

State: Pennsylvania **Filing Company:** UnitedHealthcare Life Insurance Company
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: Individual
Project Name/Number: /

Filing at a Glance

Company: UnitedHealthcare Life Insurance Company
Product Name: Individual
State: Pennsylvania
TOI: H16I Individual Health - Major Medical
Sub-TOI: H16I.005A Individual - Preferred Provider (PPO)
Filing Type: Rate - G.I. (Guaranteed Issue)
Date Submitted: 04/16/2015
SERFF Tr Num: AMMS-129898463
SERFF Status: Pending Industry Response
State Tr Num: AMMS-129898463
State Status: Data Request Sent
Co Tr Num: 2016 PA GEN 32 OEX

Implementation: 01/01/2016
Date Requested:
Author(s): Pat Allison, Deb Paris, Patricia Lofton, Kurt Fetzer, Joseph Polley, Hussain Hussain, Nate Johnson, Scott Westphal
Reviewer(s): Rashmi Mathur (AH) (primary)
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:
Binder Number: AMMS-PA16-125042491

State: Pennsylvania **Filing Company:** UnitedHealthcare Life Insurance Company
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
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General Information

Project Name:	Status of Filing in Domicile: Not Filed
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Informational	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type: Individual
Overall Rate Impact: 9.1%	Filing Status Changed: 05/26/2015
	State Status Changed: 05/26/2015
Deemer Date:	Created By: Kurt Fetzer
Submitted By: Patricia Lofton	Corresponding Filing Tracking Number: AMMS-129891564
	PPACA: Non-Grandfathered Immed Mkt Reforms
PPACA Notes: null	
Include Exchange Intentions:	No
Additional Benefits:	No

Filing Description:

We are submitting the attached individual health insurance coverage portfolio of rates for delivery in the state of Pennsylvania for Informational purposes. The policies will be marketed in an off-exchange basis through licensed and appointed employee producers and independent brokers in face to face meetings, by telephone, and/or via the Internet.

These corresponding policy forms filing is AMMS-129891564.

To the best of my knowledge, these rates comply with the statutory and regulatory requirements of your state.

If you should wish to contact me outside of the SERFF system regarding this filing, you may call me at 317-715-7579 or email me at jpolley@unitedhealthone.com.

Company and Contact

Filing Contact Information

Joseph Polley, Associate Director, Actuarial jpolley@goldenrule.com
 Services
 7440 Woodland Drive 317-715-7579 [Phone]
 Indianapolis, IN 46278 317-297-0908 [FAX]

Filing Company Information

UnitedHealthcare Life Insurance Company	CoCode: 97179	State of Domicile: Wisconsin
3100 AMS Blvd	Group Code: 707	Company Type:
PO Box 19032	Group Name:	State ID Number:
Green Bay, WI 54307-9032	FEIN Number: 86-0207231	
(800) 232-5432 ext. [Phone]		

State: Pennsylvania **Filing Company:** UnitedHealthcare Life Insurance Company
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: Individual
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Filing Fees

Fee Required? Yes
Fee Amount: \$35.00
Retaliatory? Yes
Fee Explanation:
Per Company: Yes

Company	Amount	Date Processed	Transaction #
UnitedHealthcare Life Insurance Company	\$35.00	04/16/2015	94651875

SERFF Tracking #:

AMMS-129898463

State Tracking #:

AMMS-129898463

Company Tracking #:

2016 PA GEN 32 OEX

State:

Pennsylvania

Filing Company:

UnitedHealthcare Life Insurance Company

TOI/Sub-TOI:

H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)

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/

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	NEEDS SIGNED
Attachment(s):	PA UHCLIC 2016 OEX Cover Letter.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications Redacted
Comments:	
Attachment(s):	45404_01012016_RedactedAM.pdf
Item Status:	
Status Date:	



April 16, 2015
NAIC: 0707-97179

Michael F. Consedine, Insurance Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

**RE: UnitedHealthcare Life Insurance Company
New Policy Forms OFX16-DP-P-PCS-37, et al.**

Enclosures:

- Part I - Unified Rate Review Template (URRT)
- Part II - Consumer Disclosure
- Part III - Actuarial Memorandum related to URRT
- PA Off Exchange Rate Book
- PA Off Exchange Business Rules Template
- PA Off Exchange Rate Tables Template
- PA Off Exchange Base Rate Development
- AV Calculations
- Unique Plan Design Documentation and Justification
- PA Cover Letter

Dear Mr. Consedine:

In this filing, we are submitting the rate templates that the Department has requested for Off-Exchange Individual Market filings. The templates in this filing are for rates that correspond with forms filing AMMS-129891564. That form filing is for comprehensive major medical plans for products provided by policy forms OFX16-DP-P-PCS-37, et al. These are new policy forms, expected to be sold in Pennsylvania off the exchange for effective dates January 1, 2016 and later

If you have any questions about this filing, please call me at (317) 715-7579 or e-mail me at jpolley@UnitedHealthcare.com.

Sincerely,

Joseph Polley, FSA, MAAA
Director, Actuarial Services

Pennsylvania
Federal Part III Actuarial Memorandum
UnitedHealthcare Life Insurance Company
NAIC: 0707-97179 / FEIN: 86-0207231

Purpose

Following is a rate filing prepared by UnitedHealthcare Life Insurance Company. This filing has been prepared to provide the necessary information required by the Department of Health and Human Services. The purpose of this memorandum is to provide information relevant to the Federal Part I Unified Rate Review Template.

