

**State:** Arkansas **Filing Company:** UnitedHealthcare Insurance Company of the River Valley

**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

**Product Name:** AR RV SG INS 2021.01.01

**Project Name/Number:** /

### Filing at a Glance

Company: UnitedHealthcare Insurance Company of the River Valley

Product Name: AR RV SG INS 2021.01.01

State: Arkansas

TOI: H16G Group Health - Major Medical

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

Filing Type: Rate

Date Submitted: 07/22/2020

SERFF Tr Num: UHLC-132452978

SERFF Status: Pending Industry Response

State Tr Num: ACA OFF EXCHANGE ONLY

State Status: Under Review

Co Tr Num:

Implementation: 01/01/2021

Date Requested:

Author(s): Kelly Smith, Timothy Martin, Peter Barber, Harry Beaudoin, Timothy Rumble, Eric Blessing, Joseph Sobieralski

Reviewer(s): Donna Lambert (primary), David Dillon, Brian Stentz

Disposition Date:

Disposition Status:

Implementation Date:

State Filing Description:  
UHLC-AR21-125098527

**State:** Arkansas **Filing Company:** UnitedHealthcare Insurance Company of the River Valley

**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

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## General Information

Project Name: Status of Filing in Domicile:  
 Project Number: Date Approved in Domicile:  
 Requested Filing Mode: Review & Approval Domicile Status Comments:  
 Explanation for Combination/Other: Market Type: Group  
 Submission Type: New Submission Group Market Size: Small  
 Group Market Type: Employer Overall Rate Impact: 2.14%  
 Filing Status Changed: 07/27/2020 Deemer Date: 08/21/2020  
 State Status Changed: 07/22/2020 Submitted By: Joseph Sobieralski  
 Created By: Joseph Sobieralski  
 Corresponding Filing Tracking Number: UHLC-AR21-125098527

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

AR RV SG INS 2021.01.01

Enclosed please find rate changes effective 01/01/2021 and later for UnitedHealthcare Insurance Company of the River Valley applicable to small group employers with 2-50 eligible employees. The overall rate impact inclusive of the annual pricing trend is 2.14%. The annual pricing trend is being updated to 7.3% from 8.0% in the prior filing. There are currently 484 policyholders with 5,283 covered lives affected by this change. We are also reducing the area factors for both Rating Area 5 and 6 by -10%. The primary policy number is POL20.I.RV.2018.SG.AR.

## Company and Contact

### Filing Contact Information

Timothy Martin, Director, Actuarial tim\_martin@uhc.com  
 7440 Woodland Drive 317-405-3553 [Phone]  
 Indianapolis, IN 46278

### Filing Company Information

UnitedHealthcare Insurance CoCode: 12231 State of Domicile: Illinois  
 Company of the River Valley Group Code: 707 Company Type: Health  
 1300 River Drive, Suite 200 Group Name: State ID Number: 12231  
 Moline, IL 61265 FEIN Number: 20-1902768  
 (309) 765-1485 ext. [Phone]

## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:

## State Specific

State: Arkansas

Filing Company: UnitedHealthcare Insurance Company of the River Valley

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

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All major medical rate filings must have the "Overall Rate Impact" field on the General Information tab populated with the average rate adjustment requested.: It is included

If rate filing, please provide the SERFF Tracking # of last rate revision REQUEST filed regardless of Disposition.: UHLC-132301995

Is this product intended to be a QHP or SADP sold ON the Marketplace?: No

Is this a medical product intended to be sold ONLY OFF the Marketplace?: Yes

Is this a dental product intended to be a stand-alone, CERTIFIED dental plan offered OFF the Marketplace to supplement a minimum essential health benefit plan offered on or off the Marketplace?: No

Is this filing submitted to recertify or revise a plan previously certified for use as a QHP, an SADP, or dental product certified to supplement the pediatric benefit of a minimum essential health benefit plan offered on or off the Marketplace? If so, please provide the SERFF Tracking # of the previously approved filing or filings.: No

Is this filing for a non-EHB compliant "transitional" major medical product which can be extended until December 31, 2020?

See CMS Bulletin titled "Insurance Standards. Bulletin Series - INFORMATION - Extension of Limited Non-Enforcement Policy through 2020" dated March 25, 2019.: No

SERFF Tracking #:

UHLC-132452978

State Tracking #:

ACA OFF EXCHANGE ONLY

Company Tracking #:

State:

Arkansas

Filing Company:

UnitedHealthcare Insurance Company of the River Valley

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

Product Name:

AR RV SG INS 2021.01.01

Project Name/Number:

/

### Rate Information

Rate data applies to filing.

