

SERFF Tracking Number: UHLC-128266285 State: District of Columbia  
 Filing Company: Optimum Choice, Inc. State Tracking Number:  
 Company Tracking Number:  
 TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO) Sub-TOI: HOrg02G.004F Small Group Only - HMO  
 Product Name: DC-SG-OCI-2012-07  
 Project Name/Number: SG-OCI/

**Rate Information**

Rate data applies to filing.

**Filing Method:** Review & Approval  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** -1.000%  
**Effective Date of Last Rate Revision:** 01/01/2012  
**Filing Method of Last Filing:** Review & Approval

**Company Rate Information**

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Optimum Choice, Inc.	Decrease	-4.500%	-4.500%	\$-616,910	250	\$13,709,112	-4.500%	-4.500%
<b>Product Type:</b>	<b>HMO</b>	<b>PPO</b>	<b>EPO</b>	<b>POS</b>	<b>HSA</b>	<b>HDHP</b>	<b>FFS</b>	<b>Other</b>
<b>Covered Lives:</b>	2,218							
<b>Policy Holders:</b>	250							

<i>SERFF Tracking Number:</i>	<i>UHLC-128266285</i>	<i>State:</i>	<i>District of Columbia</i>
<i>Filing Company:</i>	<i>Optimum Choice, Inc.</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>HOrg02G Group Health Organizations - Health Maintenance (HMO)</i>	<i>Sub-TOI:</i>	<i>HOrg02G.004F Small Group Only - HMO</i>
<i>Product Name:</i>	<i>DC-SG-OCI-2012-07</i>		
<i>Project Name/Number:</i>	<i>SG-OCI/</i>		

## Rate Review Details

### COMPANY:

Company Name:	Optimum Choice, Inc.
HHS Issuer Id:	75753
Product Names:	HMO and HMP (HMO-Plus)
Trend Factors:	The annual pricing trend is 8.28%.

### FORMS:

New Policy Forms:	
Affected Forms:	
Other Affected Forms:	GHMO.05.DC, GHMOPOS.05.DC

### REQUESTED RATE CHANGE

#### INFORMATION:

Change Period:	Other
Member Months:	29,861
Benefit Change:	Decrease
Percent Change Requested:	Min: -4.5 Max: -4.5 Avg: -4.5

#### PRIOR RATE:

Total Earned Premium:	13,709,112.00
Total Incurred Claims:	8,149,127.00
Annual \$:	Min: 459.10 Max: 459.10 Avg: 459.10

#### REQUESTED RATE:

Projected Earned Premium:	14,851,465.00
Projected Incurred Claims:	9,244,165.00

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(HMO)  
Product Name: DC-SG-OCI-2012-07  
Project Name/Number: SG-OCI/  
Annual \$: Min: 497.35 Max: 497.35 Avg: 497.35

SERFF Tracking Number: UHLC-128266285

State: District of Columbia

Filing Company: Optimum Choice, Inc.

State Tracking Number:

Company Tracking Number:

TOI: HOrg02G Group Health Organizations - Health Sub-TOI:  
Maintenance (HMO)

HOrg02G.004F Small Group Only - HMO

Product Name: DC-SG-OCI-2012-07

Project Name/Number: SG-OCI/

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Filing Exhibits	GHMO.05.DC, GHMOPOS.05.D C	New		DC-SG-OCI-2012-07-Exhibitsv2.pdf

**Rating Factors**

**Exhibit 1a**

**(1) Starting Base Rate**

	<u>Medical</u>	<u>Rx</u>
OCI HMO:	\$161.78	\$55.53
OCI HMP:	\$184.14	\$55.53

**(2) Trend Factors**

<u>Effective Quarter</u>	<u>Factor</u>
3rd Qtr, 2012	2.170
4th Qtr, 2012	2.228
1st Qtr, 2013	2.288
2nd Qtr, 2013	2.350

(thereafter continue 2.7% trend per quarter)

**(3) Age Factors**

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

Maximum number of children assumed is 3 per family.

