

SERFF Tracking #:

UHLC-129030739

State Tracking #:

Company Tracking #:

State: District of Columbia **Filing Company:** Optimum Choice, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO
Product Name: DC-SG-OCI-2104-01
Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method: Review & Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 01/01/2013
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 req'd):	Minimum % Change (where req'd):
Optimum Choice, Inc.	Increase	21.900%	21.900%	\$2,526,737	196	\$11,537,610	181.100%	-32.300%

Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:	1,862							
Policy Holders:	196							

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Filing Company: Optimum Choice, Inc.

TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only
- HMO

Product Name: DC-SG-OCI-2104-01

Project Name/Number: /

Rate Review Detail

State: District of Columbia **Filing Company:** Optimum Choice, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only
- HMO
Product Name: DC-SG-OCI-2104-01
Project Name/Number: /

COMPANY:

Company Name: Optimum Choice, Inc.
HHS Issuer Id: 75753
Product Names: HMO and HMO+
Trend Factors: The current annual trend factor is 0.0%. The proposed 2014 annual trend factor is 10.7%.

FORMS:

State: District of Columbia Filing Company: Optimum Choice, Inc.
 TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only
 - HMO
 Product Name: DC-SG-OCI-2104-01
 Project Name/Number: /

New Policy Forms: POL.OCI.14.SB.DC, COC.OCI.14.SB.DC, PL1.SBN.OCI.POS.14.DC,
 PL2.SBN.OCI.POS.14.DC, PL3.SBN.OCI.POS.14.DC,
 PL4.SBN.OCI.POS.14.DC, PL5.SBN.OCI.POS.14.DC,
 PL6.SBN.OCI.POS.14.DC, GO1.SBN.OCI.POS.14.DC,
 GO2.SBN.OCI.POS.14.DC, GO3.SBN.OCI.POS.14.DC,
 GO4.SBN.OCI.POS.14.DC, GO5.SBN.OCI.POS.14.DC,
 GO6.SBN.OCI.POS.14.DC, GO7.SBN.OCI.POS.14.DC,
 GO8.SBN.OCI.POS.14.DC, GO9.SBN.OCI.POS.14.DC,
 GO10.SBN.OCI.POS.14.DC, SL2.SBN.OCI.POS.14.DC,
 SL3.SBN.OCI.POS.14.DC, SL4.SBN.OCI.POS.14.DC,
 SL5.SBN.OCI.POS.14.DC, SL7.SBN.OCI.POS.14.DC,
 SL8.SBN.OCI.POS.14.DC, SL9.SBN.OCI.POS.14.DC,
 SL10.SBN.OCI.POS.14.DC, PL1.SBN.OCI.NET.14.DC,
 PL2.SBN.OCI.NET.14.DC, PL3.SBN.OCI.NET.14.DC,
 PL4.SBN.OCI.NET.14.DC, PL5.SBN.OCI.NET.14.DC,
 PL6.SBN.OCI.NET.14.DC, GO1.SBN.OCI.NET.14.DC,
 GO2.SBN.OCI.NET.14.DC, GO3.SBN.OCI.NET.14.DC,
 GO4.SBN.OCI.NET.14.DC, GO5.SBN.OCI.NET.14.DC,
 GO6.SBN.OCI.NET.14.DC, GO7.SBN.OCI.NET.14.DC,
 GO8.SBN.OCI.NET.14.DC, GO9.SBN.OCI.NET.14.DC,
 GO10.SBN.OCI.NET.14.DC, SL1.SBN.OCI.NET.14.DC,
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 SL4.SBN.OCI.NET.14.DC, SL5.SBN.OCI.NET.14.DC,
 SL7.SBN.OCI.NET.14.DC, SL8.SBN.OCI.NET.14.DC,
 SL9.SBN.OCI.NET.14.DC, SL10.SBN.OCI.NET.14.DC,
 BR1.SBN.OCI.NET.14.DC, BR2.SBN.OCI.NET.14.DC,
 BR3.SBN.OCI.NET.14.DC, RID.PDS.NET-NON.MD.OCI.14.DC,
 RID.PDS.NET-NON.DD.OCI.14.DC, MM.RID.PVC.NET.OCI.14.DC,
 AP.RID.PVC.NET.OCI.14.DC, AP.RID.PVCS.NET-NON.OCI.14.DC,
 MM.RID.PVCS.NET-NON.OCI.14.DC, RDR.OCI.14.OB.DC,
 RDR.RX.NET.OCI.14.DC.SB, RDR.RX.PLS.OCI.14.DC.SB,
 152550.RDR.RXSBN.NET.OCI.14.DC.SB,
 104075.RDR.RXSBN.NET.OCI.14.DC.SB,
 104075.DD.RDR.RXSBN.NET.OCI.14.DC.SB,
 153050.RDR.RXSBN.NET.OCI.14.DC.SB,
 102040.RDR.RXSBN.NET.OCI.14.DC.SB,
 152550.RDR.RXSBN.PLS.OCI.14.DC.SB,
 104075.RDR.RXSBN.PLS.OCI.14.DC.SB,
 104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB,
 153050.RDR.RXSBN.PLS.OCI.14.DC.SB,
 102040.RDR.RXSBN.PLS.OCI.14.DC.SB

Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Other
 Member Months: 24,034

State: District of Columbia **Filing Company:** Optimum Choice, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only
- HMO
Product Name: DC-SG-OCI-2104-01
Project Name/Number: /

Benefit Change: Increase
Percent Change Requested: Min: -32.3 Max: 181.1 Avg: 21.9

PRIOR RATE:

Total Earned Premium: 11,537,610.00
Total Incurred Claims: 5,846,466.00
Annual \$: Min: 910.31 Max: 143.91 Avg: 480.05

REQUESTED RATE:

Projected Earned Premium: 14,556,598.00
Projected Incurred Claims: 10,626,317.00
Annual \$: Min: 637.85 Max: 418.69 Avg: 605.67

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/

Rate/Rule Schedule

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Product Name:

DC-SG-OCI-2104-01

Project Name/Number:

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Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
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Product Name: DC-SG-OCI-2104-01
Project Name/Number: /

1		Rate Filing Exhibits	POL.OCI.14.SB.DC, COC.OCI.14.SB.DC, PL1.SBN.OCI.POS.14.DC, PL2.SBN.OCI.POS.14.DC, PL3.SBN.OCI.POS.14.DC, PL4.SBN.OCI.POS.14.DC, PL5.SBN.OCI.POS.14.DC, PL6.SBN.OCI.POS.14.DC, GO1.SBN.OCI.POS.14.DC, GO2.SBN.OCI.POS.14.DC, GO3.SBN.OCI.POS.14.DC, GO4.SBN.OCI.POS.14.DC, GO5.SBN.OCI.POS.14.DC, GO6.SBN.OCI.POS.14.DC, GO7.SBN.OCI.POS.14.DC, GO8.SBN.OCI.POS.14.DC, GO9.SBN.OCI.POS.14.DC, GO10.SBN.OCI.POS.14.DC, SL2.SBN.OCI.POS.14.DC, SL3.SBN.OCI.POS.14.DC, SL4.SBN.OCI.POS.14.DC, SL5.SBN.OCI.POS.14.DC, SL7.SBN.OCI.POS.14.DC, SL8.SBN.OCI.POS.14.DC, SL9.SBN.OCI.POS.14.DC, SL10.SBN.OCI.POS.14.DC, PL1.SBN.OCI.NET.14.DC, PL2.SBN.OCI.NET.14.DC, PL3.SBN.OCI.NET.14.DC, PL4.SBN.OCI.NET.14.DC, PL5.SBN.OCI.NET.14.DC,	New		DCSG-OCI-2014-01-All Exhibits 2013-05-15.pdf,
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Product Name: DC-SG-OCI-2104-01
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			PL6.SBN.OCI.NET.14.DC, GO1.SBN.OCI.NET.14.DC, GO2.SBN.OCI.NET.14.DC, GO3.SBN.OCI.NET.14.DC, GO4.SBN.OCI.NET.14.DC, GO5.SBN.OCI.NET.14.DC, GO6.SBN.OCI.NET.14.DC, GO7.SBN.OCI.NET.14.DC, GO8.SBN.OCI.NET.14.DC, GO9.SBN.OCI.NET.14.DC, GO10.SBN.OCI.NET.14.DC, SL1.SBN.OCI.NET.14.DC, SL2.SBN.OCI.NET.14.DC, SL3.SBN.OCI.NET.14.DC, SL4.SBN.OCI.NET.14.DC, SL5.SBN.OCI.NET.14.DC, SL7.SBN.OCI.NET.14.DC, SL8.SBN.OCI.NET.14.DC, SL9.SBN.OCI.NET.14.DC, SL10.SBN.OCI.NET.14.DC, BR1.SBN.OCI.NET.14.DC, BR2.SBN.OCI.NET.14.DC, BR3.SBN.OCI.NET.14.DC, RID.PDS.NET- NON.MD.OCI.14.DC, RID.PDS.NET- NON.DD.OCI.14.DC, MM.RID.PVC.NET.OCI.14.DC, AP.RID.PVC.NET.OCI.14.DC, AP.RID.PVCS.NET- NON.OCI.14.DC,		
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Product Name: DC-SG-OCI-2104-01
Project Name/Number: /

			MM.RID.PVCS.NET- NON.OCI.14.DC, RDR.OCI.14.OB.DC, RDR.RX.NET.OCI.14.DC.SB, RDR.RX.PLS.OCI.14.DC.SB, 152550.RDR.RXSBN.NET.OCI .14.DC.SB, 104075.RDR.RXSBN.NET.OCI .14.DC.SB, 104075.DD.RDR.RXSBN.NET. OCI.14.DC.SB, 153050.RDR.RXSBN.NET.OCI .14.DC.SB, 102040.RDR.RXSBN.NET.OCI .14.DC.SB, 152550.RDR.RXSBN.PLS.OCI .14.DC.SB, 104075.RDR.RXSBN.PLS.OCI .14.DC.SB, 104075.D.RDR.RXSBN.PLS.O CI.14.DC.SB, 153050.RDR.RXSBN.PLS.OCI .14.DC.SB, 102040.RDR.RXSBN.PLS.OCI .14.DC.SB		
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Rate Factors

(1) Starting Base Rates

HMO: \$512.46 medical
 \$174.31 prescription drugs

HMP: \$527.83 medical
 \$174.31 prescription drugs

(2) Benefit Plan Ratios

HMO Plans							
Product	Plan Name			Metal Level	Actuarial Value	Medical Ratio	Rx Ratio
	Medical		Rx				
	Exchange						
	Off	On					
HMO	C4N	VM9	ZV	Platinum	88.2%	0.8328	0.5009
HMO	EY3	V75	ZU	Platinum	90.7%	0.8798	0.5258
HMO	E45	V87	YM	Platinum	88.5%	0.8559	0.4861
HMO	E49	V89	ZR	Platinum	88.5%	0.8583	0.4620
HMO	E5P	V9E	ZU	Platinum	91.9%	0.9020	0.5258
HMO	EYY	V73	ZV	Platinum	89.0%	0.8477	0.5009
HMO-HSA	DW8	VZW	A0	Gold	78.5%	0.7562	0.0102
HMO-HSA	DW8	VZW	YM	Gold	78.4%	0.7562	0.0000
HMO-HSA	DW6	VZY	A0	Gold	78.1%	0.8436	0.0102
HMO-HSA	DW6	VZY	YM	Gold	78.0%	0.8436	0.0000
HMO	EZO	V79	A0	Gold	79.5%	0.6980	0.5135
HMO	EZO	V79	YM	Gold	78.8%	0.6980	0.4861
HMO	EZ5	V8N	C0	Gold	79.1%	0.7145	0.4065
HMO	EZ5	V8N	ZT	Gold	78.9%	0.7145	0.4238
HMO	E0T	V8T	A0	Gold	78.9%	0.6797	0.5135
HMO	E0T	V8T	YM	Gold	78.3%	0.6797	0.4861
HMO	EY9	V77	A0	Gold	81.4%	0.7204	0.5135
HMO	EY9	V77	YM	Gold	80.9%	0.7204	0.4861
HMO	EZY	V8L	B0	Gold	78.1%	0.6932	0.4626
HMO	EZY	V8L	ZS	Gold	78.7%	0.6932	0.4417
HMO	E02	V8V	A0	Gold	81.6%	0.7348	0.5135
HMO	E02	V8V	YM	Gold	81.1%	0.7348	0.4861
HMO	E0L	V8R	A0	Gold	79.7%	0.7199	0.5135
HMO	E0L	V8R	ZR	Gold	79.1%	0.7199	0.4620
HMO	E0E	V8P	A0	Gold	79.9%	0.7182	0.5135
HMO	E0E	V8P	ZS	Gold	78.5%	0.7182	0.4417
HMO-HSA	DX1	VZR	YM	Silver	70.2%	0.6543	0.0120
HMO-HSA	DX1	VZR	ZX	Silver	69.7%	0.6543	0.0000
HMO-HSA	DX8	VZ1	YM	Silver	70.4%	0.6635	0.0120
HMO-HSA	DX8	VZ1	ZX	Silver	69.3%	0.6635	0.0000
HMO-HSA	DYG	VZ2	YM	Silver	71.0%	0.6671	0.0120
HMO-HSA	DYG	VZ2	ZX	Silver	70.1%	0.6671	0.0000
HMO-HSA	DYR	VZ5	YM	Silver	69.1%	0.6442	0.0120
HMO-HSA	DYR	VZ5	ZX	Silver	68.3%	0.6442	0.0000
HMO	E08	V8X	ZT	Silver	70.8%	0.6079	0.4238
HMO	E08	V8X	ZY	Silver	69.9%	0.6079	0.3650
HMO	E2Q	V81	D0	Silver	71.5%	0.6124	0.3814
HMO	E25	V84	ZT	Silver	70.0%	0.6015	0.4238
HMO	E25	V84	ZY	Silver	68.8%	0.6015	0.3650
HMO	E3Y	V85	ZT	Silver	70.5%	0.6104	0.4238
HMO	E3Y	V85	ZY	Silver	69.0%	0.6104	0.3650
HMO	E2I	V8Y	ZT	Silver	70.5%	0.6128	0.4238
HMO	E2I	V8Y	ZY	Silver	68.4%	0.6128	0.3650
HMO	E2Q	V81	ZZ	Silver	69.2%	0.6124	0.3250
HMO-HSA	DW1	VZT	ZX	Bronze	60.6%	0.5519	0.0000
HMO-HSA	DW3	VZU	ZX	Bronze	61.2%	0.5564	0.0000
HMO-HSA	DW5	VZV	ZX	Bronze	59.0%	0.6213	0.0000