This filing establishes rates intended to be used for individual health benefit plans sold off the health insurance exchange in Pennsylvania for the 2016 plan year.

This memorandum is intended solely for the information of and use by the Department of Health and Human Services and the Pennsylvania Insurance Department. It will demonstrate compliance with state and federal laws and regulations and is not intended to be used for any other purpose.

General Information

Company Identifying Information

Company Legal Name: UnitedHealthcare Life Insurance Company
State: Pennsylvania
HIOS Issuer ID: 45404
Market: Individual
Effective Date: January 1, 2016

Primary Contact Information

Name: [REDACTED], FSA, MAAA
Telephone Number: [REDACTED]
Email Address: [REDACTED]

Proposed Rate Change

The following are the proposed rate changes for each plan included in the single risk pool. These rate change percentages represent the average change in premium rates over the rates included in the prior rate filing for each plan. They measure the change in premium rate tables using the current distribution of enrollment by age, geographic area, and tobacco status. These values are consistent with the rate change percentages reported in Worksheet 2, Section I of the Unified Rate Review Template.

Plan Name	Rate Change %
Platinum Copay Select Navigate	17.8%
Gold Copay Select Navigate	6.9%
Silver HSA 100 Navigate	-0.2%
Silver Copay Select 1 Navigate	3.4%
Silver Copay Select 2 Navigate	5.1%
Silver Copay Select 3 Navigate	NEW
Bronze HSA 100 Navigate	1.5%
Bronze Copay Select 1 Navigate	-1.7%
Bronze Copay Select 2 Navigate	3.4%
Select Saver Navigate	-0.9%
Average Rate Change	9.1%

We refined the medical 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 only 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.

As a result of this analysis, it became apparent that there would be an increase in revenue due to this refinement in pricing methodology. Therefore, we have proposed reducing the plan factors by [REDACTED] to make this refinement have a neutral impact on the average plan factor. The rate impact, along with a demonstration of neutrality, is summarized below.

Plan Name	Projected Members	2016 Plan Factor using Prior Pricing Methodology	2016 Plan Factor using Refined Pricing Methodology	2016 Proposed Plan Factor	Rate Impact due to Refined Pricing Methodology
Platinum Copay Select	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gold Copay Select	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Silver HSA 100	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Silver Copay Select 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Silver Copay Select 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Silver Copay Select 3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bronze HSA 100	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bronze Copay Select 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bronze Copay Select 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Select Saver	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Weighted Average	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

For sake of brevity, equivalent Navigate and Compass plans have been combined here.

Other significant factors driving the proposed rate change are discussed in further detail under the 'Credibility Manual Rate Development' section of this memorandum.

Experience Period Premium and Claims

Paid Through Date

The experience period is January 1, 2014 to December 31, 2014, with claims paid through February 28, 2015.

Premiums (net of MLR Rebate) in Experience Period

Earned premium for our affiliated carrier's non-grandfathered business in Pennsylvania for 2014 is approximately [REDACTED]. [REDACTED]. This estimate was provided by UnitedHealthcare's finance department. Final MLR rebate amounts may be provided upon request, when available.

Allowed and Incurred Claims Incurred During the Experience Period

Allowed and incurred claims data was available directly from company claims records. Unpaid incurred claim liabilities are calculated using average claims completion factors, which are based on the company's historical pattern of paid claims. The total business is split into duration and product type components and a liability estimate is performed on each piece. The total liability is assumed to be the sum of the liabilities for each of the components. The same completion factors are applied to both incurred and allowed claims amounts.

Benefit Categories

Claims were assigned to each of the benefit categories based on where services were administered and the types of medical services rendered.

Projection Factors

We have included a total annual trend adjustment of [REDACTED] applicable from the 2014 experience period to the 2016 plan year. The total trend assumption has been broken out into [REDACTED] ([REDACTED] annually) for utilization and [REDACTED] ([REDACTED] for 2014-15 and [REDACTED] for 2015-16) for cost. We do not anticipate any other changes in the population. The total annual trend assumption is based on an affiliated small group carrier's annual trend assumption. The affiliated small group data was also used to develop the credibility manual rate as discussed below.

