

SERFF Tracking Number: UHLC-126457652 State: Rhode Island
 First Filing Company: UnitedHealthcare of New England, Inc. (Rhode State Tracking Number: Island), ...
 Company Tracking Number:
 TOI: H15G Group Health - Hospital/Surgical/Medical Sub-TOI: H15G.001 Any Size Group Expense
 Product Name: RI Small and Large Group Rate Filings
 Project Name/Number: RI Small and Large Group Rate Filings/

Supporting Document Schedules

Item Status: **Status Date:**

Satisfied - Item: Actuarial Certification - Life & A&H

Comments:

Actuarial Certification is signed by the appointed actuary and states that the proposed rates and methodology have been prepared on the basis of standard actuarial methods and assumptions and that they are in compliance with the requirements of R.I.G.L. Chapter 27-50 Section 27-50-5 and OHIC Regulation 11 Section 5.

Attachment:

Actuarial Certification RI SG.pdf

Item Status: **Status Date:**

Satisfied - Item: Actuarial Memorandum - A&H Rate Revision Filing

Comments:

The Actuarial Memorandum describes the analysis done in support of the small employer rates to be charged effective July 1, 2010 and how the factors contained in small employer template will be used in the rating.

Attachment:

Actuarial Memorandum-RI United.pdf

Item Status: **Status Date:**

Bypassed - Item: A&H Experience

Bypass Reason: na

Comments:

Item Status: **Status Date:**

Bypassed - Item: Exhibits - A&H

Bypass Reason: na

Comments:

SERFF Tracking Number: UHLC-126457652 State: Rhode Island
 First Filing Company: UnitedHealthcare of New England, Inc. (Rhode State Tracking Number: Island), ...
 Company Tracking Number:
 TOI: H15G Group Health - Hospital/Surgical/Medical Sub-TOI: H15G.001 Any Size Group Expense
 Product Name: RI Small and Large Group Rate Filings
 Project Name/Number: RI Small and Large Group Rate Filings/

Item Status: **Status Date:**

Satisfied - Item: Premium Rate Sheets - Life & A&H
Comments:
 Rate Filing Templates and SG rate manual are attached under this section.
Attachments:
 Rate Filing Templates_RI United.pdf
 7-1-2010 RI SG Rate Manual.xls

Item Status: **Status Date:**

Bypassed - Item: Health Insurance Checklist
Bypass Reason: na
Comments:

Item Status: **Status Date:**

Satisfied - Item: Cover Letter and forecasting process overview
Comments:
 This section includes cover letter and forecasting process overview.
Attachments:
 Cover Letter-RI United.doc.pdf
 Trend Forecasting Description.pdf

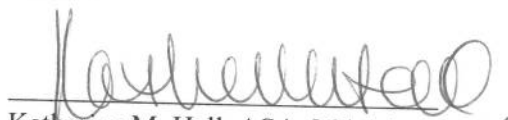
UnitedHealthcare of New England and United HealthCare Insurance Company
ACTUARIAL CERTIFICATION

I, Katherine (Kate) M. Hall, Director of Actuarial Pricing Northeast Region for UnitedHealthcare, am a member of the American Academy of Actuaries. I certify that I meet the Academy's qualification standards to render this opinion and I am familiar with the general rating requirements applicable to small group health insurance and the specific requirements of the Rhode Island small employer health insurance reform law. I certify that I meet the requirements in Regulation 11 Section 12(d)(3) for each required element:

- “(A) I am a member in good standing of the American Academy of Actuaries;
- (B) I am familiar with the requirements applicable to carriers under the Act;
- (C) I am qualified to sign Prescribed Statements of Actuarial Opinion regarding compliance with small employer group health laws and regulations in accordance with the American Academy of Actuaries qualifications for actuaries signing such statements;
- (D) I have not been found by the commissioner or his or her designee to have:
 - (i) violated any provision of, or any obligation imposed by, Rhode Island's insurance laws or other law in the course of my dealings as a qualified actuary;
 - (ii) been found guilty of fraudulent or dishonest practices;
 - (iii) demonstrated incompetence, lack of cooperation, or untrustworthiness to act as a qualified actuary;
 - (iv) submitted to the commissioner during the past five years, pursuant to the Act, an actuarial opinion or memorandum that the commissioner rejected because it did not meet the provisions of this regulation including standards set by the Actuarial Standards Board; or
 - (v) resigned or been removed as an actuary within the past five years as a result of actions or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards; and
- (E) I have not failed to notify the commissioner of any action taken by any insurance commissioner of any other state similar to those described above.”