HMP Plans							
Product	Plan Name			Metal Level	Actuarial Value	Medical Ratio	Rx Ratio
	Medical		Rx				
	Exchange						
	Off	On					
HMP	C4M	VM8	ZV	Platinum	88.2%	0.8301	0.5009
HMP	EYZ	V74	ZV	Platinum	89.0%	0.8445	0.5009
HMP	EY4	V76	ZU	Platinum	90.7%	0.8759	0.5135
HMP	E46	V88	YM	Platinum	88.5%	0.8504	0.4626
HMP	E5M	V9D	ZR	Platinum	88.5%	0.8511	0.4861
HMP	E5Q	V9F	ZU	Platinum	91.9%	0.8973	0.5135
HMP-HSA	DW9	VZX	A0	Gold	78.5%	0.7573	0.0102
HMP-HSA	DW9	VZX	YM	Gold	78.4%	0.7573	0.0000
HMP-HSA	DXQ	VZZ	A0	Gold	78.1%	0.8442	0.0102
HMP-HSA	DXQ	VZZ	YM	Gold	78.0%	0.8442	0.0000
HMP	EZQ	V8K	YM	Gold	78.8%	0.6969	0.4861
HMP	EZ7	V8O	C0	Gold	79.1%	0.7135	0.4065
HMP	EZ7	V8O	ZT	Gold	78.9%	0.7135	0.4238
HMP	E0V	V8U	A0	Gold	78.9%	0.6796	0.5135
HMP	E0V	V8U	YM	Gold	78.3%	0.6796	0.4861
HMP	EZF	V78	YM	Gold	80.9%	0.7191	0.4861
HMP	EZF	V78	A0	Gold	81.4%	0.7191	0.5135
HMP	EZQ	V8K	A0	Gold	79.5%	0.6969	0.5135
HMP	EZZ	V8M	B0	Gold	78.1%	0.6925	0.4626
HMP	EZZ	V8M	ZS	Gold	78.7%	0.6925	0.4417
HMP	E04	V8W	A0	Gold	81.6%	0.7331	0.5135
HMP	E04	V8W	YM	Gold	81.1%	0.7331	0.4861
HMP	E0N	V8S	A0	Gold	79.7%	0.7188	0.5135
HMP	E0N	V8S	ZR	Gold	79.1%	0.7188	0.4620
HMP	E0G	V8Q	A0	Gold	79.9%	0.7169	0.5135
HMP	E0G	V8Q	ZS	Gold	78.5%	0.7169	0.4417
HMP-HSA	DXZ	VZ5	YM	Silver	70.2%	0.6540	0.0120
HMP-HSA	DXZ	VZ5	ZX	Silver	69.7%	0.6540	0.0000
HMP-HSA	DYH	VZ3	YM	Silver	71.0%	0.6671	0.0120
HMP-HSA	DYH	VZ3	ZX	Silver	70.1%	0.6671	0.0000
HMP-HSA	DX6	VZ4	YM	Silver	70.4%	0.6644	0.0120
HMP-HSA	DX6	VZ4	ZX	Silver	69.3%	0.6644	0.0000
HMP-HSA	DYO	VZ6	YM	Silver	69.1%	0.6447	0.0120
HMP-HSA	DYO	VZ6	ZX	Silver	68.3%	0.6447	0.0000
HMP	E2S	V82	D0	Silver	71.5%	0.6107	0.3814
HMP	E2Y	V83	ZT	Silver	70.0%	0.6030	0.4238
HMP	E2K	V82	ZT	Silver	70.5%	0.6121	0.4238
HMP	E2K	V82	ZY	Silver	68.4%	0.6121	0.3650
HMP	E41	V86	ZT	Silver	70.5%	0.6092	0.4238
HMP	E41	V86	ZY	Silver	69.0%	0.6092	0.3650
HMP	E2S	V82	ZZ	Silver	69.2%	0.6107	0.3250

(3) Trend Factors

Effective Quarter	Factor
1st Quarter, 2014	1.000
2nd Quarter, 2014	1.026
3rd Quarter, 2014	1.052
4th Quarter, 2014	1.079

(4) Age Factors

Age	Factor	Age	Factor	Age	Factor	Age	Factor
0-20	0.727	32	0.727	44	1.137	56	1.801
21	0.727	33	0.727	45	1.181	57	1.871
22	0.727	34	0.727	46	1.227	58	1.944
23	0.727	35	0.805	47	1.275	59	2.020
24	0.727	36	0.836	48	1.325	60	2.099
25	0.727	37	0.869	49	1.377	61	2.181
26	0.727	38	0.903	50	1.431	62	2.181
27	0.727	39	0.938	51	1.487	63	2.181
28	0.727	40	0.975	52	1.545	64 & older	2.181
29	0.727	41	1.013	53	1.605		
30	0.727	42	1.053	54	1.668		
31	0.727	43	1.094	55	1.733		

Product	Plan Name		Metal Level	Medical Schedule of Benefits Form #	Rx Schedule of Benefits Form #	Act'l Value	In-Network					Out-of-Network					Copayments					Medical Deduct. Type	Rx												
	Medical Exchange						Deductible	Coins	OOP Maximum		Deductible	Coins	OOP Maximum		PCP	SCP	UC	ER	OP Surgery		IP		Deduct. Type	Deduct.	Tier 1	Tier 2	Tier 2 Spec.	Tier 3	Tier 3 Spec.						
	Off	On							Indiv.	Family			Indiv.	Family					Indiv.	Family										Indiv.	Family	Free-St.	Hospital		
HMP	EZZ	V8M	B0	Gold 3-A	GO3.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	78.1%	\$1,000	\$2,000	80%	\$4,000	\$8,000	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$250							Emb	Sep	\$100	\$10	20% to \$100	40% to \$300		
HMP	EZZ	V8M	ZS	Gold 3	GO3.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	78.7%	\$1,000	\$2,000	80%	\$4,000	\$8,000	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$250							Emb	Sep	\$100	\$10	\$40	\$100	\$75	\$300
HMP	E04	V8W	A0	Gold 9-A	GO9.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	81.6%	\$1,000	\$2,000	90%	\$3,000	\$6,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$20	\$40								Emb	Sep	\$10	20% to \$100	40% to \$300				
HMP	E04	V8W	YM	Gold 9	GO9.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	81.1%	\$1,000	\$2,000	90%	\$3,000	\$6,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$20	\$40								Emb	Sep	\$10	20% to \$100	40% to \$300				
HMP	E0N	V8S	A0	Gold 6-A	GO6.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	79.7%	\$1,500	\$3,000	90%	\$4,000	\$8,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$15	\$30	\$75	\$150							Emb	Sep	\$10	20% to \$100	40% to \$300			
HMP	E0N	V8S	ZR	Gold 6	GO6.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	79.1%	\$1,500	\$3,000	90%	\$4,000	\$8,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$15	\$30	\$75	\$150							Emb	Sep	\$50	\$10	\$40	\$100	\$75	\$300
HMP	E0G	V8Q	A0	Gold 5-A	GO5.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	79.9%	\$1,300	\$2,600	90%	\$3,250	\$6,500	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$150							Emb	Sep	\$10	20% to \$100	40% to \$300			
HMP	E0G	V8Q	ZS	Gold 5	GO5.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	78.5%	\$1,300	\$2,600	90%	\$3,250	\$6,500	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$150							Emb	Sep	\$100	\$10	\$40	\$100	\$75	\$300
HMP-HSA	DXZ	VZS	YM	Silver 2	SL2.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	70.2%	\$2,000	\$4,000	70%	\$4,000	\$8,000	\$3,000	\$6,000	50%	\$10,000	\$20,000										NonEmb	Comb	\$10	\$40	\$100	\$75	\$300		
HMP-HSA	DXZ	VZS	ZX	Silver 2-A	SL2.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.7%	\$2,000	\$4,000	70%	\$4,000	\$8,000	\$3,000	\$6,000	50%	\$10,000	\$20,000										NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP-HSA	DYH	VZ3	YM	Silver 4	SL4.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	71.0%	\$1,500	\$3,000	80%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000										NonEmb	Comb	\$10	\$40	\$100	\$75	\$300		
HMP-HSA	DYH	VZ3	ZX	Silver 4-A	SL4.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	70.1%	\$1,500	\$3,000	80%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000										NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP-HSA	DX6	VZ4	YM	Silver 3	SL3.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	70.4%	\$2,000	\$4,000	90%	\$6,000	\$12,000	\$3,000	\$6,000	70%	\$10,000	\$20,000										NonEmb	Comb	\$10	\$40	\$100	\$75	\$300		
HMP-HSA	DX6	VZ4	ZX	Silver 3-A	SL3.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.3%	\$2,000	\$4,000	90%	\$6,000	\$12,000	\$3,000	\$6,000	70%	\$10,000	\$20,000										NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP-HSA	DYO	VZ6	YM	Silver 5	SL5.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	69.1%	\$1,500	\$3,000	70%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000										NonEmb	Comb	\$10	\$40	\$100	\$75	\$300		
HMP-HSA	DYO	VZ6	ZX	Silver 5-A	SL5.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	68.3%	\$1,500	\$3,000	70%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000										NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP	E2S	V82	D0	Silver 7	SL7.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	71.5%	\$1,500	\$3,000	70%	\$6,250	\$12,500	\$4,000	\$8,000	50%	\$10,000	\$20,000	\$40	\$80	\$100	\$300							Emb	Sep	\$500	\$10	\$40	\$100	\$75	\$300
HMP	E2Y	V83	ZT	Silver 8	SL8.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	70.0%	\$2,000	\$4,000	70%	\$6,250	\$12,500	\$4,000	\$8,000	50%	\$10,000	\$20,000	\$40	\$80	\$100	\$300							Emb	Sep	\$250	\$10	\$40	\$100	\$75	\$300
HMP	E2K	V8Z	ZT	Silver 10	SL10.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	70.5%	\$3,000	\$6,000	90%	\$6,250	\$12,500	\$4,000	\$8,000	70%	\$10,000	\$20,000	\$35	\$70	\$100	\$300							Emb	Sep	\$250	\$10	\$40	\$100	\$75	\$300
HMP	E2K	V8Z	ZY	Silver 10-A	SL10.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	68.4%	\$3,000	\$6,000	90%	\$6,250	\$12,500	\$4,000	\$8,000	70%	\$10,000	\$20,000	\$35	\$70	\$100	\$300							Emb	Sep	\$250	\$15	30% to \$100	50% to \$300		
HMP	E41	V86	ZT	Silver 9	SL9.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	70.5%	\$2,500	\$5,000	80%	\$6,250	\$12,500	\$4,000	\$8,000	60%	\$10,000	\$20,000	\$35	\$70	\$100	\$300							Emb	Sep	\$250	\$10	\$40	\$100	\$75	\$300
HMP	E41	V86	ZY	Silver 9-A	SL9.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.0%	\$2,500	\$5,000	80%	\$6,250	\$12,500	\$4,000	\$8,000	60%	\$10,000	\$20,000	\$35	\$70	\$100	\$300							Emb	Sep	\$250	\$15	30% to \$100	50% to \$300		
HMP	E2S	V82	ZZ	Silver 7-A	SL7.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.2%	\$1,500	\$3,000	70%	\$6,250	\$12,500	\$4,000	\$8,000	50%	\$10,000	\$20,000	\$40	\$80	\$100	\$300							Emb	Sep	\$500	\$15	30% to \$100	50% to \$300		

Rate and Rate Factor Changes, and Development of 1st Quarter 2014 Base Rates

Age Factors: Change to new 2014 DC age factors: see Exhibit 1.