(4) Benefit Plan Ratios

OCI HMP	
Plan	Ratio
1M1	0.9006
1M2	0.8505
1M3	0.8120
1M4	0.8120
1M5	0.7590
1M6	0.7486
1M7	0.6919
1M8	0.6634
1M9	0.6183
1MN	0.9233
KXA	0.9414
KXB	0.9140
KXC	0.8936
KXD	0.8507
KXE	0.8931
KXF	0.8711
KXG	0.7094
KXH	0.6554
KXI	0.6298

OCI HMO	
Plan	Ratio
ADC	0.9293
ADD	0.9055
ADE	0.8555
ADF	0.8136
ADG	0.8150
ADH	0.7618
ADI	0.7495
ADJ	0.6908
ADK	0.6638
ADL	0.6195
KVA	0.9454
KVB	0.9166
KVC	0.8951
KVD	0.8500
KVE	0.8946
KVF	0.8715
KVG	0.9463
KVH	0.9175
KVI	0.8960
KVM	0.7104
KVN	0.6590
KVO	0.6328

OCI Rx	
Plan	Ratio
0J	0.3821
0K	0.4260
0L	0.4863
0M	0.5487
0N	0.4736
0P	0.5345
0R	0.4628
0S	0.5220
0T	0.4643
0U	0.5215
0V	0.4469
0W	0.5020
0X	0.4364
0Y	0.4899
8H	0.5432
8I	0.5163

OCI Rx	
Plan	Ratio
8J	0.4850
8K	0.4970
8L	0.4425
8M	0.4321
8P	0.4597
8T	0.4814
8U	0.4689
8V	0.5291
8W	0.4582
8X	0.5168
9B	0.3783
9C	0.4217
JK	0.7444
SP1	0.5484
SP2	0.4771
SP3	0.3575
9U	0.5634
9Y	0.4589
TF	0.3214

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

(5) Group Size Factor

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

(6) Risk Adjustment Factor

a) Maximum New Business Premium Discount for Medical Underwriting

Type of Application	Factor	Default Group Size
Individual Application	1.03	1-2
Individual Application	0.72	3-24
Group Level Application	0.92	25-50

b) Other Factors

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

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

Based on this review, groups will be assigned an underwriting factor in the range of 0.72 to 6.00.

(7) Industry Factors

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

(8) Channel Alliances Class of Business

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

**Rate Calculation Formula**

- Starting Base Rate (separately for Medical and Rx)
- x Trend Factor
- x Sum of Age/Sex Factors
- x Medical Plan Ratio or Rx Plan Ratio
- x Group Size Factor
- x Risk Adjustment Factor
- x Industry Factor
- = Total Monthly Premium

**Rating Example**

Sample Case Description

Benefit Plan: OCI HMO Plan KVD with Rx Plan 0Y  
 Effective Date: July 1, 2012  
 SIC Code: 8111

Census (40 employees, 100 members):

- 10 males, age 27, single coverage
- 10 females, age 37, with spouse (each age 41)
- 10 males, age 32, with spouse (age 32) and 2 children
- 10 females, age 43, with 2 children

Calculation of Age/Sex Factor

[using census and factors on Exhibit 1a (3)]

- > 10 x [0.765] = 7.65
- > 10 x [0.893 + 0.965] = 18.58
- > 10 x [0.826 + 0.826 + 2(0.524)] = 27.00
- > 10 x [1.043 + 2(0.524)] = 20.91
- Total = 74.14

Premium Calculation

	<u>Medical</u>	<u>Rx</u>	
Starting Base Rate	\$161.78	\$55.53	Exhibit 1a (1)
x Trend Factor	2.170	2.170	Exhibit 1a (2) [for 3rd Qtr 2012]
x Sum of Age/Sex Factors for Census	74.14	74.14	Calculated Above
x Benefit Plan Ratio	0.8500	0.4899	Exhibit 1b (4) (for KVD and Rx 0Y)
x Group Size Factor	1.00	1.00	Exh 1c (5) [for group size 40]
x Risk Adjustment Factor	0.92	0.92	Exh 1c (6a) [assume NB discount]
x Industry Factor	0.95	0.95	Exhibit 1c (7) [for SIC 8111]
= Monthly Premium	\$19,336.04	\$3,825.24	