Filing Method:

Review & Approve

Rate Change Type:

Decrease

Overall Percentage of Last Rate Revision:

-3.850%

Effective Date of Last Rate Revision:

10/01/2020

Filing Method of Last Filing:

Review & Approve

SERFF Tracking Number of Last Filing:

UHLC-132301995

### Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
UnitedHealthcare Insurance Company of the River Valley	Increase	2.140%	2.140%	\$602,327	484	\$28,081,689	12.230%	-11.210%

**State:** Arkansas **Filing Company:** UnitedHealthcare Insurance Company of the River Valley  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.003G Small Group Only - Other  
**Product Name:** AR RV SG INS 2021.01.01  
**Project Name/Number:** /

## Rate Review Detail

### COMPANY:

Company Name: UnitedHealthcare Insurance Company of the River Valley  
 HHS Issuer Id: 22732

### PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
POS, EPO	22732AR001, 22732AR002, 22732AR003	22732- 1801457434305400838	5283

Trend Factors: The current annual pricing trend is 8.0%. The proposed annual pricing trend is 7.3%.

### FORMS:

New Policy Forms: POL20.I.RV.2018.SG.AR, COC20.INS.RV.2018.SG.AR, SBN20.HERITAGE.I.2018.SG.AR, SBN20.HERITAGEPLS.I.2018.SG.AR, RID20.RX.NET.I.RV.2018.SG.AR, RID20.RX.NET-OON.I.RV.2018.SG.AR, SBN20.RX.NET.I.RV.2018.SG.AR, SBN20.RX.NET-OON.I.RV.2018.SG.AR, RID20.PVCS.NET.I.RV.2018.SG.AR, RID20.PVCS.NET-OON.I.RV.2018.SG.AR, RID20.PDS.NET.I.RV.2018.SG.AR, RID20.PDS.NET-OON.I.RV.2018.SG.AR, RID20.REALAP.I.RV.2018.SG.AR, RID20.UHM.I.RV.2018.SG.AR

Affected Forms:

Other Affected Forms:

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Quarterly  
 Member Months: 70,158  
 Benefit Change: Increase  
 Percent Change Requested: Min: -11.21 Max: 12.23 Avg: 2.14

### PRIOR RATE:

Total Earned Premium: 28,081,689.00  
 Total Incurred Claims: 22,374,649.00  
 Annual \$: Min: 152.20 Max: 1,570.92 Avg: 400.26

### REQUESTED RATE:

Projected Earned Premium: 28,684,017.00  
 Projected Incurred Claims: 22,937,108.00  
 Annual \$: Min: 150.98 Max: 1,388.55 Avg: 408.85

## Rate Filing Justification Part II (Plain Language Summary)

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

Name of Company      UnitedHealthcare Insurance Company of the River

SERFF tracking number      UHLC-132452978

Submission Date      7/22/2020

Product Name      POS

Market Type       Individual       Small Group

Rate Filing Type       Rate Increase       New Filing

### Scope and Range of the Increase:

The 2.14% increase is requested because:

This rate-change is requested in an attempt to line up our expected revenue with the expected claims.

This filing will impact:

# of Arkansas policyholder's 565      # of Arkansas covered lives 7593

The average, minimum and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved 2.14 %
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved -11.1 %
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved 12.2 %

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

Plan-level premiums have been adjusted on some plans.

### Financial Experience of Product

The overall financial experience of the product includes:

Actual claims data from January 2019 - December 2019.

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

Lining up the expected revenue with the expected claims.

### **Components of Increase**

The request is made up of the following components:

*Trend Increases* – 6.09 % of the 2.14 % total filed increase

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

This component is 3.10 % of the 2.14 % total filed increase.

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

This component is 2.90 % of the 2.14 % total filed increase.

*Other Increases* – -3.91 % of the 2.14 % total filed increase

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

This component is 0 % of the 2.14 % total filed increase.

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

This component is 0 % of the 2.14 % total filed increase.

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

This component is -0.9 % of the 2.14 % total filed increase.

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

This component is 0.75 % of the 2.14 % total filed increase.

5. Other – Defined as:

This includes other rate impacts such as risk adjustments, credibility adjustments, projected experience adjustments, and projected catastrophic claim adjustments.

This component is -3.71 % of the 2.14 % total filed increase.