Other Rating Factors: Industry, group size and risk adjustment factors all set to 1.000.

Development of Base Rates:

License	Product	Current 4Q13 Base Rates with Trend			Proposed * Base Rates on a Revenue Neutral Basis (col a)	Rate Increases from 4Q13 to 1Q14							Proposed 1Q14 Base Rates (= a x b)
		Base Rate	Trend Factor	Total Rate		1 Qtr Trend	PPACA Fees	EHB	Market Adj	Exper. Adj	Risk Adj	Total (col b)	
OCI	Gatekeeper HMO	173.96	2.113	367.58	420.31	1.026	1.035	1.016	1.013	0.976	1.143	1.219	512.46
	Gatekeeper HMP	198.00	2.113	418.37	432.92	1.026	1.035	1.016	1.013	0.976	1.143	1.219	527.83
	Rx	59.71	2.113	126.17	142.96	1.026	1.035	1.016	1.013	0.976	1.143	1.219	174.31
UHIC	EPO	174.68	2.546	444.74	449.74	1.026	1.035	1.016	1.013	0.976	1.143	1.219	548.33
	POS	206.13	2.546	524.81	463.23	1.026	1.035	1.016	1.013	0.976	1.143	1.219	564.78
	Rx	55.53	2.546	141.38	142.96	1.026	1.035	1.016	1.013	0.976	1.143	1.219	174.31

* Rates when apply:

- New age factors
- All industry, group size, and risk adjustment factors set to 1.000, and
- New rate relationships between products:
 - +7.0% for gatekeeper to Choice, and
 - +3.0% for in-network only products to products with an out-of-network benefit,

to the total February, 2013 inforce book of business using:

- Each group's product, and each members's age,
produces the same total (for OCI + UHIC) revenue as the current 4Q13 rates and rating factors.

Formula & Example

Exhibit 4

Rate Calculation Formula

Monthly premium =

$$\begin{aligned} & (\text{Medical starting base rate} \times \text{Medical plan ratio}) + \\ & (\text{Rx starting base rate} \times \text{Rx plan ratio}) \\ & \times \text{Trend factor for plan effective or renewal date} \\ & \times \text{Sum of member age factors for the group} \end{aligned}$$

Rating Example

Benefit Plan: EPO plan EZ5 with Rx C0

Effective Date: 4/1/14

Census:

	<u>Member Ages</u>				<u>Age Factors</u>			
	<u>EE Age</u>	<u>Spouse Age</u>	<u>Child #1</u>	<u>Child #2</u>	<u>EE</u>	<u>Spouse</u>	<u>Child #1</u>	<u>Child #2</u>
EE #1	43	41	10	15	1.094	1.013	0.727	0.727
EE #2	35	36	5	9	0.805	0.836	0.727	0.727
EE #3	53	55	19		1.605	1.733	0.727	

Total Members: 11

Sum of Age Factors: 10.721

Rate Calculation

	<u>Rating Factor</u>	<u>Exhibit 1 Location</u>
\$512.46	Medical Base Rate	(1)
0.7145	Benefit Plan Ratio (EZ5)	(2)
\$174.31	Rx Base Rate	(1)
0.4065	Rx Plan Ratio (C0)	(2)
1.026	Trend Factor (2Q14)	(3)
10.721	Group Age Factor	(4)
<u>\$4,807.00</u>		
Total Monthly Premium		

Member Months, Earned Premium & Incurred Claim Experience - OCI

Month	<u>Members</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Claim PMPM</u>	<u>Loss Ratio</u>
Jan-12	2,097	1,001,289	676,230	322.47	67.5%
Feb-12	2,092	1,008,153	490,703	234.56	48.7%
Mar-12	2,087	1,004,079	429,754	205.92	42.8%
Apr-12	2,048	983,024	542,506	264.90	55.2%
May-12	2,021	968,813	519,526	257.06	53.6%
Jun-12	1,964	958,002	448,492	228.36	46.8%
Jul-12	2,013	967,548	416,466	206.89	43.0%
Aug-12	1,979	950,252	489,288	247.24	51.5%
Sep-12	1,958	924,100	405,175	206.93	43.8%
Oct-12	1,936	919,699	561,423	289.99	61.0%
Nov-12	1,936	929,625	477,799	246.80	51.4%
Dec-12	1,903	923,026	389,104	204.47	42.2%
Total	24,034	11,537,610	5,846,466	243.26	50.7%

Explanation, Support & Development of PPACA Fee Increases

The Patient Protection and Affordable Care Act (PPACA) includes several new taxes and fees which will increase health insurance costs and need to be reflected in premium. The two largest cost impacts both take effect with calendar year 2014 earned premiums.

Insurer Fee. This is a permanent fee that applies to fully insured coverage. This fee will fund tax credits for insurance coverage purchased on the exchanges. The total fee increases from \$8B in 2014 to \$14.3B in 2018 (indexed to premium for subsequent years.) Each insurance carrier's assessment will be based on net written health insurance premiums in the prior year, with certain exclusions. The Oliver Wyman report "Simulation of the Impact of the Annual Fees on Insurers Using 2011 Data", dated June 27, 2012, estimates that the denominator premiums to which this fee will be applied will be \$527.085 billion. The fee must then be grossed up for federal income tax, since the member fee is not a tax deductible expense. As a % of premium, the needed fee is $\$8B \text{ Insurer Fee} / \$527.085 \text{ Net Industry Premiums} / 65\% \text{ FIT} = 2.3\%$.

Reinsurance Assessment. This is a temporary fee that applies to all commercial groups (both fully insured and self-funded) from 2014 to 2016 for the purpose of funding the reinsurance pool for high cost claimants in the individual market during this three year transitional period. The total baseline amounts to be collected to fund this pool are \$12B in 2014, \$8B in 2015, and \$5B in 2016, and individual states can add to this baseline. Each insurance carrier will be assessed on a per capita basis. HHS has proposed a \$5.25 ppm assessment for 2014, or an estimated 1.2% of DC small group premiums.

The total needed PPACA fee increase is 3.5% (2.3% for Insurer Fee, plus 1.2% for Reinsurance Assessment).

The below details the calculation of the Insurer Fee and Reinsurance Assessment.

Calculation of 2014 Fees Impact

Insurer Fee Impact Calculation

Insurer Fee in 2014 (Billions)	\$8
<hr/>	
Projected 2013 Health Insurance Premiums (Billions)*	\$527.085
<hr/>	
Insurer Fee as % of Health Insurance Premiums	1.5%
Gross Up by Federal Income Tax (35%)	2.3%

*from Oliver Wyman Study published on June 27, 2012

Reinsurance Assessment Impact Calculation

Reinsurance Assessment Per Member Per Month - HHS Proposed	\$5.25
Reinsurance Fee as a Percent of Premium	1.2%

DC Small Group Rate Review - Development of Experience Adjustment

	OCI	UHIC	Total
1. Experience 1/1/12-13			
1a. Member Months	24,034	110,175	134,209
1b. Average Mbrs (1a/12)	2,003	9,181	11,184
1c. Incurred Claims	\$5,846,466	\$31,328,050	\$37,174,516
1d. Claim PMPM (1c/1a)	\$243.26	\$284.35	\$276.99
1e. Earned Premium	\$11,537,610	\$47,268,964	\$58,806,574
1f. Premium PMPM (1e/1a)	\$480.05	\$429.04	\$438.17
1g. Loss Ratio (1c/1e)	50.7%	66.3%	63.2%
2. Needed Revenue for 10/1/13 Effective Date			
2a. Claim trend	1.195	1.195	1.195
From center of experience period: 7/1/12			
to center of 10/1/13 pricing period: 4/1/14			
(21 months at 10.7% annual rate)			
2b. Claim cost subtotal (1d x 2a)	\$290.62	\$339.71	\$330.92
2c. Target loss ratio	73.0%	73.0%	73.0%
2d. Needed revenue PMPM for 10/1/13 effective date (2b/2c)	\$398.11	\$465.36	\$453.31
3. Current Manual Rate 10/1/13			
3a. Medical base rate 10/1/2013	\$178.47	\$199.99	\$196.14
3b. Average medical plan relativity	0.9034	0.8715	0.8772
3c. Medical pricing trend factor	2.113	2.546	2.468
<u>3d. Subtotal: Medical (3a x 3b x 3c)</u>	<u>\$340.68</u>	<u>\$443.76</u>	<u>\$425.30</u>
3e. Pharmacy base rate 10/1/2013	\$59.71	\$55.53	\$56.28
3f. Average Rx plan relativity	0.5048	0.4396	0.4513
3g. Rx pricing trend factor	2.113	2.546	2.468
<u>3h. Subtotal: Pharmacy (3e x 3f x 3g)</u>	<u>\$63.69</u>	<u>\$62.16</u>	<u>\$62.43</u>
<u>3i. Subtotal: Medical+Pharmacy (3d + 3h)</u>	<u>\$404.37</u>	<u>\$505.92</u>	<u>\$487.73</u>
3j. Age/Sex Factors	1.0610	0.9485	0.9687
3k. Area factors	1.0000	1.0000	1.0000
3l. Industry factors	0.9969	0.9703	0.9751
3m. Size factors	1.0196	1.0108	1.0123
3n. Current premium PMPM for 10/1/13 effective date (3i x 3j x 3k x 3l x 3m)	\$436.11	\$470.63	\$464.45
4. Supportable Pricing Adjustment (2d / 3n -1)	-8.7%	-1.1%	-2.4%
(rate adjustment required to achieve 73% loss ratio)			

UNITED HEALTHCARE
HEALTHCARE ECONOMICS

Exhibit T

DISTRICT OF COLUMBIA PRICING TREND DEVELOPMENT
APRIL 2013 RATE FILING SUPPORT

SG PRICING TREND BY COMPONENT

SMALL GROUP PRICING TREND BY COMPONENT									
	Notes:	<u>Inpatient</u>	<u>Outpatient</u>	<u>Professional</u>	<u>Other</u>	<u>Capitation</u>	Total <u>Medical</u>	Retail <u>Pharmacy</u>	Weighted <u>Aggregate</u>
Total Proposed Pricing Trend	[6]	7.5%	12.7%	10.7%	11.0%	3.6%	10.4%	12.3%	10.7%
Utilization / Service Mix	[1] , [2]	0.1%	5.1%	4.4%	4.0%	0.0%	3.5%	4.2%	3.6%
Unit Cost	[3]	6.0%	5.4%	3.7%	4.7%	2.3%	4.8%	4.8%	4.8%
Benefit Leveraging	[4]	0.2%	0.7%	1.2%	0.9%	0.2%	0.8%	1.8%	0.9%
Margin		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<u>Demographic Change</u>	[5]	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Sub-Total Claims Trend		7.5%	12.7%	10.7%	11.0%	3.6%	10.4%	12.3%	10.7%
Management Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

- [1] Represents core utilization only, exclusive of demographic change impacts; includes expected impact of changes in business day content.
- [2] Represents expected changes in intensity of services provided.
- [3] Represents core unit pricing increases, exclusive of service mix / intenisty of services impact;
- [4] Impact of member cost-share leveraging on net claims cost trend.
- [5] Represents trend impact of age and gender changes; No provision included for Small Group business (age/gender community rating variable).
- [6] Pricing models do not distinguish between Primary and Specialty medical care; same trends shown for both.

SERFF Tracking #:

UHLC-129030739

State Tracking #:

Company Tracking #:

State:

District of Columbia

Filing Company:

Optimum Choice, Inc.