Total Monthly Premium    \$23,161.28

Composite Rating

The total premium is re-proportioned among four different family sizes using pre-established rate relationships:

	<u># Contracts</u>		<u>Family Size Factor</u>		<u>Premium Units</u>	
Employee Only	10	x	1.0	=	10	
Employee + Spouse	10	x	2.1	=	21	
Employee + Child(ren)	10	x	1.9	=	19	
Family	10	x	3.0	=	30	
	40				80	
Premium Unit Rate = \$23,161.28 / 80 = \$289.52						
					<u>Composite Rates</u>	<u>Total Premium</u>
Employee Only Rate =	289.52	x	1.0	=	289.52	x 10 = \$2,895.20
Employee + Spouse Rate =	289.52	x	2.1	=	607.99	x 10 = \$6,079.90
Employee + Child(ren) Rate =	289.52	x	1.9	=	550.09	x 10 = \$5,500.90
Family Rate =	289.52	x	3.0	=	868.56	x 10 = \$8,685.60
						\$23,161.60



**Rate Changes**

Starting Base Rates

Product Type	Current Rate	Proposed Rate	% Chg
OCI HMO	\$173.96	\$161.78	-7.0%
OCI HMP	\$198.00	\$184.14	-7.0%
Rx	\$59.71	\$55.53	-7.0%

Trend Factors

	Current <u>2nd Qtr, 2012</u>	Proposed <u>3rd Qtr, 2012</u>	% Chg
Medical	2.113	2.170	2.7%
Rx	2.113	2.170	2.7%

**Benefit Plan Descriptions**

Exhibit 4

		Benefit Plan Parameters								
Plan	Prod	In-Network			Out-of-Network			Copayments		
		Ded	Coins	OOP	Ded	Coins	OOP	PCP	SCP	IP
1M1	OCI HMP	\$0	0%	\$1,500	\$500	20%	\$3,000	\$15	\$30	\$250
1M2	OCI HMP	\$0	0%	\$2,000	\$1,000	20%	\$4,000	\$25	\$50	\$500
1M3	OCI HMP	\$250	10%	\$2,000	\$500	30%	\$3,000	\$15	\$30	
1M4	OCI HMP	\$0	0%	\$3,000	\$1,000	20%	\$4,000	\$30	\$60	\$750
1M5	OCI HMP	\$1,000	0%	\$1,000	\$1,500	20%	\$6,000	\$25	\$50	\$0
1M6	OCI HMP	\$500	10%	\$2,500	\$1,000	30%	\$4,000	\$25	\$50	
1M7	OCI HMP	\$500	20%	\$3,000	\$1,000	40%	\$4,000	\$30	\$60	
1M8	OCI HMP	\$1,000	20%	\$3,000	\$1,500	40%	\$6,000	\$30	\$60	
1M9	OCI HMP	\$1,500	30%	\$4,000	\$2,000	50%	\$8,000	\$30	\$60	
1MN	OCI HMP	\$0	0%	\$1,000	\$500	20%	\$3,000	\$10	\$20	\$100
KXA	OCI HMP	\$0	0%	\$1,100	\$300	20%	\$1,300	\$10	\$15	
KXB	OCI HMP	\$0	0%	\$1,100	\$300	20%	\$1,300	\$20	\$30	
KXC	OCI HMP	\$0	0%	\$1,100	\$300	20%	\$1,300	\$30	\$40	
KXD	OCI HMP	\$0	0%	\$3,000	\$300	20%	\$1,300	\$30	\$40	
KXE	OCI HMP	\$0	0%	\$1,000	\$300	20%	\$1,300	\$20	\$40	\$400
KXF	OCI HMP	\$0	0%	\$3,000	\$300	20%	\$1,300	\$20	\$30	
KXG	OCI HMP	\$500	30%	\$2,500	\$1,000	50%	\$4,500	\$25	\$50	
KXH	OCI HMP	\$1,500	30%	\$3,000	\$3,000	50%	\$7,000	\$25	\$50	
KXI	OCI HMP	\$2,000	30%	\$3,500	\$4,000	50%	\$7,000	\$30	\$50	
ADC	OCI HMO	\$0	0%	\$1,000				\$10	\$20	\$100
ADD	OCI HMO	\$0	0%	\$1,500				\$15	\$30	\$250
ADE	OCI HMO	\$0	0%	\$2,000				\$25	\$50	\$500
ADF	OCI HMO	\$250	10%	\$2,000				\$15	\$30	
ADG	OCI HMO	\$0	0%	\$3,000				\$30	\$60	\$750
ADH	OCI HMO	\$1,000	0%	\$1,000				\$25	\$50	
ADI	OCI HMO	\$500	10%	\$2,500				\$25	\$50	
ADJ	OCI HMO	\$500	20%	\$3,000				\$30	\$60	
ADK	OCI HMO	\$1,000	20%	\$3,000				\$30	\$60	
ADL	OCI HMO	\$1,500	30%	\$4,000				\$30	\$60	
KVA	OCI HMO	\$0	0%	\$1,100				\$10	\$15	
KVB	OCI HMO	\$0	0%	\$1,100				\$20	\$30	
KVC	OCI HMO	\$0	0%	\$1,100				\$30	\$40	
KVD	OCI HMO	\$0	0%	\$3,000				\$30	\$40	
KVE	OCI HMO	\$0	0%	\$1,000				\$20	\$40	\$400
KVF	OCI HMO	\$0	0%	\$3,000				\$20	\$30	
KVG	OCI HMO	\$0	0%	\$1,100				\$10	\$15	
KVH	OCI HMO	\$0	0%	\$1,100				\$20	\$30	
KVI	OCI HMO	\$0	0%	\$1,100				\$30	\$40	
KVM	OCI HMO	\$500	30%	\$2,500				\$25	\$50	
KVN	OCI HMO	\$1,500	30%	\$3,000				\$25	\$50	
KVO	OCI HMO	\$2,000	30%	\$3,500				\$30	\$50	