**Federal Rate Filing Justification Part III  
Actuarial Memorandum and Certification**

**UnitedHealthcare Insurance Company of the River Valley**

**NAIC: 12231**

**FEIN: 20-1902768**

**State of Arkansas Rate Review**



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## Section 1: Purpose

The following is a rate filing prepared by UnitedHealthcare Insurance Company of the River Valley. This filing has been prepared to provide the necessary information required by the Department of Health and Human Services and the state of Arkansas. The purpose of this memorandum is to provide information relevant to the Federal Part I Unified Rate Review Template (URRT).

This filing establishes rates intended to be used for non-grandfathered PPACA compliant small group health benefit plans sold off the Small Business Health Options Program in Arkansas for the 2021 plan year. [REDACTED] The rates and other information in this submission are based on the current regulations and guidance from HHS. Changes to this filing may be necessary if there are revisions to the regulations or updated guidance from HHS.

[REDACTED]

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

The attached document contains confidential, proprietary information and trade secrets. This information is strictly confidential and protected from disclosure by Ark. Ins. Dept. Bulletin 2-2015, A.C.A. §§23-61-107 and 25-19-105(b)(9)(A). If the prohibition against disclosure by the Department of Insurance and Financial Services is reassessed at a later date, it may not be disclosed to any other state or federal regulatory agencies unless the recipient agrees in writing prior to receipt to maintain the confidentiality of the information.

## Section 2: General Information

### Company Identifying Information

Company Legal Name: UnitedHealthcare Insurance Company of the River Valley  
State: Arkansas  
HIOS Issuer ID: 22732  
Market: Small Business, 1-50  
Proposed Effective Date: January 01,2021

### Primary Contact Information

Name: [REDACTED]  
Telephone Number: [REDACTED]  
Email Address: [REDACTED]

## Section 3: Proposed Rate Changes

The proposed change in rates for this filing is [REDACTED] compared to the prior annual filing. The change in geographic rating factors ranges from [REDACTED] to [REDACTED] and averages to [REDACTED] based on the current inforce population. These changes are applied uniformly to all plans within a rating area. The proposed pricing trend is [REDACTED] annually.

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

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

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

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

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

### Paid Through Date

The experience period is 1/1/2019 through 12/31/2019, with claims paid through 2/28/2020.

### Current Date

The current enrollment and premium is reported as of 12/31/2019.

### Allowed and Incurred Claims Incurred During the Experience Period

Claims Description	Allowed Claims	Incurred Claims
Claims Paid as of February 28,2020		
Claims Incurred but Not Reported as of February 28,2020		

The claims data was available directly from company claims records. Incurred claims were developed by actual claims paid through 2/29/2020 by incurred date over the experience period. Estimates of incurred but not paid (IBNP) were added.

### Support for Estimate of Incurred but not Reported Claims

[REDACTED]

### Experience Period Risk Adjustment

Risk Adjustments for the experience period were not known at the time rates were developed.

[REDACTED]

### Experience Period Index Rates

[REDACTED]

## Section 5: Benefit Categories

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

### Inpatient Hospital

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

### Outpatient Hospital

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

### Professional

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

### Other Medical

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

### Capitation

Includes all services provided under one or more capitated agreements.

### Prescription Drug

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

## Section 6: Projection Factors

### Trend

Two years of annual trend were applied to our 2019 experience to project it to the 2021 rating period. Our most recent analysis indicates annual trend in the state of Arkansas for the 2020 and 2021 calendar years will be [REDACTED] and [REDACTED], respectively. The table below details the components of each trend factor.

Trend Component	2020	2021
Unit Cost	[REDACTED]	[REDACTED]
Utilization	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

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

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

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

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

### Morbidity Adjustment

The total Morbidity Adjustment is [REDACTED].

[REDACTED]

[REDACTED]

### Demographic Shift

The total Demographic Shift Adjustment is [REDACTED].

The HHS-specified age curve was used in rating.

### Plan Design Changes

The total Plan Design Adjustment is [REDACTED].

#### *Shift in Benefit Plan Distribution:*

An adjustment of [REDACTED] was made to account for the expected change in allowed claims due to the shift in the distribution of benefit plans between the experience period and the rating period.