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO

Product Name:

DC-SG-OCI-2104-01

Project Name/Number:

/

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	DC-SG-OCI-Cover-2013-05-15.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	DC-SG-OCI-ActMemo-2013-05-15.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Justification
Bypass Reason:	See Actuarial Memorandum
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Not applicable
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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SERFF Tracking #:

UHLC-129030739

State Tracking #:

Company Tracking #:

State: District of Columbia **Filing Company:** Optimum Choice, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO
Product Name: DC-SG-OCI-2104-01
Project Name/Number: /

Bypass Reason:	Not applicable
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	Initial Filing
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	OCI-Part III-2014-01 (5-15-2013).pdf
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	
Attachment(s):	DC-OCI-URRT-2014-01.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Rate Filing Exhibits
Comments:	
Attachment(s):	DCSG-OCI-2014-01-All Exhibits 2013-05-15.pdf
Item Status:	
Status Date:	



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

May 15, 2013

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

Re: Optimum Choice, Inc.
Small Group (2-50) Rate Filing

Dear Mr. Tanhehco:

This rate filing presents proposed premium rates effective January 1, 2014 through December 31, 2014 for new medical and Rx benefit plans to be sold by the Optimum Choice, Inc. to small group employers. The benefit plans and rates are for non-grandfathered employers, and are for both on and off-exchange.

A. Company Name: Optimum Choice, Inc.

B. NAIC Company Code: 96940

C. Marketing Name of Products: HMO and HMP (or HMO plus, or OCI Preferred).

D. Date Filing Submitted: 5/15/2013

E. Proposed Effective Date: 1/1/2014

F. Type of Product: Medical and prescription drug HMO, offered both in-network only and in-network with out-of-network benefits.

G. Market: Small group.

H. Scope and Purpose of Filing: 2014 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.

J. Overall Premium Impact of Filing on DC Policyholders: This is an initial rate filing.

K. Contact Information: Boris Gerber, 860-702-5540, boris_gerber@uhc.com.

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

Sincerely,

Boris P. Gerber, FSA, MAAA
Actuary, UnitedHealthcare

Actuarial Memorandum
Optimum Choice, Inc., NAIC #96940
DC Small Group Rate Filing

May 15, 2013

This rate filing presents proposed premium rates effective January 1, 2014 through December 31, 2014 for new medical and Rx benefit plans to be sold by Optimum Choice, Inc. to small group employers (employers with 50 or fewer eligible employees).

The benefit plans and rates are for non-grandfathered employers, and are for both on and off-exchange. The proposed rates and rate factors are in Exhibit 1. Benefit plan descriptions are in Exhibit 2, which also displays the metal level and actuarial value of each benefit plan. Rates are presented for 88 new plans: 47 HMO and 41 HMP (or HMO-Plus, includes out-of-network benefits) plans.

Purpose of Filing. UnitedHealthcare is filing for the first time rates for new benefit plans written under new policy forms and new certificates of coverage that comply with the requirements of the Patient Protection and Affordable Care Act (PPACA).

In addition to new 1/1/14 effective rates, for each of the last 3 quarters in 2014 we are filing for a 2.57% quarterly trend increase (equivalent to an annual 10.7% trend rate).

A. Description of Benefits. Benefit plan descriptions are in Exhibit 2.

B. Issue Age Range. All ages.

C. Marketing Method. The products will be offered on the exchange, and also marketed through independent brokers and consultants.

D. Premium Basis. Member level rating.

E. Nature of Rate Change and Proposed Rate/Methodology Change. These are new rates for new products on new policy forms, no current rates exist for these forms or plans.

F. For Each Change, Indication if New or Modified. These are new policy forms.

G. For Each Change, Comparison to Status Quo. These are new policy forms.

H. Summary of How Each Proposed Modification Differs from Corresponding Current/Approved Rate/Methodology. These are new policy forms.

I. Annual Rate Change for DC Policyholders. These are new policy forms, there are no current rates for these forms.

While these are new products and forms, we will be offering these plans to our current small group business. The rate changes indicated in this actuarial memorandum are from our current 2013 rates on this business.

The rates in this filing are for new benefit plans and use the new PPACA required rate calculation approach, which is significantly different from UnitedHealthcare's current products and rating

approach in DC. Each existing customer who wishes to continue coverage with UnitedHealthcare will have to decide which new “metal level” benefit plan they wish to move to, either to a leaner or to a richer plan, their rate change will be based on these yet unknown choices.

The average rate increases including all rate changes (rating factors, trend, PPACA fees, essential health benefits), and an estimated neutral change in benefit plan movement to the new metal plans (premium increases from customers moving up in benefits offsetting premium reductions from customers moving down in benefits), are as follows:

Incremental:

1Q14/4Q13: +21.9%
2Q14/1Q14: +2.6%
3Q14/2Q14: +2.5%
4Q14/3Q14: +2.6%

J. Base Period Experience. The base period experience represents all of UnitedHealthcare Insurance Company (UHIC) and Optimum Choice, Inc. (OCI) individual and small group business in the DC market. Note: UHIC and OCI do not market and have no Individual experience in DC. The base period claims experience is for 1/1/2012 through 12/31/2012 dates of service, for claims paid through March, 2013. The estimate included for claims incurred but not paid is \$121,252 for Optimum Choice, Inc. No adjustments have been made for large group pooling.

K. Projected Base Period Experience. All claims in the base period are believed to be for essential health benefits. The cost of additional required essential health benefits in 2014 is described in the next section “L. Manual Rate Development”. The assumptions used to develop the requested trend increases are shown in Exhibit T. In addition to unit cost and utilization, deductible (or benefit) leveraging is utilized in the trend estimate. These factors are not utilized in the trend determination: future/new benefits and/or mandates, risk profile changes, aging of population, increased portion of pool from conversion policies, and changes in gender and other demographic characteristics. No adjustments have been made to the underlying demographics of the population expected to be insured. Adjustments for projected changes in the average morbidity of the population expected to be insured in 2014 are described in the next section “L. Manual Rate Development”. No adjustments have been made projected changes in average cost sharing in force.

L. Manual Rate Development. The base experience is shown in Exhibit A.

In our rate development, we first analyzed the impact of the new required rate calculation approach (member rating by age using the new DC age factors, removal of group size, industry, and underwriting risk adjustment factors) and our proposed product price relationships. Using our February, 2013 book of business (each group’s product, and each covered member’s age) we first picked base rates by product that would be revenue neutral in total for our two DC small group licenses.

On this total-two-license revenue neutral basis, the average premium weighted rate change by license is:

Optimum Choice, Inc. (OCI):	+7.3%
UnitedHealthcare Insurance Company (UHIC):	<u>-1.6%</u>
Total:	0.0%

We are reducing the price differences between our products to the following:

In-network-only products to products with an out-of-network option: +3.0% (reduced from our current +13.8% on OCI and +18.0% on UHIC).

Gatekeeper with capitation products (OCI HMO) to Open Access products with no capitation (UHIC EPO): +7.0% (reduced from our current +21.0%).

We believe that the +3.0% and the +7.0%, respectively, are the true cost differences between these products.

After the changes to the rating factors and product price relationships, again on a total 2-license revenue neutral basis, we are then proposing these rate increases from our current 4th quarter 2013 rates:

+2.6%	Trend – one quarter at a 10.7% annual trend rate.
+3.5%	PPACA fees (insurer fee + reinsurance assessment).
+1.6%	Essential health benefits.
+1.3%	Market risk adjustments.
-2.4%	Experience adjustment.
<u>+14.3%</u>	Risk adjustment.
+21.9%	Total

Trend: The assumptions used to develop the requested trend increases are shown in Exhibit T.

PPACA Fees: The assumptions used to develop the requested PPACA fee increases are shown in Exhibit B.

Essential Health Benefits: The additional benefits in our plans are as follows:

- Pediatric dental and vision.
- Mental health parity.
- Habilitative services and applied behavior analysis (ABA).
- Temporomandibular joint disorder (TMJ).
- DME and prosthetics: from \$2500 limit to unlimited.
- Increases in visit limits:
 - Physical therapy: from 20 to unlimited.
 - Occupational therapy: from 20 to unlimited.
 - Speech therapy: from 20 to unlimited.
 - Pulmonary rehabilitation: from 20 to unlimited.
 - Office spinal manipulation: from 20 to unlimited.
 - Home health service: from 60 to 90.

Market Risk Adjustments: The adjustment for overall changes to the small group marketplace in 2014 is +1.3%.

Experience Adjustment: We are pricing to a 73.0% target loss ratio. Please see the development in Exhibit C. Our analysis indicates that a -2.4% experience adjustment is required to price to a 73.0% loss ratio.

Risk Adjustment: Based on an analysis done in conjunction with Wakely Consulting Group, based on an analysis of just the small employer market in DC, we estimate that we will be a 6.8% risk

payer in total for our two licenses. With the merging of the individual and small group markets in DC for risk adjustments purposes, we expect to be an additional 7.5% risk payer due to the higher morbidity of individual over small group. In total we estimate we will be a 6.8% + 7.5% = 14.3% payer.

The development of the proposed 1st quarter 2014 base rates is presented in Exhibit 3.

M. Credibility. The combined DC experience on our two small group licenses is assumed to be credible.

N. Projected Index Rate. The index rate presented in the Unified Rate Review Template represents the average allowed claim cost per member per month for coverage of essential health benefits for the small group market, prior to adjustment for payments and charges under the risk adjustment and transitional reinsurance programs, as defined by 45 CFR 156.80(d). Allowed claims were used as the basis for developing the index rate.

O. Market-wide Adjustments to the Index Rate. Market-wide risk adjustments are described in the above section “L. Manual Rate Development”.

P. Plan Level Adjustments to the Index Rate. 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 Rx 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.

Q. Non-Benefit Expenses. The expenses assumed in the development of the proposed rates are as follows. These are the total average expenses for the two small group licenses. Except for the addition of PPACA fees, they are actual 2012 year average expenses that are expected to continue in the future.

<u>% of Premium</u>	<u>Expense Category</u>
4.5%	General administrative expenses
0.5%	Sales and marketing
3.5%	Commissions and broker fees
5.7%	Premium taxes and other taxes, licenses and fees (does not include FIT)
1.1%	Quality improvement and fraud detection
4.1%	Federal income taxes
<u>7.5%</u>	<u>Profit</u>
27.0%	Total

R. Filed Loss Ratio. The anticipated traditional loss ratio (incurred claims divided by premium) is 73.0%. The anticipated Federal MLR is 80.3%. The estimated Federal MLR adjustments are as follows:

10.2% Taxes, regulatory fees and assessments
-1.7% GAAP Medical reclass to MLR SG&A
1.5% QI/HIT Medical costs added
0.1% Bad debt
0.0% Credibility adjustment
10.1% Total

S. Actuarial Certification.

I, Boris P. Gerber am an actuary of UnitedHealthcare and a member of the American Academy of Actuaries.

I certify that the projected index rate is in compliance with 45 CFR 156.80(d)(1) and developed in compliance with applicable ASOPs.

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.

I certify that the AV Calculator was used to determine the AV Metal Values. For plans designs that did not fit into the AV Calculator, included in the Part III Actuarial Memorandum is a description of the methodology and numerical values used to develop the AV metal values, and a certification as required by 45 CFR Part 156, §156.135.

I certify that the rates are reasonable in relation to the benefits provided, and are not excessive, deficient nor unfairly discriminatory.

I certify that the rates comply with all applicable District of Columbia and Federal laws and regulations.

I qualify my opinion to state that the Part I Unified Rate Review Template does not demonstrate the process used by UnitedHealthcare to develop the rates. This process is described in this submitted actuarial memorandum. 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.

Sincerely,



Boris P. Gerber, FSA, MAAA
Actuary, UnitedHealthcare

Date: May 15, 2013

T. District of Columbia Loss Ratio Analysis.

- i. Evaluation Period: 1/1/2012 – 12/31/2012
- ii. Earned Premiums: See Exhibit A.
- iii. Claims: See Exhibit A.
- iv. Number of Claims: Not available.

- v. Loss Development Factors: See Exhibit C.
- vi. Loss Ratio Demonstrations: See Exhibit C.
- vii. Permissible Loss Ratio: 80% Federal MLR.
- viii. Credibility Analysis: We believe our DC experience is credible.
- ix. Determination of Overall Annual Rate Change: See section "L. Manual Rate Development".

U. District of Columbia and Countrywide Experience.

- i. Earned Premium: See Exhibit A.
- ii. Number of policyholders: As of March, 2013: 194 group policyholders.
- iii. History of Rate Changes: Not applicable, these are new policy forms.

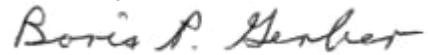
List of exhibits included in rate filing:

- Exhibit 1: Rates and rate factors.
- Exhibit 2: Benefit plan descriptions.
- Exhibit 3: Rate factor changes & development of base rates.
- Exhibit 4: Rating example.
- Exhibit A: Member months, earned premium & incurred claim experience.
- Exhibit B: Explanation, support & development of PPACA fees.
- Exhibit C: Base rate review & development of experience adjustment.
- 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,



Boris P. Gerber, FSA, MAAA
Actuary
UnitedHealthcare

Federal Rate Filing Justification Part III
Actuarial Memorandum & Certification
For Optimum Choice, Inc.