Credibility Manual Rate Development

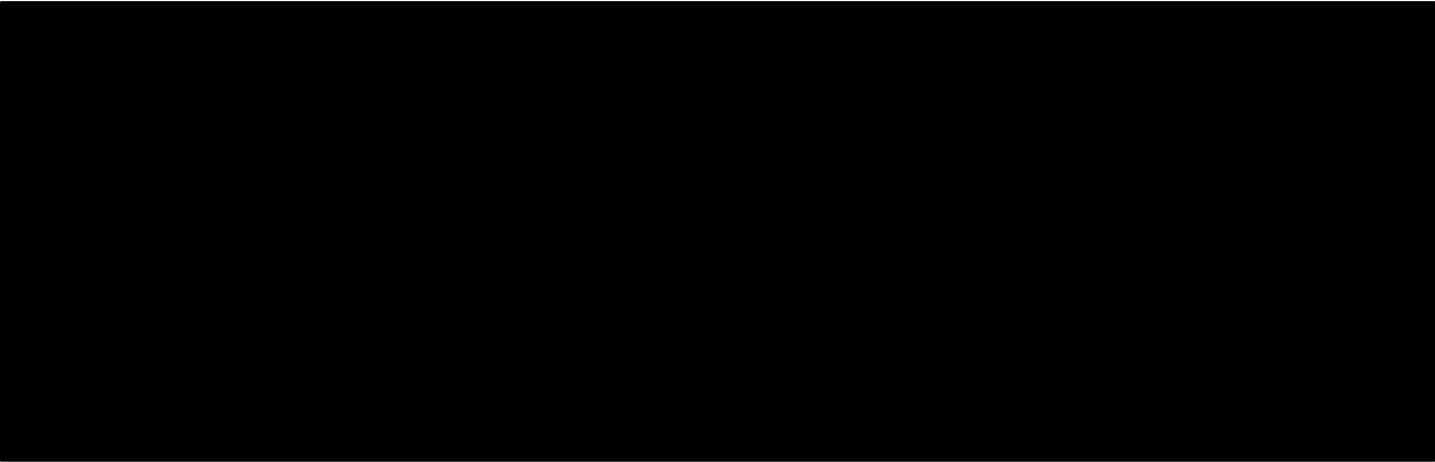
Source and Appropriateness of Data Used

These rates are intended to be used on a guarantee issue basis. As UnitedHealthcare Life Insurance Company does not have credible experience for individual medical guarantee issue products, we relied on the guarantee issue claims experience and rate development of affiliated small group carriers to develop our rates.

The experience used in the development of these rates is net of the appropriate coordination of benefit recoveries. Therefore, the rates reflect the necessary equitable reduction in premiums or costs to beneficiaries of such other insurance or contract rights.

Data Adjustments

- Trend:
Our rates were developed from affiliated small group projections for the 2014 calendar year. They were adjusted for trend factors and favorable emerging claims experience. See *Projection Factors* above for the trend applied from 2015 to 2016.
- Emerging Experience:
We have analyzed the experience for our off exchange plans through 2014 and have determined an additional rate increase is needed. After we adjust for market average risk we still end up with a higher than anticipated loss ratio. We are including an additional [REDACTED] increase. The experience would indicate a much higher increase is needed but since this is the first year of ACA business we used Actuarial Judgment and reduced the increase from the indicated increase.



- Estimated Morbidity Differential of the Population Insured:
Because the data we are using for the credibility rate manual are for small group business, we need to adjust for the estimated morbidity differential between the individual and small group markets. UnitedHealthcare has participated in a multi-state study done by a large actuarial consulting firm to help estimate the average expected morbidity in the individual market relative to the average expected morbidity for the small group market. Our analysis of the information provided indicates that in states that allowed transitional relief, we would anticipate that the morbidity in the individual market in 2016 will be about [redacted] higher than the average morbidity in the small group market. This is about [redacted] higher than the previous morbidity used in 2015.

Nationwide Small Group Experience

Small Group Size	Earned Premium	Incurred Claims	Member Months	Premium PMPM	Claims PMPM	Claims vs 1-50 ees
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

- Benefit Differential:
Adjustments were made to reflect the benefit variations between the 2015 individual portfolio and our proposed 2016 individual product.
- Network Adjustment:
An adjustment was made to account for a narrower network in 2016 as compared to 2015 applicable to our individual plans in rating areas 4 and 8.
- Demographic/Geographic Adjustment:
We anticipate our individual exchange business to have both a different age/gender composition and a different geographic composition compared to that of the affiliated small group business. Therefore, an adjustment was made to account for these differences.

Credibility of Experience

Due to the limited amount of experience available for our individual market business, we have assumed zero credibility for our base period experience. A specific credibility formula was not used for this determination, but rather professional actuarial judgment. As ASOP 25, section 3.4 states: "Professional Judgment - The actuary should use professional judgment when selecting, developing, or using a credibility procedure. The use of credibility procedures is not always a precise mathematical process."

Paid-to-Allowed Ratio

The paid-to-allowed ratios were developed using the proprietary UnitedHealthcare pricing model. This model uses UnitedHealthcare nationwide experience data which is fully credible. Claim data is projected to the pricing period based on national projections of utilization and unit costs. These projections are done at the service category level (inpatient, outpatient, etc.). Benefit design parameters such as deductibles, copays, and coinsurance rates are applied to the claim distributions of the matching service category. Cost-sharing is applied, and the values of each service category are summed to determine an overall benefit value, or paid-to-allowed ratio. In order to preserve consistency, the same claim experience and projection assumptions are applied to all plan relativity calculations.

A paid-to-allowed ratio was produced for each plan using the model described above. The weighted average is then based on the projected membership by plan. The member distribution is discussed under the ‘Membership Projections’ section later in this memorandum.

Plan Name	Plan Weight	Paid-to-Allowed Ratio
Platinum Copay Select	30.9%	█
Gold Copay Select	20.2%	█
Silver HSA 100	6.0%	█
Silver Copay Select 1	6.0%	█
Silver Copay Select 2	6.0%	█
Silver Copay Select 3	6.0%	█
Bronze HSA 100	5.9%	█
Bronze Copay Select 1	5.9%	█
Bronze Copay Select 2	5.9%	█
Select Saver	7.1%	█
Weighted Average	100.0%	█

For sake of brevity, equivalent Navigate and Compass plans have been combined here.