Product	Plan	Rx Benefit Parameters
Rx	0J	\$100 ded \$15/35/60 2.5x w/infert.
Rx	0K	\$15/35/60 2.5x w/infert.
Rx	0L	\$100 ded \$7/25/45 2.5x w/infert.
Rx	0M	\$7/25/45 2.5x w/infert.
Rx	0N	\$100 ded \$7/25/50 2.5x w/infert.
Rx	0P	\$7/25/50 2.5x w/infert.
Rx	0R	\$100 ded \$7/30/50 2.5x w/infert.
Rx	0S	\$7/30/50 2.5x w/infert.
Rx	0T	\$100 ded \$10/25/45 2.5x w/infert.
Rx	0U	\$10/25/45 2.5x w/infert.
Rx	0V	\$100 ded \$10/25/50 2.5x w/infert.
Rx	0W	\$10/25/50 2.5x w/infert.
Rx	0X	\$100 ded \$10/30/50 2.5x w/infert.
Rx	0Y	\$10/30/50 2.5x w/infert.
Rx	8H	\$7/25/45 2.5x w/anc. & infert.
Rx	8I	\$10/25/45 2.5x w/anc. & infert.
Rx	8J	\$10/30/50 2.5x w/anc. & infert.
Rx	8K	\$10/25/50 2.5x w/anc & infert.
Rx	8L	\$100 ded \$10/25/50 2.5x w/anc. & infert.
Rx	8M	\$100 ded \$10/30/50 2.5x w/anc. & infert.
Rx	8P	\$100 ded \$10/25/45 2.5x w/anc. & infert.
Rx	8T	\$100 ded \$7/25/45 2.5x w/anc. & infert.
Rx	8U	\$100 ded \$7/25/50 2.5x w/anc. & infert.
Rx	8V	\$7/25/50 2.5x w/anc. & infert.
Rx	8W	\$100 ded \$7/30/50 2.5x with anc. & infert.
Rx	8X	\$7/30/50 2.5x w/anc. & infert.
Rx	9B	\$100 ded \$15/35/60 2.5x w/anc. & infert.
Rx	9C	\$15/35/60 2.5x w/anc. & infert.
Rx	JK	\$5/10/25 2x w/infert.
Rx	SP1	Non-Spec: \$10/20/40 2.5x; Spec: \$10/100/200
Rx	SP2	Non-Spec: \$10/30/50 2.5x; Spec: \$10/100/200
Rx	SP3	\$100 ded; Non-Spec: \$15/35/75 2.5x; Spec: \$15/100/200
Rx	9U	\$10/20/40 2.5x w/infert.
Rx	9Y	\$10/35/60 2.5x w/infert.
Rx	TF	\$250 ded 15/35/75 2.5x w/infert.