## Other Adjustments

The total other adjustments are [REDACTED], and it is comprised of the following factors:

### *Composite Rating:*

An adjustment was made to account for the impact of changes in the demographic mix of members in composite rated groups during the coverage period without an associated adjustment in composite rates. A nationwide study based on UnitedHealthcare commercial fully insured data is performed annually to compare the experience of groups both composite and individually rated. The study indicates a selection impact of [REDACTED] in allowed claims for composite rated groups.

### *Catastrophic Claims Adjustment:*

An adjustment was made to account for catastrophic claims experience in the experience period. The claims were adjusted by [REDACTED] to align with expected catastrophic claim levels in the rating period.

### *Trend Adjustment*

An additional trend adjustment of [REDACTED] is applied to trend our rates to the mid-point of the quarter rather than the beginning of the quarter



## Section 7: Credibility Manual Rate Development

### Adjustments Made to the Data

The [REDACTED] was used for rate development. [REDACTED]  
[REDACTED]

Since this block is fully credible the only adjustments made were highlighted in Section 6.

### Inclusion of Capitation Payments

[REDACTED]

## Section 8: Credibility of Experience

We have set our rate levels based [REDACTED] with [REDACTED] member months in the experience period. The block of business has historically demonstrated relatively stable claims patterns. For the purpose of developing rates, we regard it to be fully credible.

Consideration was given to ASOP #25 when determining the credibility and appropriateness of the experience and the manual rate. The manual rate is sufficiently independent from the experience and can be blended with it for purposes of rate development.

## Section 9: Development of Projected Index Rate

The experience period index rate is [REDACTED].

[REDACTED]

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

## Section 10: Development of the Market Adjusted Index Rate

### Reinsurance

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

### Risk Adjustment Payment/Charge

UnitedHealthcare Insurance Company of the River Valley anticipates receiving an average of [REDACTED] for risk adjustment transfers in the state of Arkansas for the 2021 plan year, which has been grossed up to [REDACTED] on an allowed basis for purposes of calculating the Market Adjusted Index Rate. We are assuming the risk level of our business relative to that of our competitors for the 2021 plan year will be similar to what it was in the 2019 plan year. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

### Exchange User Fees

There are no plans included in this filing that are offered on the exchange. Therefore there are no exchange user fees.

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

[REDACTED]

## Section 11: Plan Adjusted Index Rate

### Actuarial Value and Cost Sharing Adjustment

[REDACTED]

[REDACTED]

[REDACTED]

### Provider network, delivery system and utilization management adjustment

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

### Benefits in Addition to EHBs

With the introduction of the URRT 5.0 and the breakout of service level EHB claims, the assumed value of [REDACTED] reflects a reasonable estimate of the EHBs.

### Distribution and Administrative Costs

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

### *Administrative Expense Load*

The administrative expense load is a long-term estimate of administrative expenses, including selling expenses and general administrative expenses. This load is consistent across most products and plans. However, a small number of plans may have different expense loads due to unique features of those plans. These assumptions are based on the general ledger actual results for 2019 with known adjustments. Known adjustments include, but are not limited to, pay increases/raises for employees and administrative expenses as a result of Healthcare Reform and compliance requirements. The administrative expense allocation methodology used in pricing is appropriate because it is consistent with how UnitedHealthcare runs its business and how it allocates administrative costs for Statutory Filings and the Healthcare Reform Exhibits.

### *Profit and Risk Margin*

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

[REDACTED]

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

Taxes and Fees

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



## Section 12: Calibration

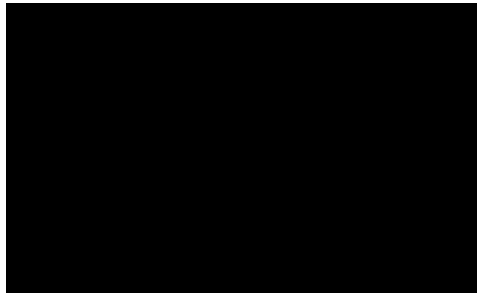
Plan Adjusted Index Rates need to be calibrated to apply the allowable rating factors of age and geography in order to calculate the Consumer Adjusted Premium Rates. Calibration factors are applied uniformly to all plans.

### Age Calibration

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

### Geographic Calibration

The geographic factor calibration is [REDACTED], which equals one divided by the expected average area factor. A table of the geographic rating factors is below.

A large black rectangular redaction box covering the table of geographic rating factors.

Geographic rating factors are reviewed periodically versus UnitedHealthcare claims data that reflects unit cost differences by county. Such a review was conducted as part of our January 1, 2021 rate development.