District of Columbia Rate Review

Purpose: The purpose of this actuarial memorandum is to provide information relevant to the Part I Health Uniform Rate Review Template (HURRT).

Company Identifying Information:

- **Company Legal Name:** Optimum Choice, Inc.
- **State:** District of Columbia
- **HIOS Issuer ID:** 75753
- **Market:** Small Group
- **Effective Date:** 1/1/2014

Company Contact Information:

- **Primary Contact Name:** Boris Gerber
- **Primary Contact Telephone Number:** 860-702-5540
- **Primary Contact Email Address:** boris_gerber@uhc.com

Proposed Rate Increase: UnitedHealthcare is filing for the first time rates for new benefit plans written under new policy forms and new certificates of coverage that comply with the requirements of the Patient Protection and Affordable Care Act (PPACA).

In addition to new 1/1/14 effective rates, for each of the last 3 quarters in 2014 we are filing for a 2.57% quarterly trend increase (equivalent to an annual 10.7% trend rate).

In our rate development, we first analyzed the impact of the new required rate calculation approach (member rating by age using new DC age factors, removal of group size, industry, and underwriting risk adjustment factors) and our proposed product price relationships. Using our February, 2013 book of business (each group's product, and each covered member's age) we first picked base rates by product that would be revenue neutral in total for our two DC small group licenses.

On this total-two-license revenue neutral basis, the average premium weighted rate change by license is:

Optimum Choice, Inc. (OCI):	+7.3%
UnitedHealthcare Insurance Company (UHIC):	<u>-1.6%</u>
Total:	0.0%

We are reducing the price differences between our products to the following:

In-network-only products to products with an out-of-network option: +3.0% (reduced from our current +13.8% on OCI and +18.0% on UHIC).

Gatekeeper with capitation products (OCI HMO) to Open Access products with no capitation (UHIC EPO): +7.0% (reduced from our current +21.0%).

We believe that the +3.0% and the +7.0%, respectively, are the true unit cost differences between these products.

After the changes to the rating factors and product price relationships, again on a total 2-license revenue neutral basis, we are then proposing these rate increases from our current 4th quarter 2013 rates:

+2.6%	Trend – one quarter at a 10.7% annual trend rate.
+3.5%	PPACA fees (insurer fee + reinsurance assessment).
+1.6%	Essential health benefits.
+1.3%	Market adjustments.
-2.4%	Experience adjustment.
<u>+14.3%</u>	Risk adjustment.
+21.9%	Total

Trend: The medical inflation and increased utilization assumptions in the 10.7% annual trend rate are shown by component in Part I.

PPACA Fees: The total needed PPACA fees in 2014 are 3.5% of premium.

Essential Health Benefits: The additional benefits in our plans are as follows:

- Pediatric dental and vision.
- Mental health parity.
- Habilitative services and applied behavioral analysis (ABA).
- Temporomandibular joint disorder (TMJ).
- DME and prosthetics: from \$2500 limit to unlimited.
- Increases in visit limits:
 - Physical therapy: from 20 to unlimited.
 - Occupational therapy: from 20 to unlimited.
 - Speech therapy: from 20 to unlimited.
 - Pulmonary rehabilitation: from 20 to unlimited.

- Office spinal manipulation: from 20 to unlimited.
- Home health service: from 60 to 90.

Market Adjustments: The adjustment for overall changes to the small group marketplace in 2014 is 1.3%.

Experience Adjustment: We are pricing to a 73.0% target loss ratio. Our analysis indicates that a -2.4% experience adjustment is required to price to a 73.0% loss ratio.

Risk Adjustment: Based on an analysis done in conjunction with Wakely Consulting Group, based on an analysis of just the small employer market in DC, we estimate that we will be a 6.8% risk payer in total for our two licenses. With the merging of the individual and small group markets in DC for risk adjustments purposes, we expect to be an additional 7.5% risk payer due to the higher morbidity of individual over small group. In total we estimate we will be a 6.8% + 7.5% = 14.3% payer.

Experience Period Premiums and Claims:

- **Paid Through Date:** The experience period is 1/1/2012 to 12/31/2012 paid through 3/31/2013.
- **Premiums (net of MLR Rebate) in Experience Period:** Earned premiums for the experience period are given in Part I. The earned premiums are the sum total of the actual premiums in the experience period for each small group policy. Optimum Choice, Inc. anticipates paying \$1.06 million in MLR rebates for 2012 premiums.
- **Allowed and Incurred Claims Incurred During the Experience Period:** Incurred claims were developed by first starting with actual claims paid through 3/31/13 by incurred date. To these paid claims estimates of incurred but not paid were added. Here is a description of the reserve methodology:

The UnitedHealthcare Reserving process utilizes the Reserve Production System (RPS) to record reserves into the PeopleSoft general ledger. Fee for service and paid claim data is loaded into RPS and becomes the basis for the monthly reserve calculations at the various business unit, location, and line of business levels. The assignment of the paid claims into RPS packages is based on the mapping rules maintained by the Corporate Actuarial department. RPS calculates a preliminary best estimate Incurred But Not Reported (IBNR) for each reserving model (package) primarily using standard completion factors based on historical claim experience. The Claims Reserving Team adjusts the preliminary IBNR based on specific knowledge of the entity (i.e. catastrophic claims, pended claims, etc.) to calculate the final IBNR. In months where

adjudicated claims experience is not complete enough for an estimate using completion factors, a seasonally adjusted PMPM is used to estimate incurred claims.

A description of the Sarbanes Oxley controls, audited by Deloitte & Touche, in place regarding the reserving process include:

- 1) Market Paid claim Tie-outs: To verify completeness and accuracy of financial data in RPS, paid claim data is tied out between source system (RPS) and PeopleSoft general ledger.
- 2) Market Expense Tie-outs: RPS reserve changes on the income statement are tied to the PeopleSoft general ledger to ensure that information is accurate subsequent to computing the reserve.

- Allowed claims by benefit category were obtained from UnitedHealthcare claim paying system reports.

Benefit Categories:

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 surgery, emergency room, lab, radiology, therapy, observation, ambulance, home health care, DME, other services provided in an outpatient facility setting and billed by the facility.

Professional

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

Pharmacy

- Includes drugs dispensed by a pharmacy, not dispensed by facility (i.e. via inpatient, outpatient), and not physician administered drugs. This amount is net of rebates received from drug manufacturers.

Capitation

- Includes all MHCD services provided under capitated arrangement

Other

- Includes non-capitated, fee-for-service costs for physician procedures, inpatient stay, or and outpatient procedure related to Mental Health / Chemical Dependency (MHCD)

Projection Factors:

- **Changes in the Morbidity of the Population Insured:** No changes in the average morbidity are assumed.
- **Changes in Benefits:** The estimate of the cost of added Essential Health Benefits were developed using UnitedHealthcare national experience. No other benefit changes are assumed.
- **Changes in Demographics:** No changes in demographics are assumed. The HHS proposed age factors adopted by DC are used in rating.
- **Trend Factors:** United Healthcare Medical Expense Forecasting Process Overview & Considerations:

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

Utilization rates by category are measured and projected net of business mix (employer mix, benefit mix, demographic mix, etc.). 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.

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 mix of procedures.

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.

Business mix changes that influence medical cost trends are also reviewed and projected, with appropriate input from sales and underwriting staff. These factors include changing mix of employer groups, mix of benefits, and demographic changes. For the purposes of developing premium pricing trend projections, the component of trend attributable to business mix is excluded.

Credibility Manual Rate Development: The combined DC experience on our two small group licenses is assumed to be credible.

Paid to Allowed Ratio: The paid to allowed average factor for the projection period is based on the actual paid to allowed in the experience period.

Risk Adjustment and Reinsurance:

- **Projected Risk Adjustments (PMPMs):** Based on an analysis done in conjunction with Wakely Consulting Group, based on an analysis of just the small employer market in DC, we estimate that we will be a 6.8% risk payer in total for our two licenses. With the merging of the individual and small group markets in DC for risk adjustments purposes, we expect to be an additional 7.5% risk payer due to the higher morbidity of individual over small group. In total we estimate we will be a $6.8\% + 7.5\% = 14.3\%$ payer.
- **Projected ACA Reinsurance Recoveries Net of Reinsurance Premium:** This item is for the Individual and Combined Markets. Our rates are only for small groups within the combined DC market.

Non-Benefit Expenses and Risk Margin: The expenses assumed in the development of the proposed rates are as follows: The administrative expenses are the total average expenses for the two small group licenses. Except for the addition of PPACA fees, they are actual 2012 year average expenses that are expected to continue in the future.

% of Premium	Expense Category
9.7%	Admin Expenses
7.5%	Profit & Risk Load
<u>9.8%</u>	Taxes & Fees
27.0%	Total

Projected Loss Ratio: The projected loss ratio using federally prescribed MLR methodology is 80.3%.

Index Rate:

Optimum Choice, Inc.													
2014 Effective Dates	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months	154	84	110	115	109	197	106	202	171	203	197	214	1,862
Allowed Claims PMPM 2012	273.90	273.90	273.90	273.90	273.90	273.90	273.90	273.90	273.90	273.90	273.90	273.90	273.90
Benefit Increase (EHB)	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Annual Trend Rate	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Months of Trend	24	25	26	27	28	29	30	31	32	33	34	35	
Projected Allowed Claims	341.02	343.92	346.85	349.80	352.77	355.78	358.80	361.85	364.93	368.04	371.17	374.33	359.72
Index Rate for Part I	359.72												
Effective Date for Part I	1/1/2014												

AV Metal Values: The below actuarial certification describes the methodology and the AV calculator input values used for the plan design features that do not fit into the parameters of the AV calculator.

Certification for AV Calculator										Exhibit D
Estimation of fit of plan design into the parameters of AV calculator										
Metallic Plan (f)	Medical Copays After Deductible		OP Copay		Rx Effective Coinsurance Estimation				Methodology	
	ER Copays	Imaging (CT/PET Scans, MRIs)	Free Standing Facility Fee (e.g., Ambulatory Surgery Center)	Hospital Setting Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	Generics	Preferred Brand Drugs	Non-Preferred Brand Drugs	Specialty Drugs (i.e. high-cost)		
Bronze 1	-	-	-	-	70.08%	74.08%	69.67%	96.64%	a, e	
Bronze 1-A	-	-	-	-	67.1%	67.1%	67.1%	67.1%	b	
Bronze 2	-	-	-	-	70.08%	74.08%	69.67%	96.64%	a, e	
Bronze 2-A	-	-	-	-	67.1%	67.1%	67.1%	67.1%	b	
Bronze 3	-	-	-	-	70.08%	74.08%	69.67%	96.64%	a, e	
Bronze 3-A	-	-	-	-	67.1%	67.1%	67.1%	67.1%	b	
Silver 1	-	-	54.09% (c)	-	-	74.21%	71.01%	96.59%	a, c, d, e	
Silver 1-A	-	-	54.09% (c)	-	61.10%	61.10%	61.10%	61.10%	b, c, d	
Silver 2	-	-	-	-	71.35%	74.21%	71.01%	96.59%	a, e	
Silver 2-A	-	-	-	-	67.10%	67.10%	67.10%	67.10%	b	
Silver 3	-	-	-	-	71.35%	74.21%	71.01%	96.59%	a, e	
Silver 3-A	-	-	-	-	67.10%	67.10%	67.10%	67.10%	b	
Silver 4	-	-	-	-	71.35%	74.21%	71.01%	96.59%	a, e	
Silver 4-A	-	-	-	-	67.10%	67.10%	67.10%	67.10%	b	
Silver 5	-	-	-	-	71.35%	74.21%	71.01%	96.59%	a, e	
Silver 5-A	-	-	-	-	67.10%	67.10%	67.10%	67.10%	b	
Silver 7	-	-	63.1% (c)	-	-	74.21%	71.01%	96.59%	a, c, d, e	
Silver 7-A	-	-	63.1% (c)	-	57.01%	57.01%	57.01%	57.01%	b, c, d	
Silver 8	-	-	63.1% (c)	-	-	74.21%	71.01%	96.59%	a, c, d, e	
Silver 8-A	-	-	63.1% (c)	-	61.10%	61.10%	61.10%	61.10%	b, c, d	
Silver 9	-	-	72.12% (c)	-	-	74.21%	71.01%	96.59%	a, c, d, e	
Silver 9-A	-	-	72.12% (c)	-	61.10%	61.10%	61.10%	61.10%	b, c, d	
Silver 10	-	-	81.13% (c)	-	-	74.21%	71.01%	96.59%	a, c, d, e	
Silver 10-A	-	-	81.13% (c)	-	61.10%	61.10%	61.10%	61.10%	b, c, d	
Gold 1	-	-	-	-	71.01%	75.58%	73.62%	96.51%	a, e	
Gold 1-A	-	-	-	-	75.10%	75.10%	75.10%	75.10%	b	
Gold 2	-	-	64.25% (c)	-	-	-	-	96.51%	b, c, d, e	
Gold 2-A	-	-	64.25% (c)	-	75.08%	75.08%	75.08%	75.08%	b, c, d	
Gold 3	-	-	73.43% (c)	-	71.01%	75.58%	73.62%	96.51%	a, c, d, e	
Gold 3-A	-	-	73.43% (c)	-	70.46%	70.46%	70.46%	70.46%	b, c, d	
Gold 4	-	-	72.12% (c)	-	71.01%	75.58%	73.62%	96.51%	a, c, d, e	
Gold 4-A	-	-	72.12% (c)	-	64.91%	64.91%	64.91%	64.91%	b, c, d	
Gold 5	-	-	85.57% (c)	-	71.01%	75.58%	73.62%	96.51%	a, c, d, e	
Gold 5-A	-	-	85.57% (c)	-	75.08%	75.08%	75.08%	75.08%	b, c, d	
Gold 6	-	-	85.57% (c)	-	71.01%	75.58%	73.62%	96.51%	a, c, d, e	
Gold 6-A	-	-	85.57% (c)	-	75.08%	75.08%	75.08%	75.08%	b, c, d	
Gold 7	86.72% (a)	-	-	-	71.01%	75.58%	73.62%	96.51%	a, e	
Gold 7-A	-	-	-	-	75.08%	75.08%	75.08%	75.08%	a	
Gold 8	-	63.47% (a)	-	73.43% (c)	-	-	-	96.51%	a, b, c, d, e	
Gold 8-A	-	63.47% (a)	-	73.43% (c)	75.08%	75.08%	75.08%	75.08%	a, b, c, d	
Gold 9	-	63.47% (a)	-	82.61% (c)	-	-	-	96.51%	a, b, c, d, e	
Gold 9-A	-	63.47% (a)	-	82.61% (c)	75.08%	75.08%	75.08%	75.08%	a, b, c, d	
Gold 10	-	63.47% (a)	-	73.43% (c)	-	-	-	96.51%	a, b, c, d, e	
Gold 10-A	-	63.47% (a)	-	73.43% (c)	75.08%	75.08%	75.08%	75.08%	a, b, c, d	
Platinum 1	-	63.47% (a)	-	91.79% (c)	-	-	-	95.82%	a, b, c, d, e	
Platinum 2	-	-	95.07% (c)	90.15% (c)	71.89%	77.39%	73.88%	95.82%	a, b, c, d, e	
Platinum 3	-	-	-	-	57.94%	85.87%	82.58%	95.82%	a, e	
Platinum 4	-	-	-	95.07% (c)	-	-	-	95.82%	b, c, d, e	
Platinum 5	-	-	96.72% (c)	90.15% (c)	57.94%	85.87%	82.58%	95.82%	a, c, d, e	
Platinum 6	-	-	97.54% (c)	95.07% (c)	-	-	-	95.82%	b, c, d, e	

