Filing at a Glance

Company:	UnitedHealthcare of the Mid-Atlantic, Inc.
Product Name:	DC-SG-UHCMA-2023-01
State:	District of Columbia
TOI:	HOrg02G Group Health Organizations - Health Maintenance (HMO)
Sub-TOI:	HOrg02G.004E Small Group Only - Other
Filing Type:	Rate
Date Submitted:	05/02/2022
SERFF Tr Num:	UHLC-133227661
SERFF Status:	Submitted to State
State Tr Num:	
State Status:	
Co Tr Num:	
Effective Date Requested:	01/01/2023
Author(s):	Maria Ilea, Esther Drew, Michelle Lorenzo, Ryan Morgan, Daniel Schneck
Reviewer(s):	Dave Dillon (primary), Efren Tanhehco
Disposition Date:	
Disposition Status:	
Effective Date:	

State Filing Description:

State: *District of Columbia* ***Filing Company:*** *UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*
Product Name: *DC-SG-UHCMA-2023-01*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer
Filing Status Changed: 05/02/2022
State Status Changed:
Created By: Ryan Morgan
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small
Overall Rate Impact:

Deemer Date:
Submitted By: Ryan Morgan

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:
2023 DC SG UHCMA Rate Filing

Company and Contact

Filing Contact Information

Ryan Morgan,
10701 W Research Dr
Wauwatosa, WI 53226

ryan_morgan2@uhc.com
414-443-4287 [Phone]

Filing Company Information

UnitedHealthcare of the Mid-Atlantic, Inc.
4 TAFT COURT
ROCKVILLE, MD 20850
(952) 992-5878 ext. [Phone]

CoCode: 95025
Group Code: -99
Group Name:
FEIN Number: 52-1130183

State of Domicile: Maryland
Company Type: HMO
State ID Number: 95025

State: *District of Columbia* **Filing Company:** *UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*
Product Name: *DC-SG-UHCMA-2023-01*
Project Name/Number: */*

Filing Fees

State Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State: *District of Columbia* ***Filing Company:*** *UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*
Product Name: *DC-SG-UHCMA-2023-01*
Project Name/Number: */*

Rate Information

Rate data applies to filing.

Filing Method: Review & Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 18.100%
Effective Date of Last Rate Revision: 01/01/2022
Filing Method of Last Filing: Review & Approval
SERFF Tracking Number of Last Filing: UHLC-132814696

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
UnitedHealthcare of the Mid-Atlantic, Inc.	Increase	13.800%	13.800%	$480,209	244	$3,479,776	16.600%	10.500%

State: *District of Columbia* **Filing Company:** *UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*
Product Name: *DC-SG-UHCMA-2023-01*
Project Name/Number: */*

Rate Review Detail

COMPANY:

Company Name: UnitedHealthcare of the Mid-Atlantic, Inc.
HHS Issuer Id: 21066

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
HMO	21066DC004		612

Trend Factors: We are proposing a 2023 trend rate of 8.4%

FORMS:

New Policy Forms: COC23.SHOP.H.2018.SG.DC SBN23.CRE.H.2018.SG.DC.CVTX SBN23.CRE.H.2018.SG.DC.CVTY SBN23.CRE.H.2018.SG.DC.CUSO SBN23.CRE.H.2018.SG.DC.CVTZ SBN23.CRE.H.2018.SG.DC.CUSV SBN23.CRE.H.2018.SG.DC.CMUL SBN23.CRE.H.2018.SG.DC.CVT2 SBN23.CRE.H.2018.SG.DC.CVT3 SBN23.NAV.H.2018.SG.DC.CUTK SBN23.NAV.H.2018.SG.DC.CUTD SBN23.NAV.H.2018.SG.DC.CMVJ RID23.PDS.NET.H.2018.SG.DC RID23.PDS.NET.H.2018.SG.DC.CVTX RID23.PDS.NET.H.2018.SG.DC.CVTY RID23.PDS.NET.H.2018.SG.DC.CVTZ RID23.PDS.NET.H.2018.SG.DC.CVT2 RID23.PDS.NET.H.2018.SG.DC.CVT3 RID23.PVCS.NET.H.2018.SG.DC RID23.RX.NET.H.2018.SG.DC SBN23.RX.NET.H.2018.SG.DC.104075125 SBN23.RX.NET.H.2018.SG.DC.154075125 SBN23.RX.NET.H.2018.SG.DC.NONE SBN23.RX.NET.H.2018.SG.DC.K61L SBN23.RX.NET.H.2018.SG.DC.N43L SBN23.RX.NET.H.2018.SG.DC.N44L SBN23.RX.NET.H.2018.SG.DC.N45L SBN23.RX.NET.H.2018.SG.DC.N46L RID23.CARECASH.H.2018.SG.DC RID23.UHCREWARDS.H.2018.SG.DC

Affected Forms:
Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
Member Months: 8,315
Benefit Change: Increase
Percent Change Requested: Min: 10.5 Max: 16.6 Avg: 13.8

PRIOR RATE:

Total Earned Premium: 3,479,776.00
Total Incurred Claims: 2,780,451.00
Annual $: Min: 211.93 Max: 1,000.84 Avg: 418.49

REQUESTED RATE:

Projected Earned Premium: 3,957,558.00
Projected Incurred Claims: 3,177,033.00

State: *District of Columbia* **Filing Company:** *UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*
Product Name: *DC-SG-UHCMA-2023-01*
Project Name/Number: */*

Annual $: Min: 245.13 Max: 1,440.31 Avg: 475.95

SERFF Tracking #:	*UHLC-133227661*	***State Tracking #:***		***Company Tracking #:***	

State:	*District of Columbia*	***Filing Company:***	*UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI:	*HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*		
Product Name:	*DC-SG-UHCMA-2023-01*		
Project Name/Number:	*/*		

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Filing Exhibits		Revised	Previous State Filing Number: Percent Rate Change Request:	DC-SG-UHCMA-Exhibits 2023-01.xlsx,

SERFF Tracking #:	UHLC-133227661	**State Tracking #:**		**Company Tracking #:**	

State:	District of Columbia	**Filing Company:**	UnitedHealthcare of the Mid-Atlantic, Inc.
TOI/Sub-TOI:	HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other		
Product Name:	DC-SG-UHCMA-2023-01		
Project Name/Number:	/		

Attachment DC-SG-UHCMA-Exhibits 2023-01.xlsx is not a PDF document and cannot be reproduced here.

SERFF Tracking #:	*UHLC-133227661*	***State Tracking #:***		***Company Tracking #:***	

State:	*District of Columbia*	***Filing Company:***	*UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI:	*HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*		
Product Name:	*DC-SG-UHCMA-2023-01*		
Project Name/Number:	*/*		

URRT

State Determination

Review Status:	Incomplete

SERFF Tracking #:	*UHLC-133227661*	***State Tracking #:***		***Company Tracking #:***	

State:	*District of Columbia*	***Filing Company:***	*UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI:	*HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*		
Product Name:	*DC-SG-UHCMA-2023-01*		
Project Name/Number:	*/*		

URRT Items

Item Name	Attachment(s)
Unified Rate Review Template	*UnifiedRateReviewSubmission_20220502145422.xml*
Actuarial Memorandum	*DC_21066_UnitedHealthcare_of_the_Mid-Atlantic_Inc_SG_PartIII_2023Q1.pdf*
Actuarial Memorandum - Redacted	*DC_21066_UnitedHealthcare_of_the_Mid-Atlantic_Inc_SG_PartIII_2023Q1_Redacted.pdf*
Consumer Justification Narrative	*DC-SG-UHCMA-PartII-2023.pdf*

SERFF Tracking #:	UHLC-133227661	**State Tracking #:**		**Company Tracking #:**	

State:	District of Columbia	**Filing Company:**	UnitedHealthcare of the Mid-Atlantic, Inc.
TOI/Sub-TOI:	HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other		
Product Name:	DC-SG-UHCMA-2023-01		
Project Name/Number:	/		

Attachment UnifiedRateReviewSubmission_20220502145422.xml is not a PDF document and cannot be reproduced here.

Federal Rate Filing Justification Part III
Actuarial Memorandum and Certification

UnitedHealthcare of the Mid-Atlantic, Inc.
NAIC: 0707-21066
FEIN: 521130183

State of District of Columbia Rate Review

Table of Contents

Section 1: Purpose

The following is a rate filing prepared by UnitedHealthcare of the Mid-Atlantic, Inc. This filing has been prepared to provide the necessary information required by the Department of Health and Human Services and the state of District of Columbia. The purpose of this memorandum is to provide information relevant to the Federal Part I Unified Rate Review Template (URRT).

This filing establishes rates intended to be used for non-grandfathered PPACA compliant small group health benefit plans sold on the Small Business Health Options Program in District of Columbia for the 2023 plan year. A rate increase is being filed at this time. The rates and other information in this submission are based on the current regulations and guidance from HHS. Changes to this filing may be necessary if there are revisions to the regulations or updated guidance from HHS.

This memorandum is intended solely for the information of and use by the Department of Health and Human Services and the District of Columbia Department of Insurance and Financial Services. It will demonstrate compliance with state and federal laws and regulations related to the development of the index rate and allowable rating factors and is not intended to be used for any other purpose.

The attached document contains confidential, proprietary information and trade secrets. This information is strictly confidential and protected from disclosure by D.C. Code section 31-3303.08(b) and D.C. Code section 2-534(a)(1). If the prohibition against disclosure by the Department of Insurance and Financial Services is reassessed at a later date, it may not be disclosed to any other state or federal regulatory agencies unless the recipient agrees in writing prior to receipt to maintain the confidentiality of the information.

Section 2: General Information

Company Identifying Information

Company Legal Name:	UnitedHealthcare of the Mid-Atlantic, Inc.
State:	District of Columbia
HIOS Issuer ID:	21066
Market:	Small Business, 1-50
Proposed Effective Date:	January 01, 2023

Primary Contact Information

Name:	Ryan Morgan, FSA, MAAA
Telephone Number:	414-443-4287
Email Address:	ryan_morgan2@uhc.com

Section 3: Proposed Rate Changes

The proposed change in rates for this filing is 13.73% compared to the prior filing. The proposed pricing trend is 8.4% annually.