Risk Adjustment and Reinsurance

Projected Risk Adjustments Net of Risk Adjustment User Fees

We are offering a variety of plans at different metal levels and using a provider network that we anticipate to be similar in size to our competitors. Without any credible information or modeling of the market level risk, and lacking any other information pertaining to the risk levels of our own business compared to that of our competitors, we are assuming zero risk adjustment transfers. The HHS Notice of Benefit and Payment Parameters for 2016 specifies a risk adjustment user fee of █ per member per year, or approximately █ PMPM.

The projected risk adjustment transfers net of risk adjustment user fees are therefore █ PMPM.

Projected ACA Reinsurance Recoveries Net of Reinsurance Premium

Reinsurance recoveries are expected to be about █ of incurred claims, as calculated below. The total incurred claims were calculated using an affiliated carrier’s individual market nationwide experience for 2013 trended to the 2016 benefit period. Reinsurance recoveries were then calculated using the 2016 reinsurance parameters, as published in the HHS Notice of Benefit and Payment Parameters for 2016. The reinsurance parameters include a \$90,000 attachment point, 50% coinsurance, and a \$250,000 reinsurance cap.

Claim Range	Annual Members	Incurred Claims	Claims PMPY	Reinsurance Benefit
(-Infinite,90k] (90k,250k] (250k,Infinite)				
Total Incurred Claims				
Total Reinsurance Benefit				
Estimated 2016 Reinsurance Recoveries as % of Claims				

Incurred claims for this product in the state of Pennsylvania are expected to be [REDACTED] PMPM. Therefore, reinsurance recoveries are anticipated to be [REDACTED] PMPM. The HHS Notice of Benefit and Payment Parameters for 2016 specifies a reinsurance premium of [REDACTED] per member per year, or [REDACTED] PMPM.

The projected reinsurance recoveries net of reinsurance premium are therefore [REDACTED] PMPM.

Non-Benefit Expenses and Profit

Administrative Expense Load

The [REDACTED] administrative expense load includes commissions, quality improvements, and SG&A.

- Commissions: We anticipate an average commission rate of approximately [REDACTED] for 2016.
- Quality Improvements: We included [REDACTED] for quality improvements based on an affiliated carrier's individual market data.
- SG&A: Our general and administrative expense assumption is based on PMPM estimates provided by UnitedHealthcare's finance department for the 2016 calendar year. For this product in the state of Pennsylvania, this amount equates to approximately [REDACTED] of premium for 2016.

Profit and Risk Margin

Our projected profit margin for the 2016 rating period is approximately [REDACTED] of premium.

Premium	[REDACTED]	[REDACTED]
Claims	[REDACTED]	[REDACTED]
Premium Tax	[REDACTED]	[REDACTED]
Reinsurance Fees	[REDACTED]	[REDACTED]
Reinsurance Recoveries	[REDACTED]	[REDACTED]
Risk Adjustment User Fees	[REDACTED]	[REDACTED]
Net Insurer Fees	[REDACTED]	[REDACTED]
PCORI Fee	[REDACTED]	[REDACTED]
Commissions	[REDACTED]	[REDACTED]
SG&A	[REDACTED]	[REDACTED]
Quality Improvements	[REDACTED]	[REDACTED]
Pre-Tax Income	[REDACTED]	[REDACTED]
Income Tax	[REDACTED]	[REDACTED]
After-Tax Income	[REDACTED]	[REDACTED]

The figures above may not tally exactly due to rounding of the display.

Taxes and Fees

Taxes and fees are expected to be [REDACTED] and include premium tax, claim assessments, insurer fees, exchange fees, PCORI fees, and federal income tax.

- Premium Tax: The premium tax rate is [REDACTED] for the state of Pennsylvania.
- Insurer Fees: Each insurance carrier's assessment of insurer fees will be based on earned health insurance premium in the prior year, with certain exclusions. UnitedHealthcare (parent company of UnitedHealthcare Life Insurance Company) estimates that [REDACTED] of its 2016 premium will be allocated for insurer fees.
- PCORI Fees: This product will be offered for the 2016 plan year, with a PCORI fee of [REDACTED] per member per year, or approximately [REDACTED] PMPM. For this product in the state of Pennsylvania, this equates to approximately [REDACTED] of premium.
- Federal Income Tax: Federal income tax is projected to be [REDACTED] of premium and is calculated as 35% * (Pre-Tax Income + Insurer Fees), since insurer fees are not tax deductible.

Projected Loss Ratio

The projected loss ratio using the federally prescribed MLR methodology for calendar year 2016 is [REDACTED].