**Benefit Plan Ratio Comparisons****Exhibit 5**

<u>Product</u>	<u>Plan</u>	<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
OCI HMP	1M1	0.9006	0.9006	0%
OCI HMP	1M2	0.8505	0.8505	0%
OCI HMP	1M3	0.8120	0.8120	0%
OCI HMP	1M4	0.8120	0.8120	0%
OCI HMP	1M5	0.7590	0.7590	0%
OCI HMP	1M6	0.7486	0.7486	0%
OCI HMP	1M7	0.6919	0.6919	0%
OCI HMP	1M8	0.6634	0.6634	0%
OCI HMP	1M9	0.6183	0.6183	0%
OCI HMP	1MN	0.9233	0.9233	0%
OCI HMP	KXA	0.9414	0.9414	0%
OCI HMP	KXB	0.9140	0.9140	0%
OCI HMP	KXC	0.8936	0.8936	0%
OCI HMP	KXD	0.8507	0.8507	0%
OCI HMP	KXE	0.8931	0.8931	0%
OCI HMP	KXF	0.8711	0.8711	0%
OCI HMP	KXG	0.7094	0.7094	0%
OCI HMP	KXH	0.6554	0.6554	0%
OCI HMP	KXI	0.6298	0.6298	0%
OCI HMO	ADC	0.9293	0.9293	0%
OCI HMO	ADD	0.9055	0.9055	0%
OCI HMO	ADE	0.8555	0.8555	0%
OCI HMO	ADF	0.8136	0.8136	0%
OCI HMO	ADG	0.8150	0.8150	0%
OCI HMO	ADH	0.7618	0.7618	0%
OCI HMO	ADI	0.7495	0.7495	0%
OCI HMO	ADJ	0.6908	0.6908	0%
OCI HMO	ADK	0.6638	0.6638	0%
OCI HMO	ADL	0.6195	0.6195	0%
OCI HMO	KVA	0.9454	0.9454	0%
OCI HMO	KVB	0.9166	0.9166	0%
OCI HMO	KVC	0.8951	0.8951	0%
OCI HMO	KVD	0.8500	0.8500	0%
OCI HMO	KVE	0.8946	0.8946	0%
OCI HMO	KVF	0.8715	0.8715	0%
OCI HMO	KVG	0.9463	0.9463	0%
OCI HMO	KVH	0.9175	0.9175	0%
OCI HMO	KVI	0.8960	0.8960	0%
OCI HMO	KVM	0.7104	0.7104	0%
OCI HMO	KVN	0.6590	0.6590	0%
OCI HMO	KVO	0.6328	0.6328	0%

SERFF Tracking Number: UHLC-128266285

State: District of Columbia

Filing Company: Optimum Choice, Inc.