The primary drivers of the proposed rate changes are the following:

- Changes in medical service costs
  - Increasing Cost of Medical Services – Annual increases in reimbursement rates to health care providers – such as hospitals, doctors and pharmaceutical companies.
  - Increased Utilization – The number of office visits and other services continues to grow. In addition, total health care spending will vary by the intensity of care and/or use of different types of health services. Patients who are sicker generally have a higher intensity of health care utilization. The price of care can be affected by the use of expensive procedures such as surgery vs. simply monitoring or providing medications.
  - Higher Costs from Deductible Leveraging – Health care costs continue to rise every year. If deductibles and copayments remain the same, a greater percentage of health care costs need to be covered by health insurance premiums each year.
  - Cost shifting from the public to the private sector – Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover all of the cost of care. The cost difference is being shifted to private health plans. Hospitals typically make up this difference by charging private health plans more.
  - Impact of New Technology – Improvements to medical technology and clinical practice often result in the use of more expensive services - leading to increased health care spending and utilization.
- Administrative costs and anticipated profit
  - UnitedHealthcare works to directly control administrative expenses by adopting better processes and technology and through the development of programs and innovations that make health care more affordable. We have led the marketplace by introducing key innovations that make health care services more accessible and affordable for customers, improve the quality and coordination of health care services, and help individuals and their physicians make more informed health care decisions.
  - Additionally, UnitedHealthcare indirectly controls medical cost payments by using appropriate payment structures with providers and facilities. UnitedHealthcare's goal is to control costs, maximize efficiency, and work closely with physicians and providers to obtain the best value and coverage.
  - State and/or Federal government imposed taxation and fees are additional significant factors that impact health care spending. These fees include ACA taxes and fees which will have increased health insurance costs and need to be reflected in premium.
- Changes that vary by plan
  - All plan relativity factors have been updated to reflect UnitedHealthcare's most recent pricing model.
  - The impact of any changes to plans that have occurred due to uniform modification are also reflected in the updated plan relativity factors. Please see the "Plan Adjusted Index Rate" section of the memorandum for more detail on these changes.

We refined the medical and pharmacy plan price relativities to reflect the most recent pricing methodology and pricing models. The methodology is based on UnitedHealthcare nationwide experience data, which contains utilization frequencies and unit costs by service category, in addition to 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. The expected paid-to-allowed relativities and expected utilization differences due to differences in cost sharing for each plan are then used to develop the plan factors for each benefit plan. All benefit plans are priced consistently with each other, with the rates differing by the estimated value of the benefits and the expected utilization differences due to differences in cost sharing. The utilization differences do not reflect differences due to health status. The net impact of all changes by plan can be found in Worksheet 2, Section I of the Unified Rate Review Template.

Significant factors driving the proposed rate changes are discussed in further detail in Section 6 (*Projection Factors*) and Section 7 (*Credibility Manual Rate Development*) of this memorandum.

Section 4: Experience and Current Period Premium, Claims and Enrollment

Paid Through Date

The experience period is 1/1/2021 through 12/31/2021, with claims paid through 2/28/2022.

Current Date

The current enrollment and premium is reported as of 12/31/2021.

Support for Estimate of Incurred but not Reported Claims

Historical claims are categorized both by the month in which they were incurred and the month in which they were adjudicated. For incurral months with sufficient adjudicated claim experience, incurred claims are estimated by applying completion factors derived from the historical claims. Adjustments are made based on specific knowledge of the entity (e.g., catastrophic claims, pended claims, etc.). For incurral months where adjudicated claim experience is not sufficient to rely on completion factors, a PMPM is used to estimate incurred claims. PMPM estimates are based on expected claim seasonality patterns, monthly calendar days and work days, emerging claim trends, and other factors. The same completion factors are applied to both incurred and allowed claim amounts.

The same completion factors are applied to both incurred and allowed claims amounts.

Experience Period Risk Adjustment

Risk Adjustments for the experience period are not known at this time.

Our 2021 risk adjustment transfer PMPM is estimated using data provided to UnitedHealthcare as a result of our participation in a multi-state study done by a large, independent actuarial consulting firm. Based on the results of that study, we expect that risk level of the membership insured by UnitedHealthcare of the Mid-Atlantic, Inc. to be lower than the market. This results in an approximate adjustment of $81.63 PMPM.

Experience Period Index Rates

Experience Period Index Rates are defined as the allowed claims PMPM for Essential Health Benefits during the Experience Period. With the breakout of service level EHB claims, the information provided reflects a reasonable estimate of the EHBs.

Section 5: Benefit Categories

Claims were assigned to each of the benefit categories based on where services were administered and the types of medical services rendered. The benefit categories were defined by our claims department using standard industry definitions.

Inpatient Hospital

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

Outpatient Hospital

Includes non-capitated facility services for surgical, emergency room, laboratory, radiology, therapeutic, observation, and other services provided in an outpatient facility setting and billed by the facility.

Professional

Includes non-capitated primary care, specialist care, therapeutic, the professional component of laboratory and radiology, and other professional services, other than hospital based professionals whose payments are included in facility fees.

Other Medical

Includes non-capitated ambulatory, home health care, durable medical equipment, prosthetics, supplies, vision exams, dental services and other services.

Capitation

Includes all services provided under one or more capitated agreements.

Prescription Drug

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

Section 6: Projection Factors

Trend

Two years of annual trend were applied to our 2021 experience to project it to the 2023 rating period. Please see Exhibit T for more detail

UnitedHealthcare 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, and benefit leveraging identified for each category. Future trends are developed based on a projection of each component.

Utilization rates by category are measured and projected. Forward looking utilization levels are developed based on emerging market level data, supplemented by regional and/or national level utilization data. Macro-economic data is often used to develop assumptions regarding directional changes in national health care consumption rates. UnitedHealthcare uses same store analysis to reflect utilization.

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

In addition, market-level healthcare affordability activities that are expected to impact forward-looking medical costs are 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 for this purpose in the expected trend impact for any particular period.

Section 7: Credibility Manual Rate Development

Adjustments Made to the Data

Adjustments similar to the ones described in Section 6 were applied to the experience of the credibility manual to project it to the projection period. In addition, the credibility manual was adjusted to reflect the average age, geography, plan design and morbidity of the adjusted experience period claims.

Inclusion of Capitation Payments

Capitation payments are included in both the experience and projections.

Section 8: Credibility of Experience

We have set our rate levels based on the combined DC experience on our small group licenses, which we believe to be credible.

Consideration was given to ASOP #25 when determining the credibility and appropriateness of the experience and the manual rate.

Section 9: Development of Projected Index Rate

The experience period index rate is $264.49 PMPM.

The Index Rate For the experience period is approximately 99.78% of allowed claims due to benefits in excess of EHBs. The reported percentage amount is based on experience data. The index rate of the experience period has been reported accordingly. The Index Rate in the projection period represents 99.78% of allowed claims due to the benefits in excess of EHBs.

The projected index rate of $497.81 was calculated by trending and adjusting the experience period index rate to the projection period, including blending the experience with a manual rate if the experience was not fully credible. It is established in accordance with the requirements of 45 CFR §156.80(d). See sections 6, 7, and 8 of this memo for more details.

Section 10: Development of the Market Adjusted Index Rate

Reinsurance

There is no reinsurance program in force for this business, and as a result there are no reinsurance recoveries to report.

Risk Adjustment Payment/Charge

UnitedHealthcare of the Mid-Atlantic, Inc. anticipates paying an average of $15.39 PMPM for risk adjustment transfers in the state of District of Columbia for the 2023 plan year, which has been grossed up to $14.65 PMPM on an allowed basis for purposes of calculating the Market Adjusted Index Rate. We are assuming the risk level of our business relative to that of our competitors for the 2023 plan year will be similar to what it was in the 2021 plan year. Since risk adjustment transfer payments are a function of the market level premium, our 2023 risk adjustment transfer PMPM amount is calculated by adjusting our estimated 2021 risk adjustment transfer PMPM amount for the projected market level trend, changes in reinsurance fees and recoveries, and other adjustments based on the overall financial performance of the market.

Exchange User Fees

Marketplace user fees are applied as an adjustment to the Index Rate at the market level. The value reflects the expected mix of Marketplace and non-Marketplace enrollees.

The market adjusted index rate includes market-wide adjustments for reinsurance, risk adjustment transfers and exchange user fees (if any).

Index Rate	Net Federal or State Reinsurance (allowed basis)	Risk Adjustment Payment/Charge (allowed basis)	Exchange Fee Adjustment (allowed basis)	Market Adjusted Index Rate
$497.81	$0.00	($14.65)	0.00%	$512.46

Section 11: Plan Adjusted Index Rate

Actuarial Value and Cost Sharing Adjustment

UnitedHealthcare has a proprietary pricing model that was used in developing the actuarial value and cost sharing adjustment for each plan. The model calculates plan relativity factors for medical and pharmacy benefits. Also included under the actuarial value and cost sharing adjustment are adjustments for leveraging and the difference between the average plan relativity factor and the projected paid to allowed ratio.

UnitedHealthcare does not utilize Induced Demand factors in our rate development. Instead, our plan-specific pricing factors are based on an analysis of UnitedHealthcare's nationwide block of Small Group health insurance, which reflects over 10 million member months of experience. Our approach complies with the prohibition of rating for morbidity differences by normalizing out the cost differences attributable to morbidity as measured by HHS's risk adjustment mechanism.

Historical UnitedHealthcare experience was used to develop the actuarial value and cost sharing adjustment.

Provider network, delivery system and utilization management adjustment

Any adjustments for these items are included in the plan relativity factors.

Distribution and Administrative Costs

Distribution and administrative costs include premium tax, risk adjustment user fees, SG&A, quality improvements, federal income tax, and after-tax income. Risk adjustment transfers, net reinsurance recoveries and exchange fees are excluded because they are accounted for in the market adjusted index rate.

Administrative Expense Load

The administrative expense load is a long-term estimate of administrative expenses, including selling expenses and general administrative expenses. This load does not vary by product or plan. These assumptions are based on the general ledger actual results for 2021 with known adjustments. Known adjustments include, but are not limited to, pay increases/raises for employees and administrative expenses as a result of Healthcare Reform and compliance requirements. The administrative expense allocation methodology used in pricing is appropriate because it is consistent with how UnitedHealthcare runs its business and how it allocates administrative costs for Statutory Filings and the Healthcare Reform Exhibits.

Profit and Risk Margin

The profit and risk margin is shown in Worksheet 2, Section III of the URRT. This target does not vary by product or plan.

The profit and risk margin is derived from the difference between the administrative expenses, taxes and fees, and 1 minus the target loss ratio and the administrative expenses, taxes and fees.

The profit and risk margin results in an anticipated MLR that is above the minimum requirements as described in the Projected Loss Ratio section.

Taxes and Fees

Taxes and fees are expected to be 4.1% and include premium tax, exchange fees (if any), risk adjustment user fees, and federal income tax. The following is a breakdown of the taxes and fees.

Premium Taxes and Fees Allocation	Estimated % of Premium
Federal / State Income Tax on Profit & Risk Load	0.6%
Premium Tax	1.8%
ACA Taxes: Insurer Fee	0.0%
ACA Taxes: PCORI Fee	0.0%
ACA Taxes: Risk Adjustment User Fee	0.0%
ACA Taxes: Exchange User Fee	0.8%
All Other Taxes & Fees	0.9%
Total	**4.1%**

Section 12: Calibration

Plan Adjusted Index Rates need to be calibrated to apply the allowable rating factors of age and geography in order to calculate the Consumer Adjusted Premium Rates. Calibration factors are applied uniformly to all plans.

Age Calibration

The calculated age curve calibration is 1.054, which equals one divided by the average age factor of the expected member distribution by age. The age factors used in this calculation are the DC-specified age curve.

Geographic and Tobacco Calibration

Geographic and tobacco factors are not used in the rating of these products, and no calibration is needed.

Calibrating the plan adjusted index rate to the age curve and geographic distribution results in the calibrated premium rate for each plan. The calibrated premium rate represents the preliminary premium rate charged to an individual before applying the consumer specific rating adjustments for age and area.