Claims	[REDACTED]	[REDACTED]
Reinsurance Recoveries	[REDACTED]	[REDACTED]
Risk Adjustment Transfers	[REDACTED]	[REDACTED]
Quality Improvement	[REDACTED]	[REDACTED]
Total MLR Claims	[REDACTED]	[REDACTED]
Premium	[REDACTED]	[REDACTED]
Premium Tax	[REDACTED]	[REDACTED]
Reinsurance Fees	[REDACTED]	[REDACTED]
Risk Adjustment User Fee	[REDACTED]	[REDACTED]
Net Insurer Fees	[REDACTED]	[REDACTED]
PCORI Fee	[REDACTED]	[REDACTED]
Income Tax	[REDACTED]	[REDACTED]
Total MLR Premium	[REDACTED]	[REDACTED]
Federal MLR	[REDACTED]	[REDACTED]

The figures above may not tally exactly due to rounding of the display.

Single Risk Pool

The single risk pool reflects all covered lives for every individual non-grandfathered product and plan combination for UnitedHealthcare Life Insurance Company in the state of Pennsylvania. It is established in accordance with the requirements of 45 CFR Part 156, §156.80(d).

Index Rate

For the 2014 experience period, we anticipate that [REDACTED] of allowed claims were for the coverage of essential health benefit (EHB) requirements. We have reported the index rate of the experience period accordingly, rounding to the nearest whole dollar value as required in the unified rate review template.

The index rate for the 2016 projection period represents [REDACTED] of allowed claims for this block of business. Benefits in excess of EHBs hospice respite care and bereavement counseling, and routine foot care for diabetics, which are

expected to account for [REDACTED] of allowed claims, based on professional actuarial judgment. The projected index rate is calculated below.

Allowed Claims PMPM	Benefits in Excess of EHBs	Index Rate
[REDACTED]	[REDACTED]	\$449.73

The figures above may not tally exactly due to rounding of the display.

Market Adjusted Index Rate

The market adjusted index rate includes market-wide adjustments for the federal reinsurance program, the risk adjustment program, and exchange user fees. Please refer to the 'Risk Adjustment and Reinsurance' and the 'Taxes and Fees' sections previously discussed in this memorandum for a brief description of each of these items. The market adjusted index rate is calculated below.

Index Rate	Net Reinsurance Adjustment	Net Risk Adjustment	Market Adjusted Index Rate
\$449.73	[REDACTED]	[REDACTED]	[REDACTED]

The figures above may not tally exactly due to rounding of the display.

Plan Adjusted Index Rates

The plan adjusted index rates include adjustments for all allowable plan level modifiers as defined in the market rating rules. The calculations are shown below, and the allowable adjustments are subsequently discussed in further detail. The weighted average is based on the projected membership by plan, as previously outlined in the 'Paid-to-Allowed Ratio' section of this memorandum.

Plan Name	Market Adjusted Index Rate	Actuarial Value & Cost-Sharing Adjustment	Benefits in Excess of EHBs	Catastrophic Eligibility Adjustment	Distribution & Admin. Cost Adjustment	Plan Adjusted Index Rate
Platinum Copay Select	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$529.10
Gold Copay Select	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$420.69
Silver HSA 100	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$347.88
Silver Copay Select 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$367.83
Silver Copay Select 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$365.68
Silver Copay Select 3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$372.15
Bronze HSA 100	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$293.94
Bronze Copay Select 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$314.98
Bronze Copay Select 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$329.54
Select Saver	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$270.75
Weighted Average	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	\$410.72

The figures above may not tally exactly due to rounding of the display.

For sake of brevity, equivalent Navigate and Compass plans have been combined here.

An adjustment for provider network, delivery system, and utilization management is not included.

The actuarial value and cost sharing adjustment accounts for benefit differences, utilization differences due to differences in cost sharing, and an adjustment for non-tobacco user status. Since we will be applying tobacco user rating factors, an adjustment must be made to remove the portion of costs that is expected to be recouped through the tobacco surcharge. The total average tobacco surcharge is expected to be about █ of premium as calculated below. The total member distribution is based on the same survey results used for the age calibration discussed in the 'Calibration' section of this memorandum. The individual tobacco user percentages are based on an affiliated carrier's individual block of business.

Age Group	Member Distribution			Tobacco Surcharge Factors		
	Tobacco Users	Non-Tobacco Users	Total Members	Tobacco User Factor	Non-Tobacco Factor	Average Surcharge
0-20	█	█	█	█	█	█
21-34	█	█	█	█	█	█
35-49	█	█	█	█	█	█
50+	█	█	█	█	█	█
Total	█	█	█	█	█	█

Benefits in excess of EHBs were previously discussed under the 'Index Rate' section of this memorandum, and are expected to be █ of allowed claims.

The catastrophic adjustment reflects the differences in anticipated demographics and morbidity of the catastrophic population as compared to the rest of the single risk pool. Catastrophic plans are available only to people under age 30 or those with a mandate exception due to affordability or hardship. Due to the 3:1 HHS age band limit, age factors for ages less than 30 will be somewhat higher than the anticipated relative claims costs for these age categories, so a demographic eligibility adjustment is made. In addition, catastrophic plans will not be pooled with the metallic plans for risk adjustment purposes, so a morbidity adjustment is also made. A breakdown of our catastrophic adjustment factor, applicable to incurred claims, is provided below.

Demographic Eligibility Adjustment	█
Morbidity Adjustment	█
Total Catastrophic Adjustment Factor	█

Distribution and Administrative Costs include claim assessments, premium tax, insurer fees, PCORI fees, commissions, SG&A, quality improvements, federal income tax, and after-tax income. These items were previously discussed in the 'Non-Benefit Expenses and Profit' section of this memorandum. Reinsurance recoveries and fees, risk adjustment transfers and user fees, and exchange fees have already been adjusted out of the market adjusted index rate prior to the plan adjusted index rate calculation.