State Tracking Number:

Company Tracking Number:

TOI: HOrg02G Group Health Organizations - Health Sub-TOI:  
Maintenance (HMO)

HOrg02G.004F Small Group Only - HMO

Product Name: DC-SG-OCI-2012-07

Project Name/Number: SG-OCI/

## Supporting Document Schedules

**Item Status:**

**Status  
Date:**

**Satisfied - Item:** Actuarial Justification

**Comments:**

**Attachment:**

DC-SG-OCI-2012-07-ActMemov2.pdf

**Item Status:**

**Status  
Date:**

**Bypassed - Item:** Rate Summary Worksheet

**Bypass Reason:** This is a rate decrease filing.

**Comments:**

**Item Status:**

**Status  
Date:**

**Bypassed - Item:** Consumer Disclosure Form

**Bypass Reason:** This is a rate decrease.

**Comments:**

**Item Status:**

**Status  
Date:**

**Satisfied - Item:** Cover Letter

**Comments:**

**Attachment:**

DC-SG-OCI-2012-07-Cover.pdf

**Actuarial Memorandum**  
**Optimum Choice, Inc.**  
**DC Small Group (2-50) Rate Filing**

April 13, 2012

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

Exhibit 1: Rates and rate factors.

Exhibit 2: Rate calculation formula and example.

Exhibit 3: Rate and rate factor changes.

Exhibit 4: Benefit plan descriptions.

A. Description of Benefits:

Please see Exhibit 4.

B. Renewability Provision:

Guaranteed Renewable.

C. Applicability:

Open Block.

D. Marketing Method:

The benefit plans are marketed through independent brokers and agents.

E. Underwriting Method:

A manual rate is first calculated, using the group's census (age and family status), benefit plan design and rate change effective date, and applying the filed and approved rates and rate factors. Based on the underwriter's review, the manual rate may be adjusted up or down for past claims experience, health status, and other risk adjustment factors.

F. Issue Age Limits:

No limits.

G. Premium Basis:

4-tier family rates are used (employee only, employee+spouse, employee+children, and family) and guaranteed for the 12 month policy period.

H. Nature of Rate Change and Proposed Rate/Methodology Change:

- 1) We are reducing our previously filed July, 2012 medical and Rx base rates by 7.0%,
- 2) Also effective July 1, 2012, we are proposing a 2.7% quarterly trend increase.

Including the trend increase, our 3<sup>rd</sup> quarter rates will be 4.5% lower than our 2<sup>nd</sup> quarter rates.

I. For Each Change, Indication if New or Modified:

New rate changes.

J. For Each Change, Comparison to Status Quo:

Please see Exhibit 3.

K. Summary of How Each Proposed Modification Differs from Corresponding Current/Approved Rate/Methodology:

There are no changes to the Rate Methodology.

L. Summary of Each Proposed New Rule:

There are no new rules.

M. Overall Premium Impact of Filing on DC Policyholders:

The overall premium impact is a 7% reduction from previously filed July, 2012 rates.

N. Filed Minimum Required Loss Ratio:

Federal MLR for small group is defined to be 80%.

O. Interest Rate Assumptions:

We did not consider investment income. The large majority of claims incurred in a period are paid out 2 to 3 months after incurral, so the amount of investment income generated on a claim reserves is small. Investment income is factored into the profit component of our retention: The required profit loads are lower due to investment income earned.

P. Trend Assumptions:

We estimate that the annual trend in costs is 11.2%

Q. Persistency:

The renewal persistency in 2011 was 86.4%.

R. Long Term Care:

Not Applicable.

S. Actuarial Certification

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

Policy Forms

The policy forms for which these rates apply are: GHMO.05.DC, GHMOPOS.05.DC.



Boris P. Gerber, FSA, MAAA  
Actuary  
UnitedHealthcare





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Hartford, CT 06103  
Phone 860-702-5540 Fax 860-702-5016  
E-Mail: boris\_gerber@uhc.com

March 19, 2012

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

Re: Optimum Choice, Incorporated (OCI)  
Small Group (2-50) Rate Filing

Dear Mr. Pentek:

Enclosed please find the group health pricing manual for products offered by Optimum Choice, Incorporated to employers in the District of Columbia with 50 or fewer eligible employees. These rates are effective July 1, 2012.

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

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

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

Sincerely,

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

Boris P. Gerber, FSA, MAAA  
Actuary, UnitedHealthcare