Section 13: Consumer Adjusted Premium Rate Development

The consumer adjusted premium rate is the final premium rate that is charged to an individual. It is developed by calibrating the plan adjusted index rate, and applying the consumer specific age and geographic rating factors. The calculation is provided below.

Plan Adjusted Index Rate
x Age Calibration Factor
x Geographic Calibration Factor
x Consumer Specific Age Rating Factor
x Consumer Specific Geographic Rating Factor
x Small Group Trend Adjustment
= Consumer Adjusted Premium Rate

Section 14: Projected Loss Ratio

The projected loss ratio using the federally prescribed MLR methodology for calendar year 2023 is 84.5%. UnitedHealthcare of the Mid-Atlantic, Inc. agrees to comply with the rebate requirements of 45 CFR Part 158 should the actual market MLR fall below the 80.0% requirement.

Section 15: AV Metal Values

The AV calculator used to calculate the AV metal values is based on a prescribed methodology and, therefore, does not necessarily reflect a reasonable estimate of the portion of allowed costs covered by the associated plan.

Some plans within this portfolio have cost sharing features that differ between individual and family coverage (i.e., when two or more people are covered by the plan). For all plans, consistent with the Actuarial Value Calculator inputs, we have used only the cost sharing provisions applicable for individuals in the actuarial value calculation.

The AV calculator was used to determine the AV metal values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans. Some of our plan designs are not directly compatible with the AV calculator. The values were developed in accordance with generally accepted actuarial principles and methodologies. Additional details are provided below to describe the types of adjustments that were made for plan designs that are not directly compatible with the AV calculator.

Copays Paid in Conjunction with Coinsurance

Some of our plan designs include copays that are paid in conjunction with coinsurance in the coinsurance range. This benefit design is not directly compatible with the AV calculator, so the alternate methodology described in 45 CFR 156.135(b)(2) was used for the AV calculation. In order to modify the AV calculator input for a copay paid in conjunction with coinsurance, the following formula was used to estimate the insurer's cost share.

Effective Insurer Coinsurance Rate = (1 – Member Copay/Average Unit Cost) * (1-Member Coinsurance Rate)

The benefit was then marked as "Subject to Deductible" and "Subject to Coinsurance" with a "Coinsurance, if different" equal to the effective insurer coinsurance rate as calculated above. The copay was entered in the "Copay if separate" column.

The average unit cost was calculated based on the claims data included within the AV calculator continuance tables for each metal level. For example, if the plan was expected to fall within a Silver Metal Tier, the average unit cost was calculated from the Silver continuance tables. All enrollees within a continuance table whose claims exceeded $1,500 were included in the calculation of the average unit cost for each benefit type.

Benefits that Vary Based on Place of Service

For some types of services, our plan designs include different benefit levels based on the place of service (i.e. physician's office, free standing facility, or outpatient hospital facility). To incorporate this differentiation in benefits, the Tiered Network Option was selected within the AV calculator, and utilization was assigned to each tier based on historical experience of affiliated carriers.

Physician Tiering

Select plan designs include lower cost sharing when members utilize providers we designate as meeting cost and efficiency standards. The tiered network functionality of the AV calculator was utilized to account for the cost sharing differences. The utilization of providers was based on a UnitedHealthcare study of differences in cost sharing and their effectiveness at driving utilization patterns.

Per Occurrence Copays

Select plan designs have per occurrence copays where a copay is paid before coinsurance is applied between the deductible and maximum out of pocket. These copays accumulate to the maximum out of pocket. To reflect this type of benefit an effective insurer coinsurance rate was calculated based on the average unit cost of the service and member coinsurance rate. The calculation is as follows:

Effective Insurer Coinsurance Rate = (1 – Member Copay/Average Unit Cost) * (1-Member Coinsurance Rate)

Some of the copays only apply to portions of the benefit categories that the AV calculator defines. For example, the Inpatient Hospital Services includes both physician and facility charges. To the extent the plan design per occurrence copay only applies to a portion of the services, the tiered Network functionality was utilized. The mix of services within the AV calculator benefit categories was based on historical experience.

The average unit cost was calculated based on the claims data included within the AV calculator continuance tables for each metal level where available.

Zero Dollar Copay for Dependents Under Age 19

Some plan designs assume no PCP copay applies for children under the age of 19. These copays were converted to an effective copay based on UnitedHealthcare historical membership distributions.

Laboratory and X-Ray Services

Some plan designs include a copay for minor lab and x-ray services. These copays are applied on a per visit basis. The AV Calculator assumes that the copays are on a per procedure basis. Therefore, the copay amounts are adjusted to reflect the equivalent per procedure amount.

Section 16: Membership Projections

The 2023 plan year membership projection was developed utilizing the experience period plan level membership distribution along with sales and persistency targets. Member distribution by plan was then based on current enrollment, taking into consideration changes in the portfolio of plans to be offered in 2023. Strictly for purposes of the URRT, we have projected membership by plan.

Section 17: Terminated Plans and Products

There are no terminated plans or products for this legal entity.

Section 18: Plan Type

A plan type of HMO has been selected, which describes the plans exactly.

Section 19: Reliance

In my professional judgment, the assumptions or methods described in the memorandum do not conflict with what I believe to be reasonable. Therefore, I have not included any reliances.

Section 20: Actuarial Certification

I, Ryan Morgan, FSA, MAAA, am a Director of Actuarial Services for UnitedHealthcare, and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering statements of actuarial opinion with respect to the filing of rates for health insurance products.

To the best of my knowledge and judgment, I certify that:

- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area.

- The AV calculator was used to determine the AV metal values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans. Some of our plan designs are not directly compatible with the AV calculator. The values were developed in accordance with generally accepted actuarial principles and methodologies. The unique plan design actuarial certification required by 45 CFR Part 156.135 has been separately attached.

- The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop their rates. Rather, it represents information required by federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges, and for certification that the index rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.

5/2/2022

Ryan Morgan, FSA, MAAA

Director, Actuarial Services

Date

Federal Rate Filing Justification Part III
Actuarial Memorandum and Certification

UnitedHealthcare of the Mid-Atlantic, Inc.
NAIC: 0707-21066
FEIN: 521130183

State of District of Columbia Rate Review

Table of Contents

Section 1: Purpose

The following is a rate filing prepared by UnitedHealthcare of the Mid-Atlantic, Inc. This filing has been prepared to provide the necessary information required by the Department of Health and Human Services and the state of District of Columbia. The purpose of this memorandum is to provide information relevant to the Federal Part I Unified Rate Review Template (URRT).

This filing establishes rates intended to be used for non-grandfathered PPACA compliant small group health benefit plans sold on the Small Business Health Options Program in District of Columbia for the 2023 plan year. A rate increase is being filed at this time. The rates and other information in this submission are based on the current regulations and guidance from HHS. Changes to this filing may be necessary if there are revisions to the regulations or updated guidance from HHS.

This memorandum is intended solely for the information of and use by the Department of Health and Human Services and the District of Columbia Department of Insurance and Financial Services. It will demonstrate compliance with state and federal laws and regulations related to the development of the index rate and allowable rating factors and is not intended to be used for any other purpose.

The attached document contains confidential, proprietary information and trade secrets. This information is strictly confidential and protected from disclosure by D.C. Code section 31-3303.08(b) and D.C. Code section 2-534(a)(1). If the prohibition against disclosure by the Department of Insurance and Financial Services is reassessed at a later date, it may not be disclosed to any other state or federal regulatory agencies unless the recipient agrees in writing prior to receipt to maintain the confidentiality of the information.

Section 2: General Information

Company Identifying Information

Company Legal Name:	UnitedHealthcare of the Mid-Atlantic, Inc.
State:	District of Columbia
HIOS Issuer ID:	21066
Market:	Small Business, 1-50
Proposed Effective Date:	January 01, 2023

Primary Contact Information

[redacted]

Section 3: Proposed Rate Changes

The proposed change in rates for this filing is [redacted] compared to the prior filing. The proposed pricing trend is [redacted] annually.

The primary drivers of the proposed rate changes are the following:

- Changes in medical service costs
  - Increasing Cost of Medical Services – Annual increases in reimbursement rates to health care providers – such as hospitals, doctors and pharmaceutical companies.
  - Increased Utilization – The number of office visits and other services continues to grow. In addition, total health care spending will vary by the intensity of care and/or use of different types of health services. Patients who are sicker generally have a higher intensity of health care utilization. The price of care can be affected by the use of expensive procedures such as surgery vs. simply monitoring or providing medications.
  - Higher Costs from Deductible Leveraging – Health care costs continue to rise every year. If deductibles and copayments remain the same, a greater percentage of health care costs need to be covered by health insurance premiums each year.
  - Cost shifting from the public to the private sector – Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover all of the cost of care. The cost difference is being shifted to private health plans. Hospitals typically make up this difference by charging private health plans more.
  - Impact of New Technology – Improvements to medical technology and clinical practice often result in the use of more expensive services - leading to increased health care spending and utilization.
- Administrative costs and anticipated profit
  - UnitedHealthcare works to directly control administrative expenses by adopting better processes and technology and through the development of programs and innovations that make health care more affordable. We have led the marketplace by introducing key innovations that make health care services more accessible and affordable for customers, improve the quality and coordination of health care services, and help individuals and their physicians make more informed health care decisions.
  - Additionally, UnitedHealthcare indirectly controls medical cost payments by using appropriate payment structures with providers and facilities. UnitedHealthcare's goal is to control costs, maximize efficiency, and work closely with physicians and providers to obtain the best value and coverage.
  - State and/or Federal government imposed taxation and fees are additional significant factors that impact health care spending. These fees include ACA taxes and fees which will have increased health insurance costs and need to be reflected in premium.
- Changes that vary by plan
  - All plan relativity factors have been updated to reflect UnitedHealthcare's most recent pricing model.
  - The impact of any changes to plans that have occurred due to uniform modification are also reflected in the updated plan relativity factors. Please see the "Plan Adjusted Index Rate" section of the memorandum for more detail on these changes.

We refined the medical and pharmacy plan price relativities to reflect the most recent pricing methodology and pricing models. The methodology is based on UnitedHealthcare nationwide experience data, which contains utilization frequencies and unit costs by service category, in addition to 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. The expected paid-to-allowed relativities and expected utilization differences due to differences in cost sharing for each plan are then used to develop the plan factors for each benefit plan. All benefit plans are priced consistently with each other, with the rates differing by the estimated value of the benefits and the expected utilization differences due to differences in cost sharing. The utilization differences do not reflect differences due to health status. The net impact of all changes by plan can be found in Worksheet 2, Section I of the Unified Rate Review Template.

Significant factors driving the proposed rate changes are discussed in further detail in Section 6 (*Projection Factors*) and Section 7 (*Credibility Manual Rate Development*) of this memorandum.

Section 4: Experience and Current Period Premium, Claims and Enrollment

Paid Through Date

The experience period is [redacted], with claims paid through [redacted].

Current Date

The current enrollment and premium is reported as of [redacted].