Calibration

Total membership projections for the 2016 plan year were provided by UnitedHealthcare's finance department. Membership distribution by Age Group was estimated based on paid membership in Pennsylvania as of February 2015. The current state member distribution was applied to the HHS unisex age curve to calculate our expected average age factor of █. The weighted average age factor of 1.397 is closest to an average age factor of █. The age curve calibration of █ is based on the weighted average age of 44. A summary of the survey results is provided below.

Age Group	Member Distribution	Weighted Average Age Factor
0-20		
21-29		
30-39		
40-49		
50-59		
60-64		
65+		
Total		

The geographic factor calibration is [REDACTED], which is based on our expected distribution of covered individuals. Our geographic rating factors and expected member distribution for each rating region are provided below. Our expected member distribution is based on 2010 Census data by county. Our geographic factors are based on rates and emerging experience from the affiliated small group carrier used as the starting point for our rate development, and as mentioned in network adjustment section above, rating areas 4 and 8 are changing to a narrower network, and this change is accounted for in the area factors.

Rating Region	Individual 2016 Distribution	Area Factors
Area 1		
Area 2		
Area 3		
Area 4		
Area 5		
Area 6		
Area 7		
Area 8		
Area 9		
Total		

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, area, and tobacco status. The calculations are shown below, and the weighted average is based on the projected membership by plan, as previously outlined in the 'Paid-to-Allowed Ratio' section of this memorandum.

Plan Name	Plan Adjusted Index Rate (a)	Age Curve Calibration (b)	Geographic Factor Calibration (c)	Calibrated Premium Rate (d) = a/(b*c)
Platinum Copay Select	\$529.10	█	█	█
Gold Copay Select	\$420.69	█	█	█
Silver HSA 100	\$347.88	█	█	█
Silver Copay Select 1	\$367.83	█	█	█
Silver Copay Select 2	\$365.68	█	█	█
Silver Copay Select 3	\$372.15	█	█	█
Bronze HSA 100	\$293.94	█	█	█
Bronze Copay Select 1	\$314.98	█	█	█
Bronze Copay Select 2	\$329.54	█	█	█
Select Saver	\$270.75	█	█	█
Weighted Average	\$410.72	█	█	█

The figures above may not tally exactly due to rounding of the display.
For sake of brevity, equivalent Navigate and Compass plans have been combined here.

Consumer Adjusted Premium Rate Development

The consumer adjusted premium rate is the final premium rate for each plan that is charged to an individual. It is developed by calibrating the plan adjusted index rate to the average age and geographic rating factors, and applying the consumer specific age, geographic, and tobacco status rating factors. Sample calculations are shown below and represent consumer adjusted premium rates for a 25-year old consumer, residing in rating region 1, with tobacco user status. The weighted average is based on the projected membership by plan, as previously outlined in the 'Paid-to-Allowed Ratio' section of this memorandum.

Plan Name	Calibrated Premium Rate (a)	25-Year-Old Age Factor (b)	Region 1 Area Factor (c)	25-Year-Old Tobacco Factor (d)	Consumer Adjusted Premium Rate (e) = a*b*c*d
Platinum Copay Select	█	█	█	█	█
Gold Copay Select	█	█	█	█	█
Silver HSA 100	█	█	█	█	█
Silver Copay Select 1	█	█	█	█	█
Silver Copay Select 2	█	█	█	█	█
Silver Copay Select 3	█	█	█	█	█
Bronze HSA 100	█	█	█	█	█
Bronze Copay Select 1	█	█	█	█	█
Bronze Copay Select 2	█	█	█	█	█
Select Saver	█	█	█	█	█
Weighted Average	█	█	█	█	█

The figures above may not tally exactly due to rounding of the display.
For sake of brevity, equivalent Navigate and Compass plans have been combined here.

AV Metal Values

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, we have used only the cost sharing provisions applicable for individual coverage in the actuarial value (AV) calculation.

Copays Paid in Conjunction with Coinsurance

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

$$\text{Effective Insurer Coinsurance Rate} = \left(1 - \frac{\text{Member Copay}}{\text{Average Unit Cost}} \right) * (1 - \text{Member Coinsurance Rate})$$

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

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

The chart below outlines which benefits for the associated plans were impacted by the above methodology.

Plan Name	Benefit Categories including Copays Paid in Conjunction with Coinsurance
Bronze Copay Select 2	- Inpatient Hospital Services

Prescription Drug Benefits

Our prescription drug benefits are based on a drug categorization of Tier 1 to Tier 4, instead of the categories presented in the AV calculator (i.e. Generic, Preferred Brand, Non-Preferred Brand, and Specialty). In addition, our Tier 3 and Tier 4 prescription drug benefits incorporate coinsurance rates along with minimum copay amounts. Based on historical experience of affiliated carriers and our expectations regarding the organization of brand and generic drugs into Tiers, the prescription drugs were re-categorized to match the parameters of the AV calculator, and the benefits were converted to equivalent member copays for each category.