Methodology

- a) From Row 50 of AV Calculator's Users Guide: "If "Subject to Deductible" is checked and a copay is entered, the enrollee pays both the copay and the remainder of the cost, with the latter going towards the deductible." For the plans that have copays after deductible, the effective co-insurance is estimated using Actuarial Value Calculator's Unit Cost per Visit determined from the continuance table.
- b) Actuarial Value Calculator does not support Rx benefit with coinsurance and per script max, so company's pharmacy data was used to blend Rx tiered benefits and to estimate effective co-insurance factor.
- c) Actuarial Value Calculator does not support outpatient copay, company's data was used to estimate effective co-insurance factor.
- d) Actuarial Value is the blend of Free-Standing and Hospital setting run, where Free Standing and Hospital Setting utilization are 45% and 55%, respectively.
- e) Specialty Rx: Multiple cost sharing levels are combined into a composite level using HHS tool unit cost to different tiers.
- f) See Exhibit 2 for plan benefit description, and for tie-in to benefit plan name and schedule of benefits form number.
- g) Gold 4/A: Actuarial value is the blend of estimated 63.5% of members who will utilize premium designated provider and 36.5% of members who will utilize non-premium designated provider.

Certification

For plan design features that do not fit into the parameters of the AV Calculator, I certify that both the methodology and the calculated estimated values are in accordance with generally accepted actuarial principles and methodologies.

Boris P. Gerber

Boris P. Gerber, FSA, MAAA

AV Pricing Values: For HMO, medical plan V9E/E5P with Rx plan ZU is the fixed reference plan selected as the basis for the AV Pricing Values. For HMP, medical plan V9F/E5W with Rx plan ZU is the fixed reference plan selected as the basis for the AV Pricing Values. 100% of the AV Pricing Value is attributable to the cost-sharing design of the plans.

Membership Projections: Membership is projected to continue at the current February, 2013 level.

Terminated Products: No products are being terminated.

Plan Type: Not applicable.

Warning Alerts: Warning alerts occur because all of the current plans will be terminated during the projection period.

Reliance: Not applicable.

Actuarial Certification:

I, Boris P. Gerber am an actuary of UnitedHealthcare and a member of the American Academy of Actuaries.

I certify that the projected index rate is:

- a. In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)),
- b. Developed in compliance with the applicable Actuarial Standards of Practice,
- c. Reasonable in relation to the benefits provided and the population anticipated to be covered, and
- d. Neither excessive nor deficient.

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.

I certify that the percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.

I certify that the AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template. For plans designs that did not fit into the AV Calculator, included in this Part III Actuarial Memorandum is a description of the methodology and numerical values used to develop the AV metal values, and a certification as required by 45 CFR Part 156, §156.135.

I qualify my opinion to state that the Part I Unified Rate Review Template does not demonstrate the process used by UnitedHealthcare to develop the rates. This process is described in detail in my state submitted actuarial memorandum. 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.

Sincerely,



Boris P. Gerber, FSA, MAAA
Actuary, UnitedHealthcare
185 Asylum Street, CT039-16B
Hartford, CT 06103
Phone 860-702-5540 Fax 860-702-5016

Date: 5/15/2013

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	X	Y						
1	Data Collection Template																													
2																														
3	Company Legal Name:		Optimum Choice, Inc.					State:		DC																				
4	HIOS Issuer ID:		75753					Market:		Small Group																				
5	Effective Date of Rate Change(s):		1/1/2014																											
6																														
7																														
8	Market Level Calculations (Same for all Plans)																													
9																														
10																														
11	Section I: Experience period data																													
12	Experience Period:		1/1/2012		to		12/31/2012																							
13			<u>Experience Period</u>																											
14			<u>Aggregate Amount</u>		<u>PMPM</u>		<u>% of Prem</u>																							
15	Premiums (net of MLR Rebate) in Experience Period:		\$10,477,610		\$435.95		100.00%																							
16	Incurred Claims in Experience Period		\$5,846,466		243.26		55.80%																							
17	Allowed Claims:		\$6,582,925		273.90		62.83%																							
18	Index Rate of Experience Period				\$273.90																									
19	Experience Period Member Months				24,034																									
20	Section II: Allowed Claims, PMPM basis																													
21			<u>Experience Period</u>		<u>Projection Period:</u>		1/1/2014		to		12/31/2014		<u>Mid-point to Mid-point, Experience to Projection:</u>		24															
22			<u>on Actual Experience Allowed</u>		<u>Adj't. from Experience to Projection Period</u>		<u>Annualized Trend Factors</u>		<u>Projections, before credibility Adjustment</u>		<u>Credibility Manual</u>																			
23	<u>Benefit Category</u>		<u>Utilization Description</u>		<u>Utilization per 1,000</u>		<u>Average Cost/Service</u>		<u>PMPM</u>		<u>Pop'l risk</u>		<u>Utilization per 1,000</u>		<u>Average Cost/Service</u>		<u>PMPM</u>		<u>Utilization per 1,000</u>		<u>Average Cost/Service</u>		<u>PMPM</u>							
24	Inpatient Hospital		Days		136.48		2,645.82		\$30.09		1.000		1.000		1.060		1.001		136.75		\$2,972.84		\$33.88		110.470		4,898.540		\$45.10	
25	Outpatient Hospital		Services		2,358.23		474.85		93.32		1.000		1.000		1.054		1.051		2,604.90		527.52		114.51		5,764.087		261.377		125.55	
26	Professional		Services		6,954.82		122.07		70.75		1.000		1.000		1.037		1.044		7,580.31		131.27		82.92		11,170.617		126.733		117.97	
27	Other Medical		Services		12.26		94.54		0.10		1.000		1.000		1.047		1.040		13.26		103.63		0.11		93.732		234.879		1.83	
28	Capitation		Benefit Period		12,000.00		15.07		15.07		1.000		1.000		1.023		1.000		12,000.00		15.77		15.77		12,000.000		16.122		16.12	
29	Prescription Drug		Prescriptions		9,199.98		84.23		64.57		1.000		1.000		1.048		1.042		9,989.01		92.51		77.01		9,098.685		108.935		82.60	
30	Total								\$273.90																				\$389.17	
31																														
32	Section III: Projected Experience:				Projected Allowed Experience Claims PMPM (w/applied credibility if applicable)																									
33					Paid to Allowed Average Factor in Projection Period																									
34					Projected Incurred Claims, before ACA rein & Risk Adj't, PMPM																									
35					Projected Risk Adjustments PMPM																									
36					Projected Incurred Claims, before reinsurance recoveries, net of rein prem, PMPM																									
37					Projected ACA reinsurance recoveries, net of rein prem, PMPM																									
38					Projected Incurred Claims																									
39					Administrative Expense Load																									
40					Profit & Risk Load																									
41					Taxes & Fees																									
42					Single Risk Pool Gross Premium Avg. Rate, PMPM																									
43					Index Rate for Projection Period																									
44					% Increase over Experience Period																									
45					% Increase, annualized:																									
46					Projected Member Months																									
47																														
48																														
49	Information Not Releasable to the Public Unless Authorized by Law: This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																													
50																														

Rate Factors

(1) Starting Base Rates

HMO: \$512.46 medical
 \$174.31 prescription drugs

HMP: \$527.83 medical
 \$174.31 prescription drugs

(2) Benefit Plan Ratios

HMO Plans							
Product	Plan Name			Metal Level	Actuarial Value	Medical Ratio	Rx Ratio
	Medical		Rx				
	Exchange						
	Off	On					
HMO	C4N	VM9	ZV	Platinum	88.2%	0.8328	0.5009
HMO	EY3	V75	ZU	Platinum	90.7%	0.8798	0.5258
HMO	E45	V87	YM	Platinum	88.5%	0.8559	0.4861
HMO	E49	V89	ZR	Platinum	88.5%	0.8583	0.4620
HMO	E5P	V9E	ZU	Platinum	91.9%	0.9020	0.5258
HMO	EYY	V73	ZV	Platinum	89.0%	0.8477	0.5009
HMO-HSA	DW8	VZW	A0	Gold	78.5%	0.7562	0.0102
HMO-HSA	DW8	VZW	YM	Gold	78.4%	0.7562	0.0000
HMO-HSA	DW6	VZY	A0	Gold	78.1%	0.8436	0.0102
HMO-HSA	DW6	VZY	YM	Gold	78.0%	0.8436	0.0000
HMO	EZO	V79	A0	Gold	79.5%	0.6980	0.5135
HMO	EZO	V79	YM	Gold	78.8%	0.6980	0.4861
HMO	EZ5	V8N	C0	Gold	79.1%	0.7145	0.4065
HMO	EZ5	V8N	ZT	Gold	78.9%	0.7145	0.4238
HMO	E0T	V8T	A0	Gold	78.9%	0.6797	0.5135
HMO	E0T	V8T	YM	Gold	78.3%	0.6797	0.4861
HMO	EY9	V77	A0	Gold	81.4%	0.7204	0.5135
HMO	EY9	V77	YM	Gold	80.9%	0.7204	0.4861
HMO	EZY	V8L	B0	Gold	78.1%	0.6932	0.4626
HMO	EZY	V8L	ZS	Gold	78.7%	0.6932	0.4417
HMO	E02	V8V	A0	Gold	81.6%	0.7348	0.5135
HMO	E02	V8V	YM	Gold	81.1%	0.7348	0.4861
HMO	E0L	V8R	A0	Gold	79.7%	0.7199	0.5135
HMO	E0L	V8R	ZR	Gold	79.1%	0.7199	0.4620
HMO	E0E	V8P	A0	Gold	79.9%	0.7182	0.5135
HMO	E0E	V8P	ZS	Gold	78.5%	0.7182	0.4417
HMO-HSA	DX1	VZR	YM	Silver	70.2%	0.6543	0.0120
HMO-HSA	DX1	VZR	ZX	Silver	69.7%	0.6543	0.0000
HMO-HSA	DX8	VZ1	YM	Silver	70.4%	0.6635	0.0120
HMO-HSA	DX8	VZ1	ZX	Silver	69.3%	0.6635	0.0000
HMO-HSA	DYG	VZ2	YM	Silver	71.0%	0.6671	0.0120
HMO-HSA	DYG	VZ2	ZX	Silver	70.1%	0.6671	0.0000
HMO-HSA	DYR	VZ5	YM	Silver	69.1%	0.6442	0.0120
HMO-HSA	DYR	VZ5	ZX	Silver	68.3%	0.6442	0.0000
HMO	E08	V8X	ZT	Silver	70.8%	0.6079	0.4238
HMO	E08	V8X	ZY	Silver	69.9%	0.6079	0.3650
HMO	E2Q	V81	D0	Silver	71.5%	0.6124	0.3814
HMO	E25	V84	ZT	Silver	70.0%	0.6015	0.4238
HMO	E25	V84	ZY	Silver	68.8%	0.6015	0.3650
HMO	E3Y	V85	ZT	Silver	70.5%	0.6104	0.4238
HMO	E3Y	V85	ZY	Silver	69.0%	0.6104	0.3650
HMO	E2I	V8Y	ZT	Silver	70.5%	0.6128	0.4238
HMO	E2I	V8Y	ZY	Silver	68.4%	0.6128	0.3650
HMO	E2Q	V81	ZZ	Silver	69.2%	0.6124	0.3250
HMO-HSA	DW1	VZT	ZX	Bronze	60.6%	0.5519	0.0000
HMO-HSA	DW3	VZU	ZX	Bronze	61.2%	0.5564	0.0000
HMO-HSA	DW5	VZV	ZX	Bronze	59.0%	0.6213	0.0000