Support for Estimate of Incurred but not Reported Claims

Historical claims are categorized both by the month in which they were incurred and the month in which they were adjudicated. For incurral months with sufficient adjudicated claim experience, incurred claims are estimated by applying completion factors derived from the historical claims. Adjustments are made based on specific knowledge of the entity (e.g., catastrophic claims, pended claims, etc.). For incurral months where adjudicated claim experience is not sufficient to rely on completion factors, a PMPM is used to estimate incurred claims. PMPM estimates are based on expected claim seasonality patterns, monthly calendar days and work days, emerging claim trends, and other factors. The same completion factors are applied to both incurred and allowed claim amounts.

The same completion factors are applied to both incurred and allowed claims amounts.

Experience Period Risk Adjustment

Risk Adjustments for the experience period are not known at this time.

Our 2021 risk adjustment transfer PMPM is estimated using data provided to UnitedHealthcare as a result of our participation in a multi-state study done by a large, independent actuarial consulting firm. Based on the results of that study, we expect that risk level of the membership insured by UnitedHealthcare of the Mid-Atlantic, Inc. to be lower than the market. This results in an approximate adjustment of [redacted].

Experience Period Index Rates

Experience Period Index Rates are defined as the allowed claims PMPM for Essential Health Benefits during the Experience Period. With the breakout of service level EHB claims, the information provided reflects a reasonable estimate of the EHBs.

Section 5: Benefit Categories

Claims were assigned to each of the benefit categories based on where services were administered and the types of medical services rendered. The benefit categories were defined by our claims department using standard industry definitions.

Inpatient Hospital

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

Outpatient Hospital

Includes non-capitated facility services for surgical, emergency room, laboratory, radiology, therapeutic, observation, and other services provided in an outpatient facility setting and billed by the facility.

Professional

Includes non-capitated primary care, specialist care, therapeutic, the professional component of laboratory and radiology, and other professional services, other than hospital based professionals whose payments are included in facility fees.

Other Medical

Includes non-capitated ambulatory, home health care, durable medical equipment, prosthetics, supplies, vision exams, dental services and other services.

Capitation

Includes all services provided under one or more capitated agreements.

Prescription Drug

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

Section 6: Projection Factors

Trend

Two years of annual trend were applied to our 2021 experience to project it to the 2023 rating period. Please see Exhibit T for more detail

UnitedHealthcare 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, and benefit leveraging identified for each category. Future trends are developed based on a projection of each component.

Utilization rates by category are measured and projected. Forward looking utilization levels are developed based on emerging market level data, supplemented by regional and/or national level utilization data. Macro-economic data is often used to develop assumptions regarding directional changes in national health care consumption rates. UnitedHealthcare uses same store analysis to reflect utilization.

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

In addition, market-level healthcare affordability activities that are expected to impact forward-looking medical costs are 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 for this purpose in the expected trend impact for any particular period.

Section 7: Credibility Manual Rate Development

Adjustments Made to the Data

Adjustments similar to the ones described in Section 6 were applied to the experience of the credibility manual to project it to the projection period. In addition, the credibility manual was adjusted to reflect the average age, geography, plan design and morbidity of the adjusted experience period claims.

Inclusion of Capitation Payments

Capitation payments are included in both the experience and projections.

Section 8: Credibility of Experience

We have set our rate levels based on the combined DC experience on our small group licenses, which we believe to be credible.

Consideration was given to ASOP #25 when determining the credibility and appropriateness of the experience and the manual rate.

Section 9: Development of Projected Index Rate

The experience period index rate is [redacted] PMPM.

The Index Rate For the experience period is approximately [redacted]% of allowed claims due to benefits in excess of EHBs. The reported percentage amount is based on experience data. The index rate of the experience period has been reported accordingly. The Index Rate in the projection period represents [redacted]% of allowed claims due to the benefits in excess of EHBs.

The projected index rate of $[redacted] was calculated by trending and adjusting the experience period index rate to the projection period, including blending the experience with a manual rate if the experience was not fully credible. It is established in accordance with the requirements of 45 CFR §156.80(d). See sections 6, 7, and 8 of this memo for more details.

Section 10: Development of the Market Adjusted Index Rate

Reinsurance

There is no reinsurance program in force for this business, and as a result there are no reinsurance recoveries to report.

Risk Adjustment Payment/Charge

UnitedHealthcare of the Mid-Atlantic, Inc. anticipates paying an average of $[redacted] PMPM for risk adjustment transfers in the state of District of Columbia for the 2023 plan year, which has been grossed up to $[redacted] PMPM on an allowed basis for purposes of calculating the Market Adjusted Index Rate. We are assuming the risk level of our business relative to that of our competitors for the 2023 plan year will be similar to what it was in the 2021 plan year. Since risk adjustment transfer payments are a function of the market level premium, our 2023 risk adjustment transfer PMPM amount is calculated by adjusting our estimated 2021 risk adjustment transfer PMPM amount for the projected market level trend, changes in reinsurance fees and recoveries, and other adjustments based on the overall financial performance of the market.

Exchange User Fees

Marketplace user fees are applied as an adjustment to the Index Rate at the market level. The value reflects the expected mix of Marketplace and non-Marketplace enrollees.

The market adjusted index rate includes market-wide adjustments for reinsurance, risk adjustment transfers and exchange user fees (if any).

Index Rate	Net Federal or State Reinsurance (allowed basis)	Risk Adjustment Payment/Charge (allowed basis)	Exchange Fee Adjustment (allowed basis)	Market Adjusted Index Rate
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Section 11: Plan Adjusted Index Rate

Actuarial Value and Cost Sharing Adjustment

UnitedHealthcare has a proprietary pricing model that was used in developing the actuarial value and cost sharing adjustment for each plan. The model calculates plan relativity factors for medical and pharmacy benefits. Also included under the actuarial value and cost sharing adjustment are adjustments for leveraging and the difference between the average plan relativity factor and the projected paid to allowed ratio.

UnitedHealthcare does not utilize Induced Demand factors in our rate development. Instead, our plan-specific pricing factors are based on an analysis of UnitedHealthcare's nationwide block of Small Group health insurance, which reflects [redacted] months of experience. Our approach complies with the prohibition of rating for morbidity differences by normalizing out the cost differences attributable to morbidity as measured by HHS's risk adjustment mechanism.

Historical UnitedHealthcare experience was used to develop the actuarial value and cost sharing adjustment.

Provider network, delivery system and utilization management adjustment

Any adjustments for these items are included in the plan relativity factors.

Distribution and Administrative Costs

Distribution and administrative costs include premium tax, risk adjustment user fees, SG&A, quality improvements, federal income tax, and after-tax income. Risk adjustment transfers, net reinsurance recoveries and exchange fees are excluded because they are accounted for in the market adjusted index rate.

Administrative Expense Load

The administrative expense load is a long-term estimate of administrative expenses, including selling expenses and general administrative expenses. This load does not vary by product or plan. These assumptions are based on the general ledger actual results for 2021 with known adjustments. Known adjustments include, but are not limited to, pay increases/raises for employees and administrative expenses as a result of Healthcare Reform and compliance requirements. The administrative expense allocation methodology used in pricing is appropriate because it is consistent with how UnitedHealthcare runs its business and how it allocates administrative costs for Statutory Filings and the Healthcare Reform Exhibits.

Profit and Risk Margin

The profit and risk margin is shown in Worksheet 2, Section III of the URRT. This target does not vary by product or plan.

The profit and risk margin is derived from the difference between the administrative expenses, taxes and fees, and 1 minus the target loss ratio and the administrative expenses, taxes and fees.

The profit and risk margin results in an anticipated MLR that is above the minimum requirements as described in the Projected Loss Ratio section.

Taxes and Fees

Taxes and fees are expected to be [redacted] and include premium tax, exchange fees (if any), risk adjustment user fees, and federal income tax. The following is a breakdown of the taxes and fees.

Premium Taxes and Fees Allocation	Estimated % of Premium
Federal / State Income Tax on Profit & Risk Load	[redacted]
Premium Tax	[redacted]
ACA Taxes: Insurer Fee	[redacted]
ACA Taxes: PCORI Fee	[redacted]
ACA Taxes: Risk Adjustment User Fee	[redacted]
ACA Taxes: Exchange User Fee	[redacted]
All Other Taxes & Fees	[redacted]
Total	[redacted]

Section 12: Calibration

Plan Adjusted Index Rates need to be calibrated to apply the allowable rating factors of age and geography in order to calculate the Consumer Adjusted Premium Rates. Calibration factors are applied uniformly to all plans.

Age Calibration

The calculated age curve calibration is [redacted], which equals one divided by the average age factor of the expected member distribution by age. The age factors used in this calculation are the DC-specified age curve.

Geographic and Tobacco Calibration

Geographic and tobacco factors are not used in the rating of these products, and no calibration is needed.

Calibrating the plan adjusted index rate to the age curve and geographic distribution results in the calibrated premium rate for each plan. The calibrated premium rate represents the preliminary premium rate charged to an individual before applying the consumer specific rating adjustments for age and area.

Section 13: Consumer Adjusted Premium Rate Development

The consumer adjusted premium rate is the final premium rate that is charged to an individual. It is developed by calibrating the plan adjusted index rate, and applying the consumer specific age and geographic rating factors. The calculation is provided below.

Plan Adjusted Index Rate
x Age Calibration Factor
x Geographic Calibration Factor
x Consumer Specific Age Rating Factor
x Consumer Specific Geographic Rating Factor
x Small Group Trend Adjustment
= Consumer Adjusted Premium Rate

Section 14: Projected Loss Ratio

The projected loss ratio using the federally prescribed MLR methodology for calendar year 2023 is [redacted]. UnitedHealthcare of the Mid-Atlantic, Inc. agrees to comply with the rebate requirements of 45 CFR Part 158 should the actual market MLR fall below the [redacted] requirement.

Section 15: AV Metal Values

The AV calculator used to calculate the AV metal values is based on a prescribed methodology and, therefore, does not necessarily reflect a reasonable estimate of the portion of allowed costs covered by the associated plan.

Some plans within this portfolio have cost sharing features that differ between individual and family coverage (i.e., when two or more people are covered by the plan). For all plans, consistent with the Actuarial Value Calculator inputs, we have used only the cost sharing provisions applicable for individuals in the actuarial value calculation.

The AV calculator was used to determine the AV metal values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans. Some of our plan designs are not directly compatible with the AV calculator. The values were developed in accordance with generally accepted actuarial principles and methodologies. Additional details are provided below to describe the types of adjustments that were made for plan designs that are not directly compatible with the AV calculator.

Copays Paid in Conjunction with Coinsurance

Some of our plan designs include copays that are paid in conjunction with coinsurance in the coinsurance range. This benefit design is not directly compatible with the AV calculator, so the alternate methodology described in 45 CFR 156.135(b)(2) was used for the AV calculation. In order to modify the AV calculator input for a copay paid in conjunction with coinsurance, the following formula was used to estimate the insurer's cost share.

Effective Insurer Coinsurance Rate = (1 – Member Copay/Average Unit Cost) * (1-Member Coinsurance Rate)

The benefit was then marked as "Subject to Deductible" and "Subject to Coinsurance" with a "Coinsurance, if different" equal to the effective insurer coinsurance rate as calculated above. The copay was entered in the "Copay if separate" column.