AV Pricing Values

The AV pricing values represent the cumulative effect of adjustments made by the issuer to move from the market adjusted index rate to the plan adjusted index. The AV pricing values are shown below. Each of the allowable modifiers to move from the market adjusted index rate to the plan adjusted index rate were previously discussed in the 'Plan Adjusted Index Rates' section of this memorandum. The weighted average is based on the projected membership by plan, as previously outlined in the 'Paid-to-Allowed Ratio' section of this memorandum.

Plan Name	Market Adjusted Index Rate	Plan Adjusted Index Rate	AV Pricing Value
Platinum Copay Select		\$529.10	1.228
Gold Copay Select		\$420.69	0.977
Silver HSA 100		\$347.88	0.808
Silver Copay Select 1		\$367.83	0.854
Silver Copay Select 2		\$365.68	0.849
Silver Copay Select 3		\$372.15	0.864
Bronze HSA 100		\$293.94	0.682
Bronze Copay Select 1		\$314.98	0.731
Bronze Copay Select 2		\$329.54	0.765
Select Saver		\$270.75	0.629
Weighted Average		\$410.72	0.954

The figures above may not tally exactly due to rounding of the display.

For sake of brevity, equivalent Navigate and Compass plans have been combined here.

Membership Projections

Total membership projections for the 2016 plan year were provided by UnitedHealthcare’s finance department. As UnitedHealthcare Life Insurance Company has no credible individual market business in Pennsylvania, membership distribution by metal level was estimated based on informed actuarial judgment as outlined below. Member projections for each metal level were then split evenly between each plan included at that metal level. The projected membership by plan is outlined in the ‘Paid-to-Allowed Ratio’ section of this memorandum.

Metal Level	Member Distribution
Platinum	
Gold	
Silver	
Bronze	
Catastrophic	

Terminated Products

Following is a list of ACA-compliant products and plans, indicated by the HIOS product ID, on which existing non-grandfathered business will be terminated. These products and plans will be terminated no later than December 31, 2015.

- 45404PA012
- 45404PA005
- 45404PA0130002

Plan Type

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

Warning Alerts

There are no Warning Alerts in Worksheet 2 of the Unified Rate Review Template.

Reliance

Due to responsibility allocation, I have relied upon other members within the UnitedHealthcare organization to provide certain assumptions. Although I have reviewed the information for reasonableness and consistency, I have not reviewed the methodology in detail due to the substantial amount of additional time required. I have therefore relied upon the expertise of those individuals who have developed the assumptions. A list of reliances is included below.

UnitedHealthcare Finance Department

- Projected SG&A Assumption
- Projected Member Months

UnitedHealthcare Actuaries Responsible for Small Group Rate Development

- Affiliated Small Group Rate Development

Actuarial Certification

I, [REDACTED], am a Director of Actuarial Services for UnitedHealthcare's individual line of business, which includes UnitedHealthcare Life Insurance Company's health insurance products marketed to individuals. I am a member of the American Academy of Actuaries, and 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 all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)),
 - 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 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.
- 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 include post deductible copays in addition to per-occurrence copay paid in conjunction with coinsurance rates. These benefit designs are not directly compatible with the AV calculator. Therefore, the alternate methodology described in 45 CFR 156.135(b)(2) was used to fit the parameters of 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, §156.135 has been separately attached.
- Geographic factors reflect only the differences in costs of delivery and do not reflect differences in morbidity.
- 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]

[REDACTED], FSA, MAAA
Director of Actuarial Services

04/16/2015

Date

SERFF Tracking #:

AMMS-129898463

State Tracking #:

AMMS-129898463

Company Tracking #:

2016 PA GEN 32 OEX

State: Pennsylvania

Filing Company: UnitedHealthcare Life Insurance Company

TOI/Sub-TOI: H161 Individual Health - Major Medical/H161.005A Individual - Preferred Provider (PPO)

Product Name: Individual

Project Name/Number: /

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Data Request Sent	Rashmi Mathur (AH)	05/26/2015	05/26/2015

Response Letters

Responded By	Created On	Date Submitted
Kurt Fetzer	06/08/2015	06/08/2015

State: Pennsylvania **Filing Company:** UnitedHealthcare Life Insurance Company
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: Individual
Project Name/Number: /

Objection Letter

Objection Letter Status	Data Request Sent
Objection Letter Date	05/26/2015
Submitted Date	05/26/2015
Respond By Date	06/09/2015

Dear Joseph Polley,

Introduction:

The Pennsylvania Insurance Department has received and conducted a review of the above captioned filing. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided within 14 days of the date of this letter. If you have any questions or difficulties in providing the data within this time frame, please call me.

1. The company rate information contained in the Rate/Rule Schedule Tab indicates that an overall rate change of 9.1% is proposed, with a maximum of 30.2% and a minimum of -11.4%. Please show how these rate changes were developed.
2. Please provide Excel worksheets for all exhibits/tables included in the Part III Actuarial Memorandum. Please leave all the formulas in for the Department to review.
3. Please list all factor changes proposed in this filing relative to the approved 2015 rate filing and discuss the rationale for the changes.
4. Actuarial Memorandum Page 3 - Please document the calculation of the Emerging Experience Adjustment factor of 21.2% used in rate development.
5. Both the URRT and the Actuarial Memorandum reference allowed claims. Please provide a discussion of the basis for the estimate of member cost sharing used in developing the allowed claims.