HMP Plans							
Product	Plan Name			Metal Level	Actuarial Value	Medical Ratio	Rx Ratio
	Medical		Rx				
	Exchange						
	Off	On					
HMP	C4M	VM8	ZV	Platinum	88.2%	0.8301	0.5009
HMP	EYZ	V74	ZV	Platinum	89.0%	0.8445	0.5009
HMP	EY4	V76	ZU	Platinum	90.7%	0.8759	0.5135
HMP	E46	V88	YM	Platinum	88.5%	0.8504	0.4626
HMP	E5M	V9D	ZR	Platinum	88.5%	0.8511	0.4861
HMP	E5Q	V9F	ZU	Platinum	91.9%	0.8973	0.5135
HMP-HSA	DW9	VZX	A0	Gold	78.5%	0.7573	0.0102
HMP-HSA	DW9	VZX	YM	Gold	78.4%	0.7573	0.0000
HMP-HSA	DXQ	VZZ	A0	Gold	78.1%	0.8442	0.0102
HMP-HSA	DXQ	VZZ	YM	Gold	78.0%	0.8442	0.0000
HMP	EZQ	V8K	YM	Gold	78.8%	0.6969	0.4861
HMP	EZ7	V8O	C0	Gold	79.1%	0.7135	0.4065
HMP	EZ7	V8O	ZT	Gold	78.9%	0.7135	0.4238
HMP	E0V	V8U	A0	Gold	78.9%	0.6796	0.5135
HMP	E0V	V8U	YM	Gold	78.3%	0.6796	0.4861
HMP	EZF	V78	YM	Gold	80.9%	0.7191	0.4861
HMP	EZF	V78	A0	Gold	81.4%	0.7191	0.5135
HMP	EZQ	V8K	A0	Gold	79.5%	0.6969	0.5135
HMP	EZZ	V8M	B0	Gold	78.1%	0.6925	0.4626
HMP	EZZ	V8M	ZS	Gold	78.7%	0.6925	0.4417
HMP	E04	V8W	A0	Gold	81.6%	0.7331	0.5135
HMP	E04	V8W	YM	Gold	81.1%	0.7331	0.4861
HMP	E0N	V8S	A0	Gold	79.7%	0.7188	0.5135
HMP	E0N	V8S	ZR	Gold	79.1%	0.7188	0.4620
HMP	E0G	V8Q	A0	Gold	79.9%	0.7169	0.5135
HMP	E0G	V8Q	ZS	Gold	78.5%	0.7169	0.4417
HMP-HSA	DXZ	VZ5	YM	Silver	70.2%	0.6540	0.0120
HMP-HSA	DXZ	VZ5	ZX	Silver	69.7%	0.6540	0.0000
HMP-HSA	DYH	VZ3	YM	Silver	71.0%	0.6671	0.0120
HMP-HSA	DYH	VZ3	ZX	Silver	70.1%	0.6671	0.0000
HMP-HSA	DX6	VZ4	YM	Silver	70.4%	0.6644	0.0120
HMP-HSA	DX6	VZ4	ZX	Silver	69.3%	0.6644	0.0000
HMP-HSA	DYO	VZ6	YM	Silver	69.1%	0.6447	0.0120
HMP-HSA	DYO	VZ6	ZX	Silver	68.3%	0.6447	0.0000
HMP	E2S	V82	D0	Silver	71.5%	0.6107	0.3814
HMP	E2Y	V83	ZT	Silver	70.0%	0.6030	0.4238
HMP	E2K	V82	ZT	Silver	70.5%	0.6121	0.4238
HMP	E2K	V82	ZY	Silver	68.4%	0.6121	0.3650
HMP	E41	V86	ZT	Silver	70.5%	0.6092	0.4238
HMP	E41	V86	ZY	Silver	69.0%	0.6092	0.3650
HMP	E2S	V82	ZZ	Silver	69.2%	0.6107	0.3250

(3) Trend Factors

Effective Quarter	Factor
1st Quarter, 2014	1.000
2nd Quarter, 2014	1.026
3rd Quarter, 2014	1.052
4th Quarter, 2014	1.079

(4) Age Factors

Age	Factor	Age	Factor	Age	Factor	Age	Factor
0-20	0.727	32	0.727	44	1.137	56	1.801
21	0.727	33	0.727	45	1.181	57	1.871
22	0.727	34	0.727	46	1.227	58	1.944
23	0.727	35	0.805	47	1.275	59	2.020
24	0.727	36	0.836	48	1.325	60	2.099
25	0.727	37	0.869	49	1.377	61	2.181
26	0.727	38	0.903	50	1.431	62	2.181
27	0.727	39	0.938	51	1.487	63	2.181
28	0.727	40	0.975	52	1.545	64 & older	2.181
29	0.727	41	1.013	53	1.605		
30	0.727	42	1.053	54	1.668		
31	0.727	43	1.094	55	1.733		

Product	Plan Name		Metal Level	Medical Schedule of Benefits Form #	Rx Schedule of Benefits Form #	Act'l Value	In-Network					Out-of-Network					Copayments					Medical Deduct. Type	Rx													
	Medical Exchange						Deductible	Coins	OOP Maximum		Deductible	Coins	OOP Maximum		PCP	SCP	UC	ER	OP Surgery		IP		Deduct. Type	Deduct.	Tier 1	Tier 2	Tier 2 Spec.	Tier 3	Tier 3 Spec.							
	Off	On							Indiv.	Family			Indiv.	Family					Indiv.	Family										Indiv.	Family	Free-St.	Hospital			
HMP	EZZ	V8M	B0	Gold 3-A	GO3.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	78.1%	\$1,000	\$2,000	80%	\$4,000	\$8,000	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$250								Emb	Sep	\$100	\$10	20% to \$100	40% to \$300		
HMP	EZZ	V8M	ZS	Gold 3	GO3.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	78.7%	\$1,000	\$2,000	80%	\$4,000	\$8,000	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$250								Emb	Sep	\$100	\$10	\$40	\$100	\$75	\$300
HMP	E04	V8W	A0	Gold 9-A	GO9.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	81.6%	\$1,000	\$2,000	90%	\$3,000	\$6,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$20	\$40										Emb	Sep	\$10	20% to \$100	40% to \$300			
HMP	E04	V8W	YM	Gold 9	GO9.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	81.1%	\$1,000	\$2,000	90%	\$3,000	\$6,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$20	\$40										Emb	Sep	\$10	\$40	\$100	\$75	\$300	
HMP	E0N	V8S	A0	Gold 6-A	GO6.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	79.7%	\$1,500	\$3,000	90%	\$4,000	\$8,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$15	\$30	\$75	\$150								Emb	Sep	\$10	20% to \$100	40% to \$300			
HMP	E0N	V8S	ZR	Gold 6	GO6.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	79.1%	\$1,500	\$3,000	90%	\$4,000	\$8,000	\$2,000	\$4,000	70%	\$6,000	\$12,000	\$15	\$30	\$75	\$150								Emb	Sep	\$50	\$10	\$40	\$100	\$75	\$300
HMP	E0G	V8Q	A0	Gold 5-A	GO5.SBN.OCI.POS.14.DC	102040.RDR.RXSBN.PLS.OCI.14.DC.SB	79.9%	\$1,300	\$2,600	90%	\$3,250	\$6,500	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$150								Emb	Sep	\$10	20% to \$100	40% to \$300			
HMP	E0G	V8Q	ZS	Gold 5	GO5.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	78.5%	\$1,300	\$2,600	90%	\$3,250	\$6,500	\$2,000	\$4,000	60%	\$6,000	\$12,000	\$25	\$50	\$75	\$150								Emb	Sep	\$100	\$10	\$40	\$100	\$75	\$300
HMP-HSA	DXZ	VZS	YM	Silver 2	SL2.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	70.2%	\$2,000	\$4,000	70%	\$4,000	\$8,000	\$3,000	\$6,000	50%	\$10,000	\$20,000												NonEmb	Comb	\$10	\$40	\$100	\$75	\$300	
HMP-HSA	DXZ	VZS	ZX	Silver 2-A	SL2.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.7%	\$2,000	\$4,000	70%	\$4,000	\$8,000	\$3,000	\$6,000	50%	\$10,000	\$20,000												NonEmb	Comb	\$15	30% to \$100	50% to \$300			
HMP-HSA	DYH	VZ3	YM	Silver 4	SL4.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	71.0%	\$1,500	\$3,000	80%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000												NonEmb	Comb	\$10	\$40	\$100	\$75	\$300	
HMP-HSA	DYH	VZ3	ZX	Silver 4-A	SL4.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	70.1%	\$1,500	\$3,000	80%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000											NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP-HSA	DX6	VZ4	YM	Silver 3	SL3.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	70.4%	\$2,000	\$4,000	90%	\$6,000	\$12,000	\$3,000	\$6,000	70%	\$10,000	\$20,000												NonEmb	Comb	\$10	\$40	\$100	\$75	\$300	
HMP-HSA	DX6	VZ4	ZX	Silver 3-A	SL3.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.3%	\$2,000	\$4,000	90%	\$6,000	\$12,000	\$3,000	\$6,000	70%	\$10,000	\$20,000											NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP-HSA	DYO	VZ6	YM	Silver 5	SL5.SBN.OCI.POS.14.DC	104075.RDR.RXSBN.PLS.OCI.14.DC.SB	69.1%	\$1,500	\$3,000	70%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000											NonEmb	Comb	\$10	\$40	\$100	\$75	\$300		
HMP-HSA	DYO	VZ6	ZX	Silver 5-A	SL5.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	68.3%	\$1,500	\$3,000	70%	\$6,000	\$12,000	\$3,000	\$6,000	60%	\$10,000	\$20,000											NonEmb	Comb	\$15	30% to \$100	50% to \$300				
HMP	E2S	V82	D0	Silver 7	SL7.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	71.5%	\$1,500	\$3,000	70%	\$6,250	\$12,500	\$4,000	\$8,000	50%	\$10,000	\$20,000	\$40	\$80	\$100	\$300								Emb	Sep	\$500	\$10	\$40	\$100	\$75	\$300
HMP	E2Y	V83	ZT	Silver 8	SL8.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	70.0%	\$2,000	\$4,000	70%	\$6,250	\$12,500	\$4,000	\$8,000	50%	\$10,000	\$20,000	\$40	\$80	\$100	\$300								Emb	Sep	\$250	\$10	\$40	\$100	\$75	\$300
HMP	E2K	V8Z	ZT	Silver 10	SL10.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	70.5%	\$3,000	\$6,000	90%	\$6,250	\$12,500	\$4,000	\$8,000	70%	\$10,000	\$20,000	\$35	\$70	\$100	\$300								Emb	Sep	\$250	\$10	\$40	\$100	\$75	\$300
HMP	E2K	V8Z	ZY	Silver 10-A	SL10.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	68.4%	\$3,000	\$6,000	90%	\$6,250	\$12,500	\$4,000	\$8,000	70%	\$10,000	\$20,000	\$35	\$70	\$100	\$300								Emb	Sep	\$250	\$15	30% to \$100	50% to \$300		
HMP	E41	V86	ZT	Silver 9	SL9.SBN.OCI.POS.14.DC	104075.D.RDR.RXSBN.PLS.OCI.14.DC.SB	70.5%	\$2,500	\$5,000	80%	\$6,250	\$12,500	\$4,000	\$8,000	60%	\$10,000	\$20,000	\$35	\$70	\$100	\$300								Emb	Sep	\$250	\$10	\$40	\$100	\$75	\$300
HMP	E41	V86	ZY	Silver 9-A	SL9.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.0%	\$2,500	\$5,000	80%	\$6,250	\$12,500	\$4,000	\$8,000	60%	\$10,000	\$20,000	\$35	\$70	\$100	\$300								Emb	Sep	\$250	\$15	30% to \$100	50% to \$300		
HMP	E2S	V82	ZZ	Silver 7-A	SL7.SBN.OCI.POS.14.DC	153050.RDR.RXSBN.PLS.OCI.14.DC.SB	69.2%	\$1,500	\$3,000	70%	\$6,250	\$12,500	\$4,000	\$8,000	50%	\$10,000	\$20,000	\$40	\$80	\$100	\$300								Emb	Sep	\$500	\$15	30% to \$100	50% to \$300		

Rate and Rate Factor Changes, and Development of 1st Quarter 2014 Base Rates

Age Factors: Change to new 2014 DC age factors: see Exhibit 1.