The average unit cost was calculated based on the claims data included within the AV calculator continuance tables for each metal level. For example, if the plan was expected to fall within a Silver Metal Tier, the average unit cost was calculated from the Silver continuance tables. All enrollees within a continuance table whose claims exceeded $1,500 were included in the calculation of the average unit cost for each benefit type.

Benefits that Vary Based on Place of Service

For some types of services, our plan designs include different benefit levels based on the place of service (i.e. physician's office, free standing facility, or outpatient hospital facility). To incorporate this differentiation in benefits, the Tiered Network Option was selected within the AV calculator, and utilization was assigned to each tier based on historical experience of affiliated carriers.

Physician Tiering

Select plan designs include lower cost sharing when members utilize providers we designate as meeting cost and efficiency standards. The tiered network functionality of the AV calculator was utilized to account for the cost sharing differences. The utilization of providers was based on a UnitedHealthcare study of differences in cost sharing and their effectiveness at driving utilization patterns.

Per Occurrence Copays

Select plan designs have per occurrence copays where a copay is paid before coinsurance is applied between the deductible and maximum out of pocket. These copays accumulate to the maximum out of pocket. To reflect this type of benefit an effective insurer coinsurance rate was calculated based on the average unit cost of the service and member coinsurance rate. The calculation is as follows:

Effective Insurer Coinsurance Rate = (1 – Member Copay/Average Unit Cost) * (1-Member Coinsurance Rate)

Some of the copays only apply to portions of the benefit categories that the AV calculator defines. For example, the Inpatient Hospital Services includes both physician and facility charges. To the extent the plan design per occurrence copay only applies to a portion of the services, the tiered Network functionality was utilized. The mix of services within the AV calculator benefit categories was based on historical experience.

The average unit cost was calculated based on the claims data included within the AV calculator continuance tables for each metal level where available.

Zero Dollar Copay for Dependents Under Age 19

Some plan designs assume no PCP copay applies for children under the age of 19. These copays were converted to an effective copay based on UnitedHealthcare historical membership distributions.

Laboratory and X-Ray Services

Some plan designs include a copay for minor lab and x-ray services. These copays are applied on a per visit basis. The AV Calculator assumes that the copays are on a per procedure basis. Therefore, the copay amounts are adjusted to reflect the equivalent per procedure amount.

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The 2023 plan year membership projection was developed utilizing the experience period plan level membership distribution along with sales and persistency targets. Member distribution by plan was then based on current enrollment, taking into consideration changes in the portfolio of plans to be offered in 2023. Strictly for purposes of the URRT, we have projected membership by plan.

Section 17: Terminated Plans and Products

There are no terminated plans or products for this legal entity.

Section 18: Plan Type

A plan type of [redacted] has been selected, which describes the plans exactly.

Section 19: Reliance

In my professional judgment, the assumptions or methods described in the memorandum do not conflict with what I believe to be reasonable. Therefore, I have not included any reliances.

Section 20: Actuarial Certification

I, [redacted], am a Director of Actuarial Services for UnitedHealthcare, and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering statements of actuarial opinion with respect to the filing of rates for health insurance products.

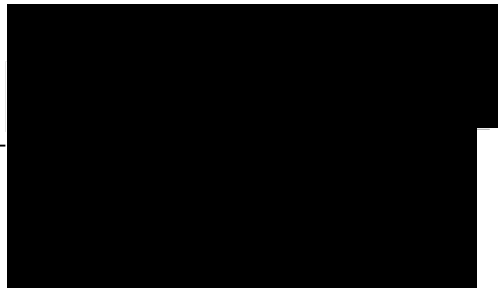
To the best of my knowledge and judgment, I certify that:

- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area.

- The AV calculator was used to determine the AV metal values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans. Some of our plan designs are not directly compatible with the AV calculator. The values were developed in accordance with generally accepted actuarial principles and methodologies. The unique plan design actuarial certification required by 45 CFR Part 156.135 has been separately attached.

- The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop their rates. Rather, it represents information required by federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges, and for certification that the index rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.



5/2/2022

_____

Date

UnitedHealthcare of the Mid-Atlantic, Inc.
DC Small Group
2023 Non-Grandfathered Employer Rates

Scope and Range of the Rate Increase

The requested average rate change for the small group health benefit plans sold in the District of Columbia is +13.8%. Rate changes may range from +10.5% to +16.6% depending on the specific plan on this entity. Additional premium changes may occur due to member aging and changes in plan selection. Rate changes will be effective January 1, 2023. It is projected that there will be 612 covered lives impacted by this rate change.

Changes in Medical Service Costs

There are many different health care cost trends that contribute to increases in the overall U.S. health care spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key health care cost trends that have affected this year's rate actions include:

- **Increasing Cost of Medical Services**: Annual increases in reimbursement rates to health care providers – such as hospitals, doctors, and pharmaceutical companies.
- **Increased Utilization**: The number of office visits and other services continues to grow. In addition, total health care spending will vary by the intensity of care and use of different types of health services. The price of care can be affected by the use of expensive procedures such as surgery versus simply monitoring or providing medications.
- **Higher Costs from Deductible Leveraging**: While health care costs continue to rise every year, if deductibles and copayments remain the same, a greater percentage of health care costs need to be covered by health insurance premiums each year.
- **Cost shifting from the public to the private sector**: Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover the cost of providing care to these patients. Hospitals generally make up this reimbursement shortfall by charging private health plans more.
- **Impact of New Technology**: Improvements to medical technology and clinical practice require use of more expensive services - leading to increased health care spending and utilization.

Changes in Benefits

Changes in covered benefits or benefit plan designs impact costs and therefore affect premium changes. Benefit plans are typically changed for one of three reasons: to comply with the requirements of the Affordable Care Act, to respond to consumer feedback, or to address a particular medical cost issue to provide for greater long-term affordability of the product.

The Affordable Care Act implemented requirements for the “value” that must be offered by plan designs in the Individual and Small Group markets. These are called “metal levels”. For a benefit plan to remain classified within a particular metal level from year to year, adjustments to deductibles, copayments or coinsurance are sometimes required. These adjustments impact the cost and therefore the premium increases for the plan.

Administrative Costs

UnitedHealthcare works to directly control administrative expenses by adopting better processes and technology and developing programs and innovations that make health care more affordable. We have led the marketplace by introducing key innovations that make health care services more accessible and affordable for customers, improve the quality and coordination of health care services, and help individuals and their physicians make more informed health care decisions. Updated analysis of administrative costs has shown that the administrative costs associated with these plans are higher than previously estimated and those costs are included in the requested rate change.

State and Federal government imposed taxation and fees are significant factors that impact health care spending and have to be included in the administrative costs associated with the plans. These fees include Patient Protection and Affordable Care Act taxes and fees which impact health insurance costs and need to be reflected in premium.

SERFF Tracking #:	*UHLC-133227661*	***State Tracking #:***		***Company Tracking #:***	

State:	*District of Columbia*	***Filing Company:***	*UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI:	*HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*		
Product Name:	*DC-SG-UHCMA-2023-01*		
Project Name/Number:	*/*		

Supporting Document Schedules

Satisfied - Item:	Actuarial Justification
Comments:	
Attachment(s):	DC-SG-UHCMA-PartII-2023.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Cover Letter
Comments:	
Attachment(s):	DC-SG-UHCMA-Cover-2023.pdf
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia Plain Language Summary
Comments:	
Attachment(s):	DC-SG-UHCMA-PlainLanguageSummary-2023.pdf
Item Status:	
Status Date:	

State: *District of Columbia* **Filing Company:** *UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*
Product Name: *DC-SG-UHCMA-2023-01*
Project Name/Number: */*

Satisfied - Item:	DISB Actuarial Memorandum Dataset
Comments:	
Attachment(s):	DC-SG-UHCMA-ActuarialDataset-2023.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	Rate Review Checklist
Comments:	
Attachment(s):	DC-SG-Checklist-2023.pdf
Item Status:	
Status Date:	

Satisfied - Item:	AV Screenshots
Comments:	
Attachment(s):	2023 DC SG AV Screenshots - UHCMA.zip
Item Status:	
Status Date:	

Satisfied - Item:	Risk Adjustment RATEE Data
Comments:	The Risk Adjustment RATEE Data is not currently available. We will amend as soon as we can with updated data.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Rate Sheets
Comments:	
Attachment(s):	DC_21066_UHCMA_On_SG_2022_RTT_V01_05-2-2022.xls
Item Status:	
Status Date:	

Satisfied - Item:	Unique Plan Design
Comments:	
Attachment(s):	DC-UHCMA-Unique Plan Design 2023 signed.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum

SERFF Tracking #:	*UHLC-133227661*	***State Tracking #:***		***Company Tracking #:***	

State:	*District of Columbia*	***Filing Company:***	*UnitedHealthcare of the Mid-Atlantic, Inc.*
TOI/Sub-TOI:	*HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other*		
Product Name:	*DC-SG-UHCMA-2023-01*		
Project Name/Number:	*/*		

Comments:	
Attachment(s):	DC-SG-UHCMA-ActMemo-2023.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	
Attachment(s):	2023_Unified_Rate_Review_Template_v5.4_UHCMA.xlsm
Item Status:	
Status Date:	

Attachment DC-SG-UHCMA-ActuarialDataset-2023.xlsx is not a PDF document and cannot be reproduced here.

Attachment 2023 DC SG AV Screenshots - UHCMA.zip is not a PDF document and cannot be reproduced here.

Attachment DC_21066_UHCMA_On_SG_2022_RTT_V01_05-2-2022.xls is not a PDF document and cannot be reproduced here.

Attachment 2023_Unified_Rate_Review_Template_v5.4_UHCMA.xlsm is not a PDF document and cannot be reproduced here.

UnitedHealthcare of the Mid-Atlantic, Inc.
DC Small Group
2023 Non-Grandfathered Employer Rates

Scope and Range of the Rate Increase

The requested average rate change for the small group health benefit plans sold in the District of Columbia is +13.8%. Rate changes may range from +10.5% to +16.6% depending on the specific plan on this entity. Additional premium changes may occur due to member aging and changes in plan selection. Rate changes will be effective January 1, 2023. It is projected that there will be 612 covered lives impacted by this rate change.

Changes in Medical Service Costs

There are many different health care cost trends that contribute to increases in the overall U.S. health care spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key health care cost trends that have affected this year's rate actions include:

- **Increasing Cost of Medical Services**: Annual increases in reimbursement rates to health care providers – such as hospitals, doctors, and pharmaceutical companies.
- **Increased Utilization**: The number of office visits and other services continues to grow. In addition, total health care spending will vary by the intensity of care and use of different types of health services. The price of care can be affected by the use of expensive procedures such as surgery versus simply monitoring or providing medications.
- **Higher Costs from Deductible Leveraging**: While health care costs continue to rise every year, if deductibles and copayments remain the same, a greater percentage of health care costs need to be covered by health insurance premiums each year.
- **Cost shifting from the public to the private sector**: Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover the cost of providing care to these patients. Hospitals generally make up this reimbursement shortfall by charging private health plans more.
- **Impact of New Technology**: Improvements to medical technology and clinical practice require use of more expensive services - leading to increased health care spending and utilization.