I am employed by UnitedHealthcare, a UnitedHealth Group Company and have been appointed to prepare the Statement of Actuarial Opinion required by R.I. Gen. Laws § 27-50-5(h) by the authority of the board of directors through an executive officers of the UnitedHealthcare of New England, Inc. and of the United HealthCare Insurance Company.

I certify that the proposed rates and rate methodology contained in this July 1, 2010 UnitedHealthcare of New England and United HealthCare Insurance Company Small Group filing was developed in accordance with appropriate actuarial principles, is in compliance with the requirements of R.I.G.L. Chapter 27-50 Section 27-50-5 and OHIC Regulation 11 Section 5. The format and content is as required by Rhode Island Insurance Bulletin Number 2008-3 and has been prepared in accordance with Actuarial Standard of Practice No. 26 of the American Academy of Actuaries, “Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”.


Katherine M. Hall, ASA, MAAA
Director of Actuarial Pricing Northeast Region
UnitedHealthcare

11/14/2010
Date

UnitedHealthcare of New England, Inc. and United HealthCare Insurance Company
Small Group Trend Filing – July 1, 2010
Actuarial Memorandum

This Actuarial Memorandum describes the analysis done in support of the small employer rates to be charged effective July 1, 2010 and how the factors contained in small employer template will be used in the rating.

The following items identify the elements of the rates that we are changing since our last update.

We have used United's standard Small Business Base Rate Review process. This process compares current manual premium rates to the needed revenue. It is an automated and standardized process used across all legacy UHC markets to test the adequacy of the current manual rates and to determine if a pricing adjustment to manual rates is required. Pages 3 and 4 of the Small Group Rate Manual provide an exhibit and the description of the Small Group Base Rate Review methodology. Using this process, we determined that the July 1, 2010 base rates for Small Group need to be increased by 8.3%. The rates for all subsequent months will be trended by 1/12 of the 2010 proposed 9.9% medical and 9.9% pharmacy pricing trends reflected on the Small Group template. An explanation of the trend development support trend template is included in this filing.

Retention, for Small Groups, has been updated to reflect the increase in the HMO premium tax and elimination of state tax. Attachment 2 of the Small Group Rate Manual illustrates the revision and the components of trend that are administrative expenses, profit and commissions specifically for Small Group. The expected loss ratio represents our retention load of 17.9% (displayed on the template).

Small Group Rate Filing Template

Historical Information

Experience Period for Developing Rates

From 7/1/2007 To 6/30/2009

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days*	Member Months	Earned Premium**	Incurred Claims Total***	Primary Care							
						Incurred Claims	Incurred Claims	Incurred Claims	Incurred Claims	Incurred Claims	Incurred Claims	Incurred Claims	Incurred Claims
1	9/30/2007	234	55,902	\$17,510,307	\$13,564,608	\$656,271	\$3,217,279	\$4,250,968	\$3,081,136	\$2,256,076	\$2,649,946	77.5%	
2	12/31/2007	228	53,953	\$17,193,263	\$13,237,512	\$659,931	\$3,038,218	\$4,195,085	\$3,007,285	\$2,264,242	\$2,654,242	77.0%	
3	3/31/2008	240	51,390	\$16,400,364	\$13,068,111	\$653,466	\$3,312,887	\$3,845,397	\$2,898,168	\$2,135,459	\$2,649,946	79.7%	
4	6/30/2008	232	51,467	\$16,393,102	\$13,066,442	\$624,977	\$3,240,834	\$3,805,848	\$3,047,628	\$2,094,620	\$2,649,946	75.6%	
5	9/30/2008	225	52,546	\$16,703,429	\$12,626,444	\$604,954	\$2,594,328	\$4,073,401	\$2,948,439	\$2,114,367	\$2,649,946	74.7%	
6	12/31/2008	170	51,618	\$16,573,799	\$12,375,675	\$632,624	\$2,235,611	\$4,231,800	\$2,850,622	\$2,177,556	\$2,649,946	78.5%	
7	3/31/2009	218	53,894	\$17,196,308	\$13,493,695	\$678,445	\$2,916,571	\$4,218,312	\$3,078,169	\$2,367,139	\$2,649,946	86.1%	
8	6/30/2009	200	56,013	\$17,571,068	\$15,128,101	\$689,967	\$3,125,048	\$4,911,513	\$3,492,173	\$2,649,946	\$2,649,946	86.1%	

*Days per 1000 members.