Other Rating Factors: Industry, group size and risk adjustment factors all set to 1.000.

Development of Base Rates:

License	Product	Current 4Q13 Base Rates with Trend			Proposed * Base Rates on a Revenue Neutral Basis (col a)	Rate Increases from 4Q13 to 1Q14							Proposed 1Q14 Base Rates (= a x b)
		Base Rate	Trend Factor	Total Rate		1 Qtr Trend	PPACA Fees	EHB	Market Adj	Exper. Adj	Risk Adj	Total (col b)	
OCI	Gatekeeper HMO	173.96	2.113	367.58	420.31	1.026	1.035	1.016	1.013	0.976	1.143	1.219	512.46
	Gatekeeper HMP	198.00	2.113	418.37	432.92	1.026	1.035	1.016	1.013	0.976	1.143	1.219	527.83
	Rx	59.71	2.113	126.17	142.96	1.026	1.035	1.016	1.013	0.976	1.143	1.219	174.31
UHIC	EPO	174.68	2.546	444.74	449.74	1.026	1.035	1.016	1.013	0.976	1.143	1.219	548.33
	POS	206.13	2.546	524.81	463.23	1.026	1.035	1.016	1.013	0.976	1.143	1.219	564.78
	Rx	55.53	2.546	141.38	142.96	1.026	1.035	1.016	1.013	0.976	1.143	1.219	174.31

* Rates when apply:

- New age factors
- All industry, group size, and risk adjustment factors set to 1.000, and
- New rate relationships between products:
 - +7.0% for gatekeeper to Choice, and
 - +3.0% for in-network only products to products with an out-of-network benefit,

to the total February, 2013 inforce book of business using:

- Each group's product, and each members's age,
produces the same total (for OCI + UHIC) revenue as the current 4Q13 rates and rating factors.

Formula & Example

Exhibit 4

Rate Calculation Formula

Monthly premium =

$$\begin{aligned} & (\text{Medical starting base rate} \times \text{Medical plan ratio}) + \\ & (\text{Rx starting base rate} \times \text{Rx plan ratio}) \\ & \times \text{Trend factor for plan effective or renewal date} \\ & \times \text{Sum of member age factors for the group} \end{aligned}$$

Rating Example

Benefit Plan: EPO plan EZ5 with Rx C0

Effective Date: 4/1/14

Census:

	<u>Member Ages</u>				<u>Age Factors</u>			
	<u>EE Age</u>	<u>Spouse Age</u>	<u>Child #1</u>	<u>Child #2</u>	<u>EE</u>	<u>Spouse</u>	<u>Child #1</u>	<u>Child #2</u>
EE #1	43	41	10	15	1.094	1.013	0.727	0.727
EE #2	35	36	5	9	0.805	0.836	0.727	0.727
EE #3	53	55	19		1.605	1.733	0.727	

Total Members: 11

Sum of Age Factors: 10.721

Rate Calculation

	<u>Rating Factor</u>	<u>Exhibit 1 Location</u>
\$512.46	Medical Base Rate	(1)
0.7145	Benefit Plan Ratio (EZ5)	(2)
\$174.31	Rx Base Rate	(1)
0.4065	Rx Plan Ratio (C0)	(2)
1.026	Trend Factor (2Q14)	(3)
10.721	Group Age Factor	(4)
<u>\$4,807.00</u>		
Total Monthly Premium		

Member Months, Earned Premium & Incurred Claim Experience - OCI

Month	<u>Members</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Claim PMPM</u>	<u>Loss Ratio</u>
Jan-12	2,097	1,001,289	676,230	322.47	67.5%
Feb-12	2,092	1,008,153	490,703	234.56	48.7%
Mar-12	2,087	1,004,079	429,754	205.92	42.8%
Apr-12	2,048	983,024	542,506	264.90	55.2%
May-12	2,021	968,813	519,526	257.06	53.6%
Jun-12	1,964	958,002	448,492	228.36	46.8%
Jul-12	2,013	967,548	416,466	206.89	43.0%
Aug-12	1,979	950,252	489,288	247.24	51.5%
Sep-12	1,958	924,100	405,175	206.93	43.8%
Oct-12	1,936	919,699	561,423	289.99	61.0%
Nov-12	1,936	929,625	477,799	246.80	51.4%
Dec-12	1,903	923,026	389,104	204.47	42.2%
Total	24,034	11,537,610	5,846,466	243.26	50.7%

Explanation, Support & Development of PPACA Fee Increases

The Patient Protection and Affordable Care Act (PPACA) includes several new taxes and fees which will increase health insurance costs and need to be reflected in premium. The two largest cost impacts both take effect with calendar year 2014 earned premiums.

Insurer Fee. This is a permanent fee that applies to fully insured coverage. This fee will fund tax credits for insurance coverage purchased on the exchanges. The total fee increases from \$8B in 2014 to \$14.3B in 2018 (indexed to premium for subsequent years.) Each insurance carrier's assessment will be based on net written health insurance premiums in the prior year, with certain exclusions. The Oliver Wyman report "Simulation of the Impact of the Annual Fees on Insurers Using 2011 Data", dated June 27, 2012, estimates that the denominator premiums to which this fee will be applied will be \$527.085 billion. The fee must then be grossed up for federal income tax, since the member fee is not a tax deductible expense. As a % of premium, the needed fee is $\$8B \text{ Insurer Fee} / \$527.085 \text{ Net Industry Premiums} / 65\% \text{ FIT} = 2.3\%$.

Reinsurance Assessment. This is a temporary fee that applies to all commercial groups (both fully insured and self-funded) from 2014 to 2016 for the purpose of funding the reinsurance pool for high cost claimants in the individual market during this three year transitional period. The total baseline amounts to be collected to fund this pool are \$12B in 2014, \$8B in 2015, and \$5B in 2016, and individual states can add to this baseline. Each insurance carrier will be assessed on a per capita basis. HHS has proposed a \$5.25 ppm assessment for 2014, or an estimated 1.2% of DC small group premiums.

The total needed PPACA fee increase is 3.5% (2.3% for Insurer Fee, plus 1.2% for Reinsurance Assessment).

The below details the calculation of the Insurer Fee and Reinsurance Assessment.

Calculation of 2014 Fees Impact

Insurer Fee Impact Calculation

Insurer Fee in 2014 (Billions)	\$8
<hr/>	
Projected 2013 Health Insurance Premiums (Billions)*	\$527.085
<hr/>	
Insurer Fee as % of Health Insurance Premiums	1.5%
Gross Up by Federal Income Tax (35%)	2.3%

*from Oliver Wyman Study published on June 27, 2012

Reinsurance Assessment Impact Calculation

Reinsurance Assessment Per Member Per Month - HHS Proposed	\$5.25
Reinsurance Fee as a Percent of Premium	1.2%

DC Small Group Rate Review - Development of Experience Adjustment

	OCI	UHIC	Total
1. Experience 1/1/12-13			
1a. Member Months	24,034	110,175	134,209
1b. Average Mbrs (1a/12)	2,003	9,181	11,184
1c. Incurred Claims	\$5,846,466	\$31,328,050	\$37,174,516
1d. Claim PMPM (1c/1a)	\$243.26	\$284.35	\$276.99
1e. Earned Premium	\$11,537,610	\$47,268,964	\$58,806,574
1f. Premium PMPM (1e/1a)	\$480.05	\$429.04	\$438.17
1g. Loss Ratio (1c/1e)	50.7%	66.3%	63.2%
2. Needed Revenue for 10/1/13 Effective Date			
2a. Claim trend	1.195	1.195	1.195
From center of experience period: 7/1/12			
to center of 10/1/13 pricing period: 4/1/14			
(21 months at 10.7% annual rate)			
2b. Claim cost subtotal (1d x 2a)	\$290.62	\$339.71	\$330.92
2c. Target loss ratio	73.0%	73.0%	73.0%
2d. Needed revenue PMPM for 10/1/13 effective date (2b/2c)	\$398.11	\$465.36	\$453.31
3. Current Manual Rate 10/1/13			
3a. Medical base rate 10/1/2013	\$178.47	\$199.99	\$196.14
3b. Average medical plan relativity	0.9034	0.8715	0.8772
3c. Medical pricing trend factor	2.113	2.546	2.468
<u>3d. Subtotal: Medical (3a x 3b x 3c)</u>	<u>\$340.68</u>	<u>\$443.76</u>	<u>\$425.30</u>
3e. Pharmacy base rate 10/1/2013	\$59.71	\$55.53	\$56.28
3f. Average Rx plan relativity	0.5048	0.4396	0.4513
3g. Rx pricing trend factor	2.113	2.546	2.468
<u>3h. Subtotal: Pharmacy (3e x 3f x 3g)</u>	<u>\$63.69</u>	<u>\$62.16</u>	<u>\$62.43</u>
<u>3i. Subtotal: Medical+Pharmacy (3d + 3h)</u>	<u>\$404.37</u>	<u>\$505.92</u>	<u>\$487.73</u>
3j. Age/Sex Factors	1.0610	0.9485	0.9687
3k. Area factors	1.0000	1.0000	1.0000
3l. Industry factors	0.9969	0.9703	0.9751
3m. Size factors	1.0196	1.0108	1.0123
3n. Current premium PMPM for 10/1/13 effective date (3i x 3j x 3k x 3l x 3m)	\$436.11	\$470.63	\$464.45
4. Supportable Pricing Adjustment (2d / 3n -1)	-8.7%	-1.1%	-2.4%
(rate adjustment required to achieve 73% loss ratio)			

UNITED HEALTHCARE
HEALTHCARE ECONOMICS

Exhibit T

DISTRICT OF COLUMBIA PRICING TREND DEVELOPMENT
APRIL 2013 RATE FILING SUPPORT

SG PRICING TREND BY COMPONENT

SMALL GROUP PRICING TREND BY COMPONENT									
	Notes:	<u>Inpatient</u>	<u>Outpatient</u>	<u>Professional</u>	<u>Other</u>	<u>Capitation</u>	Total <u>Medical</u>	Retail <u>Pharmacy</u>	Weighted <u>Aggregate</u>
Total Proposed Pricing Trend	[6]	7.5%	12.7%	10.7%	11.0%	3.6%	10.4%	12.3%	10.7%
Utilization / Service Mix	[1] , [2]	0.1%	5.1%	4.4%	4.0%	0.0%	3.5%	4.2%	3.6%
Unit Cost	[3]	6.0%	5.4%	3.7%	4.7%	2.3%	4.8%	4.8%	4.8%
Benefit Leveraging	[4]	0.2%	0.7%	1.2%	0.9%	0.2%	0.8%	1.8%	0.9%
Margin		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<u>Demographic Change</u>	[5]	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Sub-Total Claims Trend		7.5%	12.7%	10.7%	11.0%	3.6%	10.4%	12.3%	10.7%
Management Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

- [1] Represents core utilization only, exclusive of demographic change impacts; includes expected impact of changes in business day content.
- [2] Represents expected changes in intensity of services provided.
- [3] Represents core unit pricing increases, exclusive of service mix / intensity of services impact;
- [4] Impact of member cost-share leveraging on net claims cost trend.
- [5] Represents trend impact of age and gender changes; No provision included for Small Group business (age/gender community rating variable).
- [6] Pricing models do not distinguish between Primary and Specialty medical care; same trends shown for both.