Changes in Benefits

Changes in covered benefits or benefit plan designs impact costs and therefore affect premium changes. Benefit plans are typically changed for one of three reasons: to comply with the requirements of the Affordable Care Act, to respond to consumer feedback, or to address a particular medical cost issue to provide for greater long-term affordability of the product.

The Affordable Care Act implemented requirements for the “value” that must be offered by plan designs in the Individual and Small Group markets. These are called “metal levels”. For a benefit plan to remain classified within a particular metal level from year to year, adjustments to deductibles, copayments or coinsurance are sometimes required. These adjustments impact the cost and therefore the premium increases for the plan.

Administrative Costs

UnitedHealthcare works to directly control administrative expenses by adopting better processes and technology and developing programs and innovations that make health care more affordable. We have led the marketplace by introducing key innovations that make health care services more accessible and affordable for customers, improve the quality and coordination of health care services, and help individuals and their physicians make more informed health care decisions. Updated analysis of administrative costs has shown that the administrative costs associated with these plans are higher than previously estimated and those costs are included in the requested rate change.

State and Federal government imposed taxation and fees are significant factors that impact health care spending and have to be included in the administrative costs associated with the plans. These fees include Patient Protection and Affordable Care Act taxes and fees which impact health insurance costs and need to be reflected in premium.

May 2, 2022

Efren Tanhehco, Actuary
DC Department of Insurance Securities & Banking
810 First Street, NE Suite 701
Washington, DC 20002

Re: UnitedHealthcare of the Mid-Atlantic, Inc.
Small Group Rate Filing

Dear Mr. Tanhehco:

This rate filing presents proposed premium rates effective January 1, 2023 through December 31, 2023 for medical and Rx benefit plans to be sold by UnitedHealthcare of the Mid-Atlantic, Inc. to small group employers. The benefit plans and rates are for non-grandfathered employers.

A. Company Name: UnitedHealthcare of the Mid-Atlantic, Inc.

B. NAIC Company Code: 95025

C. SERFF Tracking #: UHLC-133227661

D. Date Filing Submitted: 5/2/2022

E. Proposed Effective Date: 1/1/2023

F. Type of Product: Medical and prescription drug insurance.

G. Market: Small group, employers with 50 or fewer eligible employees.

H. Scope and Purpose of Filing: 2023 rates for small group plans meeting the requirements of the Patient Protection and Affordable Care Act (PPACA).

I. Initial Filing or Rate Change: Initial filing for 2023, rate change to previously filed and approved 2022 rates.

J. Rates apply to existing DC policyholders.

K. Overall Premium Impact of Filing on DC Policyholders: An average 13.8% renewal rate increase.

L. Contact Information: Ryan Morgan, E-mail: ryan_morgan2@uhc.com.

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

Sincerely,

Ryan Morgan

Ryan Morgan, FSA, MAAA
Director, Actuarial Services

Rate Filing Justification Part II (Plain Language Summary)

Pursuant to 45 CFR 154.215, health insurance issuers are required to file Rate Filing Justifications. Part II of the Rate Filing Justification for rate increases and new submissions must contain a written description that includes a simple and brief narrative describing the data and assumptions that were used to develop the proposed rates. The Part II template below must be filled out and uploaded as an Adobe PDF file under the Consumer Disclosure Form section of the Supporting Documentation tab.

Name of Company	UnitedHealthcare of the Mid-Atlantic, Inc.
SERFF tracking number	UHLC-133227661
Submission Date	May 2, 2022
Product Name	Medical and Prescription Drug Insurance
Market Type	○ Individual ◉ Small Group
Rate Filing Type	◉ Rate Increase ○ New Filing

Scope and Range of the Increase:

The 13.8% increase is requested because:

The biggest driver of our rate increase are trend and larger plan changes on the particular plans covered by the UHCMA license.

This filing will impact:

# of policyholder's 244 # of covered lives 612

The average, minimum and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved 13.8%
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved 10.5%
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved 16.6%

Individuals within the group may vary from the aggregate of the above increase components as a result of:

The group's rate is based on the benefit plan selected and the attained ages of the members at the beginning of the policy period.

Financial Experience of Product

The overall financial experience of the product includes:

Membership steady. In part due to inflation, trend rate needed is greater than what was approved in our 2022 rate filing.

The rate increase will affect the projected financial experience of the product by:

The projected loss ratio using the Federal prescribed MLR methodology is 84.5%

Components of Increase

The request is made up of the following components:

Trend Increases – 8.4 % of the 13.8 % total filed increase

1. Medical Utilization Changes –Defined as the increase in total plan claim costs not attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts. Examples include changes in the mix of services utilized, or an increase/decrease in the frequency of service utilization.

   This component is 4.8 % of the 13.8 % total filed increase.

2. Medical Price Changes – Defined as the increase in total plan claim costs attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts.

   This component is 3.4 % of the 13.8 % total filed increase.

Other Increases – 5.0 % of the 13.8 % total filed increase

1. Medical Benefit Changes Required by Law – Defined as any new mandated plan benefit changes, as mandated by either State or Federal Regulation.

   This component is % of the % total filed increase.

2. Medical Benefit Changes Not Required by Law – Defined as changes in plan benefit design made by the company, which are not required by either State or Federal Regulation.

   This component is % of the % total filed increase.

3. Changes to Administration Costs – Defined as increases in the costs of providing insurance coverage. Examples include claims payment expenses, distribution costs, taxes, and general business expenses such as rent, salaries, and overhead.

   This component is % of the % total filed increase.

4. Changes to Profit Margin – Defined as increases to company surplus or changes as an additional margin to cover the risk of the company.

   This component is % of the % total filed increase.

5. Other – Defined as:

   Base rate change (due to experience, risk adj, etc), plan changes

   Note: Components are multiplicative, so sum may differ from total rate increase %.

   This component is 5.0 % of the 13.8 % total filed increase.

RATE FILING REQUIREMENTS INDIVIDUAL AND SMALL GROUP
PLANS SOLD ON DC HEALTH LINK
CHECK-LIST

INSTRUCTIONS: Include all required elements in the table below with the filed rates. The data elements listed in the Actuarial Memorandum should be consistent with the cover letter, if applicable.

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
1	Purpose of Filing	State the purpose of the filing. Identify the applicable law. List the proposed changes to the base rates and rating factors, and provide a general summary.	Yes	Actuarial Memo
2	Form Numbers	Form numbers should be listed in the actuarial memorandum.	Yes	Actuarial Memo
3	HIOS Product ID	The HIOS product ID should be listed in the actuarial memorandum.	Yes	Actuarial Memo
4	Effective Date	The requested effective date of the rate change. For filings effective 1/1/2017 and later, follow filing due date requirements.	Yes	Actuarial Memo
5	Market	Indicate whether the products are sold in the individual or small employer group market.	Yes	Actuarial Memo
6	Status of Forms	Indicate whether the forms are open to new sales, closed, or a mixture of both, and whether the forms are grandfathered, non-grandfathered, or a mixture of both.	Yes	Actuarial Memo
7	Benefits/Metal level(s)	Include a basic description of the benefits of the forms referenced in the filing and the metal level of each plan design.	Yes	Actuarial Memo

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
7.1	AV Value	Provide the actuarial value of each plan design using the AV calculator developed and made available by HHS.	Yes	Exhibit 1
8	Average Rate Increase Requested	The weighted average rate increase being requested, incremental and year-over-year renewal. The weights should be based on premium volume. **In the small group market, please also provide weighted average rate increase requested for 2016Q1 over 2015Q1; etc.**	Yes	Actuarial Memo
9	Maximum Rate Increase Requested	The maximum rate increase that could be applied to a policyholder based on changes to the base rate and rating factors, incremental and year-over-year renewal. (Does not include changes in the demographics of the covered members.)	Yes	Actuarial Memo
10	Minimum Rate Increase Requested	The minimum rate increase that could be applied to a policyholder based on changes to the base rate and rating factors, incremental and year-over-year renewal. (Does not include changes in the demographics of the covered members.)	Yes	Actuarial Memo
11	Absolute Maximum Premium Increase	The absolute maximum year-over-year renewal rate increase that could be applied to a policyholder, including demographic changes such as aging.	Yes	Actuarial Memo
12	Average Renewal Rate Increase for a Year	Calculate the average renewal rate increase, weighted by written premium, for renewals in the year ending with the effective period of the rate filing. The calculation must be performed for each HIOS product ID.	Yes	Actuarial Memo
13	Rate Change History	Rate change history of the forms referenced in the filing. If nationwide experience is used in developing the rates, provide separately the rate history for District of Columbia and the nationwide average rate history.	Yes	Actuarial Memo
14	Exposure	Current number of policies, certificates and covered lives.	Yes	Actuarial Memo

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
15	Member Months	Number of members in force during each month of the base experience period used in the rate development and in each of the two preceding twelve-month periods.	Yes	Exhibit A
16	Past Experience	Provide monthly earned premium and incurred claims for the base experience period used in the rate development and each of the two preceding twelve-month periods.	Yes	Exhibit A
17	Index Rate	Provide the index rate.	Yes	Actuarial Memo
17.1	Rate Development	Show base experience used to develop rates and all adjustments and assumptions applied to arrive at the requested rates. For less than fully credible blocks, disclose the source of the base experience data used in the rate development and discuss the appropriateness of the data for pricing the policies in the filing.	Yes	Actuarial Memo
18	Credibility Assumption	If the experience of the policies included in the filing is not fully credible, state and provide support for the credibility formula used in the rate development.	Yes	Actuarial Memo
19	Trend Assumption	Show trend assumptions by major types of service as defined by HHS in the Part I Preliminary Justification template, separately by unit cost, utilization, and in total. Provide the development of the trend assumptions.	Yes	Exhibit T
20	Cost-Sharing Changes	Disclose any changes in cost sharing for the plans between the base experience period for rating and the requested effective date. Show how the experience has been adjusted for cost-sharing changes in the rate development. Provide support for the estimated cost impact of the cost-sharing changes.	Yes	Actuarial Memo Exhibit 4
21	Benefit Changes	Disclose any changes in covered benefits for the plans between the base experience period for rating and the requested effective date. Show how the experience has been adjusted for changes in covered benefits in the rate development. Provide support for the estimated cost impact of the benefit changes.	Yes	Actuarial Memo Exhibit 4

