% Chg</u>
Indemnity	306.69	290.14	-5.4%
Rx	40.24	59.71	48.4%

Plan Relativity Factors

<u>Product</u>	<u>Plan</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>% Chg</u>
Indemnity	CWJ	0.6488	0.6770	4.4%
Indemnity	D7A	0.6419	0.6702	4.4%
Indemnity	D7B	0.6194	0.6515	5.2%
Rx	0H	0.5683	0.4489	-21.0%
Rx	0I	0.5282	0.4377	-17.1%
Rx	2V	0.5457	0.4499	-17.6%
Rx	3B	0.5204	0.4176	-19.7%
Rx	4F	0.6064	0.4793	-21.0%
Rx	5U	0.5420	0.4491	-17.1%
Rx	5W	0.3753	0.3494	-6.9%
Rx	7L	0.5058	0.4236	-16.3%
Rx	7M	0.6023	0.4755	-21.1%
Rx	7R	0.5532	0.4507	-18.5%
Rx	7S	0.6598	0.5061	-23.3%
Rx	7T	0.5283	0.4492	-15.0%
Rx	7U	0.6297	0.5067	-19.5%
Rx	7V	0.5665	0.4597	-18.9%
Rx	7W	0.6760	0.5188	-23.3%
Rx	7X	0.5766	0.4720	-18.1%
Rx	7Y	0.6890	0.5326	-22.7%
Rx	7Z	0.5427	0.4338	-20.1%
Rx	8A	0.6471	0.4872	-24.7%
Rx	8H	0.7029	0.5432	-22.7%
Rx	8I	0.6732	0.5163	-23.3%
Rx	8J	0.6145	0.4850	-21.1%
Rx	8Y	0.4385	0.3746	-14.6%
Rx	8Z	0.4341	0.3709	-14.6%
Rx	9A	0.5152	0.4135	-19.7%
Rx	A2	0.9538	0.7298	-23.5%
Rx	AU	0.3638	0.3412	-6.2%
Rx	BK	0.6889	0.5438	-21.1%
Rx	BL	0.6399	0.4872	-23.9%
Rx	BM	0.6002	0.4702	-21.7%
Rx	BY	0.6790	0.5395	-20.5%
Rx	CC	0.2456	0.2353	-4.2%
Rx	CD	0.3160	0.3010	-4.8%
Rx	CE	0.2405	0.2320	-3.5%
Rx	CF	0.3580	0.3785	5.7%
Rx	CG	0.3745	0.3214	-14.2%
Rx	CQ	0.4653	0.3253	-30.1%
Rx	DS	0.4040	0.3634	-10.0%
Rx	DZ	0.1953	0.1404	-28.1%
Rx	EA	0.5166	0.3916	-24.2%
Rx	F5	0.6665	0.5113	-23.3%
Rx	F7	0.5588	0.4552	-18.5%
Rx	G4	0.5109	0.4279	-16.3%
Rx	H9	0.6084	0.4803	-21.1%
Rx	K4	0.6790	0.5395	-20.5%
Rx	K5	0.6536	0.4922	-24.7%
Rx	K6	0.7284	0.5523	-24.2%
Rx	N7	0.6828	0.5240	-23.3%
Rx	N8	0.5824	0.4767	-18.1%
Rx	P9	0.5482	0.4382	-20.1%
Rx	S5	0.6960	0.5379	-22.7%
Rx	S8	0.4163	0.3726	-10.5%
Rx	U8	0.6360	0.5118	-19.5%
Rx	W1	0.5722	0.4643	-18.9%

<u>Product</u>	<u>Plan</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>% Chg</u>
Rx	W2	0.5336	0.4537	-15.0%
Rx	Y6	0.5871	0.4613	-21.4%
Rx	SP1	0.7232	0.5484	-24.2%
Rx	SP2	0.6044	0.4771	-21.1%
Rx	SP3	0.4164	0.3575	-14.2%



SERFF Tracking Number: UHLC-127390439

State: District of Columbia

Filing Company: UnitedHealthcare Insurance Company

State Tracking Number:

Company Tracking Number:

TOI: H16G Group Health - Major Medical

Sub-TOI: H16G.003G Small Group Only - Other

Product Name: DC-SG-UHCIC-IND-2012-01

Project Name/Number: /

## Supporting Document Schedules

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Actuarial Justification

**Comments:**

Actuarial Memorandum

**Attachment:**

DC-SG-UHCIC-IND-2012-01-ActMemo.pdf

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Cover Letter

**Comments:**

**Attachment:**

DC-SG-UHCIC-IND-2012-01-Cover.pdf

**Actuarial Memorandum**  
**UnitedHealthcare Insurance Company (Indemnity)**  
**DC Small Group (2-50) Rate Filing**

August 29, 2011

This rating manual presents proposed premium rates effective January 1, 2011 for Indemnity benefit plans.

The expected loss ratio for this filing is 80%.

Exhibit 1: Rates and rate factors.

Exhibit 2: 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.01.DC, COVPLS.01.DC, COVMI8080.01.DC, COVPPPO.01.DC, POL.I.07.DC et al, POL.I.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 29, 2011

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

Re: UnitedHealthcare Insurance Company (Indemnity)  
Small Group (2-50) Rate Filing

Dear Mr. Pentek:

Enclosed please find the group health pricing manual for our Indemnity product offered by United HealthCare Insurance Company 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,

A handwritten signature in cursive script that reads 'Boris P. Gerber'.

Boris P. Gerber, FSA, MAAA  
Actuary, UnitedHealthcare