**The premium is based on the final renewal premium summed for each group for the period being reported.

***Claims include – paid claims for policies issued in RI for the incurred period with claim reserves (IBNR), capitated payments for capitated arrangements, and other costs associated with affiliated agreements i.e. OPTUM SERVICES

Prospective Information

Trend Factors for Projection Purposes (Annualized)
 CY 2010 PRICING TREND BY COMPONENT:

Notes:	Inpatient	Outpatient	Primary Care	Other M/S	Actual		Proposed	
					Medical	Pharmacy	Total Medical	Retail Pharmacy
a. Total Pricing Trend	[7]	14.3%	11.8%	9.0%	9.0%	11.9%	9.9%	9.9%
Price Only	[1]	10.0%	7.8%	3.8%	3.8%	7.5%	4.8%	
Utilization	[2]	0.4%	0.4%	1.9%	1.9%	0.8%	3.1%	
Mix of Services	[3], [6]	2.5%	1.4%	1.1%	1.1%	1.6%	-0.5%	
Demographic Change	[4]	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Benefit Leveraging	[5]	1.0%	1.9%	1.9%	1.6%	1.6%	2.2%	
Sub-Total Claims Trend		14.3%	11.8%	9.0%	9.0%	11.9%	9.9%	
b. Provision for Adverse Deviation		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

Proposed pricing trends are intended to be effective July 2010.

Notes:

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

The following items for the period to which the rate filing applies, by quarter:

Quarter	Beginning Date	Average %		Net Profit	Administrative		Average Commission %
		Rate Increase	Expected Medical Loss Ratio		Expense %	Commission %	
1	7/1/2010	10.2%	82.1%	1.0%	12.0%	4.0%	
2	10/1/2010	10.9%	82.1%	1.0%	12.0%	4.0%	

Large Group Rate Filing Template

Historical Information

Experience Period for Developing Rates

From 7/1/2007 To 6/30/2009

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days*	Member Months	Earned Premium**	Incurred Claims Total***	Primary Care Incurred Claims	Primary Care Total	Incurred Claims IP	Incurred Claims OP	Incurred Claims M/S	Incurred Claims Rx	Loss Ratio
1	9/30/2007	272	116,931	\$37,575,772	\$32,128,072	\$1,596,288	\$1,617,295	\$8,250,704	\$10,157,571	\$7,179,080	\$4,942,795	85.5%
2	12/31/2007	314	113,908	\$36,559,454	\$32,694,688	\$1,617,295	\$1,617,295	\$8,195,028	\$10,709,848	\$7,208,885	\$5,024,057	89.4%
3	3/31/2008	283	129,505	\$43,318,403	\$37,545,192	\$1,954,753	\$1,954,753	\$9,182,334	\$12,186,052	\$8,461,974	\$5,506,772	86.7%
4	6/30/2008	264	140,373	\$46,961,632	\$41,755,305	\$1,996,651	\$1,996,651	\$10,301,521	\$13,417,488	\$9,451,133	\$6,191,803	88.9%
5	9/30/2008	253	136,621	\$45,909,810	\$38,946,896	\$1,901,166	\$1,901,166	\$8,644,397	\$12,897,312	\$8,968,418	\$6,107,381	84.8%
6	12/31/2008	249	132,623	\$44,975,824	\$38,966,334	\$2,019,022	\$2,019,022	\$8,470,541	\$13,356,388	\$8,744,323	\$6,133,859	86.6%
7	3/31/2009	285	119,168	\$40,508,549	\$32,113,159	\$1,762,835	\$1,762,835	\$7,657,258	\$10,313,862	\$7,053,757	\$5,068,374	79.3%
8	6/30/2009	248	109,535	\$37,325,161	\$30,766,418	\$1,595,358	\$1,595,358	\$7,202,934	\$10,214,096	\$6,796,950	\$4,695,820	82.4%

*Days per 1000 members.
 **The premium is based on the final renewal premium summed for each group for the period being reported
 ***Claims include – paid claims for policies issued in RI for the incurred period with claim reserves (IBNR), capitation payments for capitated arrangements, and other costs associated with affiliated agreements i.e. OPTUM SERVICES

Prospective Information
 Trend Factors for Projection Purposes (Annualized)
 CY 2010 PRICING TREND BY COMPONENT:

Notes:	Inpatient			Outpatient			Primary Care			Other M/S			Actual Total			Proposed Total		
	Medical	Pharmacy	Other	Medical	Pharmacy	Other	Medical	Pharmacy	Other	Medical	Pharmacy	Other	Medical	Pharmacy	Other	Medical	Pharmacy	Other
a. Total Pricing Trend	[7]	15.1%	12.6%	9.8%	9.8%	9.8%	12.8%	10.8%								9.9%	9.9%	9.9%
Price Only	[1]	10.0%	7.8%	3.8%	3.8%	3.8%	7.5%	4.8%										
Utilization	[2]	0.5%	0.5%	2.0%	2.0%	2.0%	0.9%	3.1%										
Mix of Services	[3], [6]	2.7%	1.6%	2.4%	1.4%	1.4%	1.9%	-0.5%										
Demographic Change	[4]	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%										
Benefit Leveraging	[5]	0.4%	1.4%	1.3%	1.3%	1.3%	1.1%	2.0%										
Sub-Total Claims Trend		15.1%	12.6%	9.8%	9.8%	9.8%	12.8%	10.8%										
b. Provision for Adverse Deviation		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										

Proposed pricing trends are intended to be effective July 2010.

Notes:

- Represents core unit pricing increases, exclusive of service mix impact.
- Represents core utilization only, exclusive of demographic change impacts; includes expected impact of changes in business day content.
- Represents expected changes in intensity of services provided.
- Represents trend impact of age and gender changes.
- Impact of member cost-share leveraging on net claims cost trend.
- Large Group includes provision for the expected impact of new federal mental health parity.
- Pricing models do not distinguish between Primary and Specialty medical care; same trends shown for both.

The following items for the period to which the rate filing applies, by quarter:

Quarter	Average % Expected		Average % Commissions			
	Rate	Medical	Net Profit	Administrative Expense		
1	7/1/2010	4.0%	83.1%	1.0%	12.0%	3.0%
2	10/1/2010	4.0%	83.1%	1.0%	12.0%	3.0%

*Average % Rate Increase is provided for the manual portion of the rate only. Since some rates are impacted by both the change in census and specific experience of a group, it is difficult to estimate an average increase for all groups.

SERFF Tracking Number: UHLC-126457652 State: Rhode Island
First Filing Company: UnitedHealthcare of New England, Inc. (Rhode State Tracking Number:
Island), ...
Company Tracking Number:
TOI: H15G Group Health - Hospital/Surgical/Medical Sub-TOI: H15G.001 Any Size Group
Expense
Product Name: RI Small and Large Group Rate Filings
Project Name/Number: RI Small and Large Group Rate Filings/

Attachment "7-1-2010 RI SG Rate Manual.xls" is not a PDF document and cannot be reproduced here.



January 14, 2010

Adrienne-jo F. Evans FLMI, AIE, AIRC
Health Insurance Analyst
Insurance Division
Department of Business Regulation
223 Richmond Street, Suite 223
Providence, RI 02903-4233

Re: Annual Small and Large Employer Rate Factor Filings – July 1, 2010
UnitedHealthcare of New England, Inc. and United HealthCare Insurance Company

Dear Ms. Evans,

The purpose of this letter is to provide you with the Annual Small and Large Employer Rate Factor Filings. Small Employer Rate Filing is in the format as required by the Section 12 of Regulation 11, the Small Employer Health Insurance Availability Regulation.

The following information is included with these filings:

Rate factor templates for Small and Large Employer groups, as defined by Rhode Island law. It provides utilization data by quarter, including separate information for primary care, trend factors for projection purposes, range of annual rate increases, profit, administrative expense, average commission % and expected loss ratio.

UnitedHealthcare medical expense forecasting process overview and considerations document is enclosed.

Small Employer Rate Manual: Rate Manual provides actual claims experience, the projection of base rates, rating methodology and all other necessary components to produce the rates. It includes an Actuarial Memorandum and an Actuarial Certification. The Actuarial Memorandum describes the analysis done in support of the small employer rates to be charged effective July 1, 2010 and how the factors contained in small employer template will be used in the rating. Actuarial Certification is signed by the appointed actuary and states that the proposed rates and methodology have been prepared on the basis of standard actuarial methods and assumptions and that they are in compliance with the requirements of R.I.G.L. Chapter 27-50 Section 27-50-5 and OHIC Regulation 11 Section 5.

A filing fee of \$100 will be submitted by an electronic funds transfer transaction via the SERFF.

Should you have any questions or need additional information, please contact me at (203) 459-7893.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kate Hall".

Kate Hall, ASA, MAAA
Director of Actuarial Pricing
Northeast Region
UnitedHealthcare

UnitedHealthcare of New England, Inc. and United HealthCare Insurance Company
Small and Large Group Trend Filings – July 1, 2010

United Healthcare Medical Expense Forecasting
Process Overview & Considerations

United 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.