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
22	Plan Relativities	For rate change filings, if the rate change is not uniform for all plan designs, provide support for all requested rate changes by plan design. Disclose the minimum, maximum, and average impact of the changes on policyholders. For initial filings, provide the derivation of any new plan factors.	Yes	Actuarial Memo Exhibit 3
23	Rating Factors	Provide the age and other rating factors used. Disclose any changes to rating factors, and the minimum, maximum, and average impact on policyholders. Provide support for any changes.	Yes	Actuarial Memo Exhibit 1 Exhibit 3
23.1	Wellness Programs	Describe any wellness programs (as defined in section 2705(j) of the PHS Act) included in this filing.	Yes	Actuarial Memo
24	Distribution of Rate Increases	Anticipated distribution of rate increases due to changes in base rates, plan relativities, and rating factors. This need not include changes in demographics of the individual or group.	Yes	DISB Actuarial Memo Dataset
25	Claim Reserve Needs	Provide the claims for the base experience period separately for paid claims, and estimated incurred claims (including claim reserve). Indicate the incurred period used for the base period. Indicate the paid-through date of the paid claims, and provide a basic description of the reserving methodology for claims reserves and contract reserves, if any. Provide margins used, if any.	Yes	Actuarial Memo Exhibit A Part III Act'l Memo
26	Administrative Costs of Programs that Improve Health Care Quality	Show the amount of administrative costs included with claims in the numerator of the MLR calculation . Show that the amount is consistent with the most recently filed Supplemental Health Care Exhibit or provide support for the difference.	Yes	Actuarial Memo

Number	Data Element	Requirement Description	Individual/and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
27	Taxes and Licensing or Regulatory Fees	Show the amount of taxes, licenses, and fees subtracted from premium in the denominator of your medical loss ratio calculation(c). Show that the amount is consistent with the most recently filed Supplemental Health Care Exhibit or provide support for the difference.	Yes	Actuarial Memo
28	Medical Loss Ratio (MLR)	Demonstrate that the projected loss ratio, including the requested rate change, meets the minimum MLR. Show the premium, claims, and adjustments separately with the development of the projected premium and projected claims (if not provided in the rate development section). If the loss ratio falls below the minimum for the subset of policy forms in the filing, show that when combined with all other policy forms in the market segment in District of Columbia, the loss ratio meets the minimum.	Yes	Actuarial Memo
29	Risk Adjustment	Provide rate information relating to the Risk Adjustment program. Information should include assumed Risk Adjustment user fees, Risk Adjustment PMPM excluding user fees and assumed distribution of enrollment by risk score, plan, and geographical area. Provide support for the assumptions, including any demographic changes. Provide information/study on the development of risk scores and Risk Adjustment PMPM. Provide previous year-end estimated risk adjustment payable or receivable amount and quantitative support for the amount.	Yes	Actuarial Memo

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
30	Past and Prospective Loss Experience Within and Outside the State	Indicate whether loss experience within or outside the state was used in the development of proposed rates. Provide an explanation for using loss experience within or outside the state.	Yes	Actuarial Memo
31	A Reasonable Margin for Reserve Needs	Show the assumed Margin for Reserve Needs used in the development of proposed rates. Margin for Reserve Needs includes factors that reflect assumed contributions to the company's surplus or the assumed profit margin. Demonstrate how this assumption was derived, how the assumption has changed from prior filings, and provide support for changes. If the assumption for Qualified Health Plans exceeds 3% as assumed in the risk corridor formula, justify the excess in light of the company's surplus position.	Yes	Actuarial Memo

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
32	Past and Prospective Expenses	Indicate the expense assumptions used in the development of proposed rates. Demonstrate how this assumption was derived. Show how this assumption has changed from prior filings, and provide support for any change. Provide the assumed administrative costs in the following categories: • Salaries, wages, employment taxes, and other employee benefits • Commissions • Taxes, licenses, and other regulatory fees • Cost containment programs / quality improvement activities • All other administrative expenses • Total	Yes	Actuarial Memo
33	Any Other Relevant Factors Within and Outside the State	Show any other relevant factors that have been considered in the development of the proposed rates. Demonstrate how any related assumptions were derived. Show how these assumptions have changed from prior filings, and provide support for any change.	Yes	Actuarial Memo
34	Other	Any other information needed to support the requested rates or to comply with Actuarial Standard of Practice No. 8.	Yes	Actuarial Memo
35	Actuarial Certification	Signed and dated certification by a qualified actuary that the anticipated loss ratio meets the minimum requirement, the rates are reasonable in relation to benefits, the filing complies with the laws and regulations of the District of Columbia and all applicable Actuarial Standards of Practice, including ASOP No. 8, and that the rates are not unfairly discriminatory.	Yes	Actuarial Memo

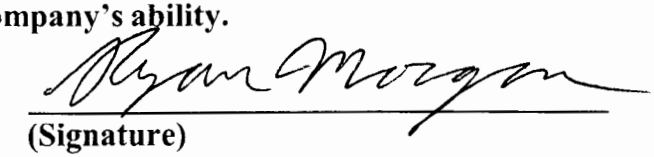
Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
36	Part I Preliminary Justification (Grandfathered Plan Filings)	Rate Summary Worksheet --- Provide this document with all Grandfathered plan filings. **Provide in Excel and PDF format.**	N/a	N/a
36.1	Unified Rate Review Template (Non-Grandfathered Filings)	Unified Rate Review Template as specified in the proposed Federal Rate Review regulation. Provide this document with all Non-Grandfathered plan filings. **Provide in Excel and PDF format.**	Yes	Separate Document in SERFF
37	Part II Preliminary Justification	Written description justifying the rate increase as specified by 45 CFR § 154.215(f). Provide for *all* individual and small employer group filings (whether or not they are "subject to review" as defined by HHS).	Yes	Separate Document in SERFF
38	DISB Actuarial Memorandum Dataset	Summarizes data elements contained in Actuarial Memorandum. Provide this document with all Non-Grandfathered plan filings. **Provide in Excel format only.**	Yes	Separate Document in SERFF
39	District of Columbia Plain Language Summary	Similar to the Part II Preliminary Justification, this is a written description of the rate increase as specified by 45 CFR § 154.215, but as a simple and brief narrative describing the data and assumptions that were used to develop the proposed rates. Provide this document for all individual and small employer group filings.	Yes	Separate Document in SERFF
40	Summary of Components for Requested Rate Change	DISB will require that issuers provide a chart listing a) any and all components of requested rate changes from the prior year; b) a quick summary/explanation of the change; and c) the actual percentage impact of the change for each component, such that the total for all components listed equals the total percentage change requested for the plan year.	Yes	Exhibit 3

Number	Data Element	Requirement Description	Individual and Small Group	
			Has the Data Element Been Included?	Location of the Data Element
41	CCIIO Risk Adjustment Transfer Elements Extract (RATE 'E')	Received directly from CCIIO; this report should be completed and submitted by the set deadline for QHP submissions, or by April 30th of the current year, whichever is first.	Yes	Supporting Docs in SERFF
42	Additional Requirements for Stand-Alone Dental Plan Filings	Provide the following for stand-alone dental plan filings: • Identification of the level of coverage (i.e. low or high), including the actuarial value of the plan determined in accordance with the proposed rule; • Certification of the level of coverage by a member of the American Academy of Actuaries using generally accepted actuarial principles; and • Demonstration that the plan has a reasonable annual limitation on cost-sharing.	N/a	N/a

CERTIFYING SIGNATURE

The undersigned representative of the organization submitting this rate filing attests that all items contained in the above checklist have been included in the filing to the best of the company's ability.

Ryan Morgan
(Print Name)


(Signature)

Unique Plan Design—Supporting Documentation and Justification

Fill in the following information:

Health Insurance Oversight System (HIOS) Issuer ID:

21066

HIOS Product IDs: 21066DC004, 21066DC005

Applicable HIOS Plan IDs (Standard Component):

HIOS Plans IDs are listed in Exhibit 2 and Exhibit 4.

Reasons the plan design is unique, that is, the benefits incompatible with the parameters of the Actuarial Value Calculator (AVC) and their materiality:

Prescription drug benefits based on drug categorization for tiers 1-4 and Hospital/Freestanding plan designs are not compatible with calculator.

Acceptable alternate method used per 156.135(b)(2) or 156.135(b)(3):

The alternate method described in 45 CFR 156.135(b)(2) was used for the AV calculations.

Confirmation that only in-network cost sharing, including multitier networks, was considered:

Only in-network cost sharing was considered for the alternate method as mentioned above.

Description of the standardized plan population data used:

Claims and enrollment data enclosed in the AV Calculator Continuance tables were used for each metal level.

If the method described in 156.135(b)(2) was used, a description of how the benefits were modified to fit the parameters of the AVC:

Please see Exhibit B and the Actuarial Memorandum for how the unique benefits were modified.

If the method described in 156.135(b)(3) was used, a description of the data and method used to develop the adjustments:

Not applicable. Only the method described in 45 CFR 156.135(b)(2) was used for the AV calculations.

Certification Language:

The development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.

The analysis was

(i) conducted by a member of the American Academy of Actuaries and

(ii) performed in accordance with generally accepted actuarial principles and methods.

Actuary Signature: Users, rmorga25 Digitally signed by Users, rmorga25 Date: 2022.05.02 12:55:11 -05'00'

Actuary Printed Name: Ryan Morgan

Date: 05/02/2022

If you don't have enough space here to list your justifications, print out another form to augment them as needed.

Actuarial Memorandum
UnitedHealthcare of the Mid-Atlantic, Inc., NAIC #95025
DC Small Group Rate Filing

May 2, 2022

This rate filing presents proposed premium rates effective January 1, 2023 through December 31, 2023 for medical and Rx benefit plans to be sold by the UnitedHealthcare of the Mid-Atlantic, Inc. to small group employers.

The filing has been prepared as required by the "Reasonable Health Insurance Ratemaking and Health Care Reform Act of 2010", as well as current ACA rules and more recent guidance from the DC Department of Insurance. This rate filing should not be used for any other purposes. Within that context, there are no limitations or constraints on the use or applicability of the rating items discussed herein. The intended user of this filing is the DC Department of Insurance.

The benefit plans and rates are for non-grandfathered employers. The proposed rates and rate factors are in Exhibit 1, which also displays the metal level and actuarial value of each benefit plan. Benefit plan descriptions are in Exhibit 2. Exhibit 4 identifies new benefit plans being added in 2023, and 2022 benefit plans with plan changes (uniform modification).

Responding to the items in the DC Rate Filing Checklist:

1. Purpose of Filing. UnitedHealthcare is filing for the first time rates for 2023. The proposed 1st quarter 2023 rates are on average 13.4% higher than our 1st quarter 2022 rates. The rate changes vary by benefit plan as we have realigned our price relationships between plans. In addition, we are filing for quarterly rate increases as follows: 2Q23 +2.0%, 3Q23 +2.1%, 4Q23 +2.0%. These quarterly rate increases are based on our trend rate of 8.4%. The average year-over-year renewal rate change is +13.8%, the minimum change on this entity is +10.5%, and the maximum change on this entity is +16.6%. Please see Exhibit 3 for detail on the rate changes.