Conclusion:

Upon receipt of your responses to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions and/or requirements after reviewing the above data.

Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at rmathur@pa.gov.
Sincerely,

Rashmi Mathur, ASA, MAAA
Actuary
Bureau of Life, Accident & Health Insurance
Office of Insurance Product Regulation & Administration
Sincerely,
Rashmi Mathur (AH)

SERFF Tracking #:

AMMS-129898463

State Tracking #:

AMMS-129898463

Company Tracking #:

2016 PA GEN 32 OEX

State: Pennsylvania

Filing Company:

UnitedHealthcare Life Insurance Company

TOI/Sub-TOI: H161 Individual Health - Major Medical/H161.005A Individual - Preferred Provider (PPO)

Product Name: Individual

Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Objection Response 05.26.2015 Redacted
Comments:	
Attachment(s):	PA Off-Exchange Objection Response 05.26.2015 - Redacted.pdf PA Gen 32 Objection 05.26.2015 Response 1 - Redacted.pdf PA Gen 32 Objection 05.26.2015 Response 2 - Redacted.xlsx
Item Status:	
Status Date:	

SERFF Tracking #:

AMMS-129898463

State Tracking #:

AMMS-129898463

Company Tracking #:

2016 PA GEN 32 OEX

State:

Pennsylvania

Filing Company:

UnitedHealthcare Life Insurance Company

TOI/Sub-TOI:

H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)

Product Name:

Individual

Project Name/Number:

/

Attachment PA Gen 32 Objection 05.26.2015 Response 2 - Redacted.xlsx is not a PDF document and cannot be reproduced here.

PA Off-Exchange Objection Response 05.26.2015

Objection 1:

The company rate information contained in the Rate/Rule Schedule Tab indicates that an overall rate change of 9.1% is proposed, with a maximum of 30.2% and a minimum of -11.4%. Please show how these rate changes were developed.

Response 1:

These rate changes were developed by taking into account base rate increases, plan factor increases, and area factor increases. Age factors and tobacco factors did not change. Please see calculations on the "PA Gen 32 Objection 05.26.2015 Response 1.xlsx" file. Note, the overall average plan factor increase and the overall area factor increase are both based on the average rate increase for existing plans/areas based on current membership.

Objection 2:

Please provide Excel worksheets for all exhibits/tables included in the Part III Actuarial Memorandum. Please leave all the formulas in for the Department to review.

Response 2:

See the attached "PA Gen 32 Objection 05.26.2015 Response 2.xlsx" file for all exhibits/tables included in the Part III Actuarial Memorandum.

Objection 3:

Please list all factor changes proposed in this filing relative to the approved 2015 rate filing and discuss the rationale for the changes.

Response 3:

- Plan factors have been calibrated to reflect actual paid to allowed ratios, then adjusted for plan sloping.
- Two area factors changed due to an adjustment being made to account for network negotiations in 2016 as compared to 2015 applicable to individual plans in rating areas 4 and 8.
- Age and tobacco factors have not changed.

Objection 4:

Actuarial Memorandum Page 3 - Please document the calculation of the Emerging Experience Adjustment factor of [REDACTED] used in rate development.

Response 4:

The Emerging Experience Adjustment factor of [REDACTED] used in the rate development is a combination of many factors. The 2015 average plan factor was [REDACTED] in last year's filing and has changed to [REDACTED] which equals a [REDACTED] increase. In addition, our morbidity adjustment in the rate development accounts for changes between the individual market with a factor of [REDACTED], and the small group market with a factor of [REDACTED]. This is accounted for by the [REDACTED] morbidity adjustment depicted in the base rate development. This off-exchange product has an additional morbidity adjustment included to go from the on-exchange expected morbidity to a higher expected off-exchange morbidity. The factor is [REDACTED] which is an additional [REDACTED] increase. We also took into account a [REDACTED] reduction based on our affiliated carrier's small group experience. Finally, we took an [REDACTED] increase to account for plan sloping impacts. This equates to $[REDACTED] \times [REDACTED] \times [REDACTED] \times [REDACTED] - 1 = [REDACTED]$.

Objection 5:

Both the URRT and the Actuarial Memorandum reference allowed claims. Please provide a discussion of the basis for the estimate of member cost sharing used in developing the allowed claims.

Response 5:

Member cost sharing impacts paid claims not allowed claims. Therefore, it impacts the paid-to-allowed factors but not the allowed claims amounts.

PA Off-Exchange Objection 1 Response (05.26.2015)

Minimum Increase			
	2015 Premium	Proposed 2016 Premium	Percent Change
Base Rate			
Area 8 Factor			
Bronze Copay Select 1 Navigate Plan Factor			
Calculated Premium PMPM			-11.4%

Maximum Increase			
	2015 Premium	Proposed 2016 Premium	Percent Change
Base Rate			
Area 1 Factor			
Platinum Copay Select Navigate Plan Factor			
Calculated Premium PMPM			30.2%

Average Increase			
	2015 Premium	Proposed 2016 Premium	Percent Change
Base Rate			
Average Area Factor			
Average Plan Factor			
Calculated Premium PMPM			9.1%