[REDACTED]

For any of the above rating factors that are unchanged, our analysis did not indicate that there were credible, material differences indicated by the comparison of currently approved area factors and the UHC data reflecting unit cost differences.

Population morbidity by area was not considered when determining geographic area factors.

### Tobacco Calibration

[REDACTED]

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

## Section 13: Consumer Adjusted Premium Rate Development

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

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

**Section 14: Projected Loss Ratio**

The projected loss ratio using the federally prescribed MLR methodology for calendar year 2021 is [REDACTED]. UnitedHealthcare Insurance Company of the River Valley agrees to comply with the rebate requirements of 45 CFR Part 158 should the actual market MLR fall below the 80.0% requirement.

[REDACTED]



## Section 15: AV Metal Values

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

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

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Section 16: Membership Projections

The 2021 plan year membership projection was developed utilizing the experience period plan level membership distribution along with sales and persistency targets, for PPACA-only membership. Member distribution by plan was then based on current enrollment, taking into consideration changes in the portfolio of plans to be offered in 2021. Strictly for purposes of the URRT, we have projected membership by plan. Member distribution by plan was then based on current enrollment, taking into consideration changes in the portfolio of plans to be offered in 2021. Strictly for purposes of the URRT, we have projected membership by plan.

## Section 17: Terminated Plans and Products

There are no products being terminated in this rate filing.

Some plans are being terminated as of the end of 2020. See the appendix for a list of terminated plans. These terminated plans are not being mapped to specific plans. Rather, at renewal, employers are given the option to select from multiple plans.

## Section 18: Plan Type

Plan types of EPO & POS have been selected, which describe the plans exactly.

## Section 19: Reliance

Due to responsibility allocation, I have relied upon other individuals within the UnitedHealthcare organization to provide certain assumptions. Although I have performed a limited review of the information and have not found it unreasonable or inconsistent, I have not reviewed it in enough detail to fully judge the reasonableness of the information due to the substantial amount of additional time required. I have therefore relied upon the expertise of those individuals who have developed the assumptions, and am providing the information required by Actuarial Standard of Practice 41, section 4.3. A list of reliances is included below.

### UnitedHealthcare Finance Department

- Projected SG&A Assumption

### UnitedHealthcare National Pricing Team

- Plan Relativity Modeling

### UnitedHealthcare Healthcare Economics Department

- Projected Trend
- Claims Reserves
- ACO/Premium Designated Provider Cost Savings Estimates

## Section 20: Actuarial Certification

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

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

- The projected index rate is:
  - In compliance with state and federal statutes and regulations related to the development of the index rate and allowable rating factors (such as 45 CFR 156.80 and 147.102).
  - Developed in compliance with the applicable Actuarial Standards of Practice.
  - Reasonable in relation to the benefits provided and population anticipated to be covered.
  - Neither excessive, deficient, nor unfairly discriminatory.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area.
- The AV calculator was used to determine the AV metal values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans. Some of our plan designs are not directly compatible with the AV calculator. The values were developed in accordance with generally accepted actuarial principles and methodologies. The unique plan design actuarial certification required by 45 CFR Part 156.135 has been separately attached.
- The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop their rates. Rather, it represents information required by federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges, and for certification that the index rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.

[REDACTED]

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[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

## Appendix: Terminated Plans

<u>Plan ID</u>	<u>Plan Code</u>	<u>Plan ID</u>	<u>Plan Code</u>	<u>Plan ID</u>	<u>Plan Code</u>
22732AR0010100	BS-HE	22732AR0010180	BS-GU	22732AR0010200	BS-GK
22732AR0010133	BS-G8	22732AR0010182	BS-G5	22732AR0010201	BS-HS
22732AR0010146	BS-GR	22732AR0010186	BS-GQ	22732AR0010202	BS-HT
22732AR0010148	BS-GX	22732AR0010187	BS-GO	22732AR0010203	BS-HU
22732AR0010151	BS-GZ	22732AR0010189	BS-G3	22732AR0010204	BS-HV
22732AR0010156	BS-GT	22732AR0010190	BS-G6	22732AR0010205	BS-HW
22732AR0010162	BS-G9	22732AR0010191	BH-XO	22732AR0010206	BS-HX
22732AR0010163	BS-G4	22732AR0010195	BS-GY	22732AR0010207	BS-HY
22732AR0010173	BS-GI	22732AR0010197	BS-HO	22732AR0010208	BS-HZ
22732AR0010175	BS-HN	22732AR0010198	BS-HR		