2) Form Numbers. The form numbers are as follows:

COC23.SHOP.H.2018.SG.DC
SBN23.CRE.H.2018.SG.DC.CVTX
SBN23.CRE.H.2018.SG.DC.CVTY
SBN23.CRE.H.2018.SG.DC.CUSO
SBN23.CRE.H.2018.SG.DC.CVTZ
SBN23.CRE.H.2018.SG.DC.CUSV
SBN23.CRE.H.2018.SG.DC.CMUL
SBN23.CRE.H.2018.SG.DC.CVT2
SBN23.CRE.H.2018.SG.DC.CVT3
SBN23.NAV.H.2018.SG.DC.CUTK
SBN23.NAV.H.2018.SG.DC.CUTD
SBN23.NAV.H.2018.SG.DC.CMVJ
RID23.PDS.NET.H.2018.SG.DC
RID23.PDS.NET.H.2018.SG.DC.CVTX
RID23.PDS.NET.H.2018.SG.DC.CVTY
RID23.PDS.NET.H.2018.SG.DC.CVTZ
RID23.PDS.NET.H.2018.SG.DC.CVT2
RID23.PDS.NET.H.2018.SG.DC.CVT3
RID23.PVCS.NET.H.2018.SG.DC
RID23.RX.NET.H.2018.SG.DC

SBN23.RX.NET.H.2018.SG.DC.104075125
SBN23.RX.NET.H.2018.SG.DC.154075125
SBN23.RX.NET.H.2018.SG.DC.NONE
SBN23.RX.NET.H.2018.SG.DC.K61L
SBN23.RX.NET.H.2018.SG.DC.N43L
SBN23.RX.NET.H.2018.SG.DC.N44L
SBN23.RX.NET.H.2018.SG.DC.N45L
SBN23.RX.NET.H.2018.SG.DC.N46L
RID23.CARECASH.H.2018.SG.DC
RID23.UHCREWARDS.H.2018.SG.DC

3) HIOS Product ID. The HIOS product IDs for this entity (all HMO) are: 21066DC004, 21066DC005

4) Effective Date. 1/1/2023.

5) Market. The benefit plans will be offered in the small employer group market.

6) Status of Forms. The forms are open to new sales and are for non-grandfathered groups.

7) Benefits/Metal Levels. The benefits by plan are summarized in Exhibit 2. The metal level for each benefit plan is indicated in Exhibit 1.

7.1) AV Value. The actuarial value for each plan design using the HHS provided AV calculator is indicated in Exhibit 1.

8) Average Rate Increase Requested
Incremental:
1Q23/4Q22: +7.6%
2Q23/1Q23: +2.0%
3Q23/2Q23: +2.1%
4Q23/3Q23: +2.0%

Year-over-year renewal:
1Q23/1Q22: +13.4%
2Q23/2Q22: +13.6%
3Q23/3Q22: +13.9%
4Q23/4Q22: +14.2%
Average year-over-year renewal: +13.8%

9) Maximum Rate Increase Requested

Incremental:
1Q23/4Q22: +9.7%
2Q23/1Q23: +2.0%
3Q23/2Q23: +2.1%
4Q23/3Q23: +2.0%

Year-over-year renewal: +16.6%

10) Minimum Rate Increase Requested

Incremental:
1Q23/4Q22: +4.8%

2Q23/1Q23: +2.0%
3Q23/2Q23: +2.1%
4Q23/3Q23: +2.0%

Year-over-year renewal: +10.5%

11) Absolute Maximum Premium Increase. The absolute maximum year-over-year renewal increase, including one year of aging (20 to 21, which is an 11.1% increase in age factor), is +29.5%.

12) Average Renewal Rate Increase for a Year. The average renewal rate change by HIOS product ID is: 21066DC004: 13.2%, 21066DC005: 14.0%

13) Rate Change History.

10/1/22: +1.7%
7/1/22: +1.8%
4/1/22: +1.8%
1/1/22: +11.4%
10/1/21: +2.2%
7/1/21: +2.2%
4/1/21: +2.2%
1/1/21: -1.2%
10/1/20: +1.9%
7/1/20: +2.0%
4/1/20: +1.9%
1/1/20: -1.9%
10/1/19: +2.7%
7/1/19: +2.6%
4/1/19: +2.6%
1/1/19: +1.1%

14) Exposure. As of February 2022:
Policies: 244
Certificates: 446
Covered Lives: 612

15) Member Months. See Exhibit A.

16) Past Experience. See Exhibit A.

17) Index Rate. See URRT.

17.1) Rate Development.

The base experience is shown in Exhibit A.

We are proposing to set our 1st quarter 2023 on average 7.6% higher than our current 4th quarter 2022 rates, and then apply quarterly rate increases in each of the last three quarters of 2022. The quarterly rate increases are equivalent to an annual 8.4% trend. These rates will yield an 80.3% underwriting ratio (claims divided by premium).

The 2023 base rate is calculated as follows: (2022 Base Rate) x (2022 Trend) x (1/1/2023 Rate Change) x (Revenue Neutral Base Rate Adjustment)
2023 Base Rate = ($742.54) x (1.073) x (1.031) x (0.948) = $778.73

18) Credibility Assumption. We have set our rate levels based on the combined DC experience on our small group licenses, which we believe is credible.

19) Trend Assumption. See Exhibit T. At UnitedHealthcare, we have a team of actuaries whose responsibilities include developing forward-looking trend projections and monitoring historical performance in relation to trend. We rely on this team to provide guidance on trends appropriate for DC rate development.

20) Cost Sharing Changes and 21) Benefit Changes. Changes to member cost sharing were required for certain benefit plans. Use of the new federal Actuarial Value (AV) Calculator led to some benefit plans falling outside the allowed +2% /-2% AV metal ranges. Benefit plan changes were made to move these plans back into the allowed AV ranges. The benefit changes for these plans, and the estimated cost value of the changes, is shown in Exhibit 4.

22) Plan Relativities. We refined the medical plan price relativities to reflect the most recent methodology update using the most recent available models. The medical plan price relativities were developed using our pricing model ARC (Actuarial Relativity Calculator). The ARC model is based on UnitedHealthcare nationwide experience data, containing 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 ARC. The expected net-to-allowed relativity for each plan is then used to develop the 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. The prescription drug plan relativities were similarly developed using our ARC Pricing model: this model, based on nationwide UnitedHealthcare prescription drug experience, values the cost differences of Rx copays by tier, and other plan cost sharing features such as Rx deductibles and coinsurance.

Using the new ARC model (used for both medical and Rx price relativities), we set the new 2023Q1 base rates to be 5.2% lower than the 2022 base rate. The calculation of the -5.2% is demonstrated in Exhibit 6.

23) Rating Factors. We are resetting our 1st quarter 2023 Effective Date Adjustment (EDA) factors to 1.000. Rating factors are displayed on Exhibit 1. Exhibit 3 details the changes to rating factors.

23.1) Wellness Programs. Beginning 1/1/23, all of our DC SG ACA plans include our Motivate wellness program.

24) Distribution of Rate Increases. The distribution of rate increases is shown in the DISB Actuarial Memorandum Dataset.

25) Claim Reserve Needs. The incurred period used for the base period is 1/1/21 through 12/31/21, using claims paid through 2/28/2022. The claim reserve amounts are included in Exhibit A. A description of our reserving methodology is included in the Part III Actuarial Memorandum.

26) Administrative Costs of Programs that Improve Health Care Quality. The Improving Health Care Quality costs in total for our small group licenses is 0.9% of premium.

27) Taxes and Licensing or Regulatory Fees. The amount of taxes, licenses, and fees subtracted from premium in the denominator of the medical loss ratio calculation is 4.1%. Differences from amounts in the Supplemental Health Care Exhibit are due to different amounts of PPACA fees by year, and different Federal Income Taxes due to different underwriting loss ratios.

28) Medical Loss Ratio (MLR). The anticipated Federal MLR is 84.5%, which is greater than the 80% minimum. The estimated Federal MLR components, adjustments, and formula are as follows:

80.3%	Underwriting loss ratio
0.9%	QI/HIT Medical costs added
4.1%	Taxes, regulatory fees and assessments

MLR formula: [(UW LR) x (1 + QIT)] / (1 – taxes)

29) Risk Adjustment. Based on an estimate received from Wakely Consulting Group concerning our DC SG block, we project that across all 3 of our legal entities, we will be a risk adjustment payer in 2021 of 2.6%. Furthermore, Wakely is anticipating our risk adjustment results will be 0.3% worse in 2023 vs 2021 due to changes in the formula for 2022 and 2023. Therefore, in this filing, we are projecting that we will be a 2.9% risk adjustment payer in 2023. As we have in prior years, we will true up this assumption during the rate filing process to the extent 2021 actuals differ from expected results.

30) Past and Prospective Loss Experience Within and Outside the State. Only loss experience on DC plans, written on DC employers, was used in the development of the rates. This experience does include medical services provided outside DC, to employees of DC employers who live outside DC, or to DC residents who obtain medical services outside DC. We have set our rate levels based on the total overall experience of our small group licenses in DC, which we believe is credible, thus not requiring use of loss experience outside the state.

31) A Reasonable Margin for Reserve Needs. The profit margin originally assumed in the development of our proposed rates was 2.1% of premium (after taxes). This assumption is close to our historically approved margin in prior years and similar to the margin that has historically been approved for other insurance carriers in the DC small group market.

32) Past and Prospective Expenses. The expenses assumed in the development of the proposed rates are as follows.

% of Premium	Expense Category
3.9%	Salaries, wages, employment taxes, and other employee benefits
3.0%	Commissions
4.1%	Taxes, licenses, and other regulatory fees
2.3%	Cost containment programs / quality improvement activities
4.3%	All other administrative expenses
17.6%	Total

33) Any Other Relevant Factors Within and Outside the State. None.

34) Other. None

35) Actuarial Certification.

I, Ryan Morgan, a Director at UnitedHealthcare, am an FSA and MAAA. I satisfy the 2021 continuing professional development requirements of the Academy and therefore am qualified to issue this 2022 statement of actuarial opinion. I have reviewed applicable ASOPs during the preparation of this rate filing. There are no conflicts of interest with regards to my production of this rate filing.

I certify that the anticipated loss ratio meets the minimum requirement, the rates are reasonable in relation to benefits, the filing complies with the laws and regulations of DC and all applicable Actuarial Standards of Practice, including ASOP No. 8, and the rates are not unfairly discriminatory.

Ryan Morgan, FSA, MAAA
Date: 5/2/2022

36) Part I Preliminary Justification for Grandfathered Plan Filings. Not applicable.

36.1) Unified Rate Review Template. This is provided via SERFF.

37) Part II Preliminary Justification. This is provided via SERFF.

38) DISB Actuarial Memorandum Dataset. This is provided via SERFF.

39) DC Plain Language Summary. This is provided via SERFF.

40) Summary of Components for Requested Rate Change: Please see Exhibit 3.

41) CCIIO Risk Adjustment Transfer Elements Extract (RATE 'E'): This is not available at the time of filing, but will be added via SERFF.

42) Additional Requirements for Stand-Alone Dental Plans. Not applicable.

List of exhibits included in rate filing:

Exhibit 1: Rates and rate factors.
Exhibit 2: Benefit plan descriptions.
Exhibit 3: Rate factor changes.
Exhibit 4: Plan changes.
Exhibit 5: Rating example.
Exhibit 6: Benefit resloping adjustment.
Exhibit 7: Actuarial value and cost share.
Exhibit A: Member months, earned premium & incurred claim experience.
Exhibit B: Estimated Federal MLR.
Exhibit T: Trend assumptions and development.

Please keep these rates confidential to the extent allowed by DC law.

If you have questions, or need any further information, please do not hesitate to contact me.

Sincerely,

Ryan Morgan, FSA, MAAA
Director, Actuarial Services
UnitedHealthcare