

## EXHIBIT 13b: NARRATIVE SUMMARY

**Company:** Oxford Health Insurance, Inc.  
**NAIC Code:** 78026  
**SERFF Tracking #:** UHLC-133243134  
**Market Segment:** Small Groups SHOP & Off Exchange

We have prepared this Narrative Summary as further explanation of the letter you recently received from us outlining our annual proposed premium rate adjustment filing(s) with the New York State Department of Financial Services (DFS). This Narrative Summary will remain posted for a minimum of 30 calendar days from the date of our letter to you, our policyholder, or subscriber. Please read this information carefully. If you have any questions, please contact us or DFS within 30 days, as stated in our letter.

### **Background**

The premium rates charged by an insurer are used mainly to pay for the medical costs and administrative expenses for small group health care benefits coverage.

Medical costs are the main part of the premium. Medical costs include items such as doctor visits, inpatient and outpatient care, covered prescription drugs and new mandated benefits. Medical costs also include taxes and assessments associated with medical services. New York state law requires that at least 82 percent of the premium, or 82 cents of each premium dollar, is to be paid towards medical costs. The remaining 18 percent is used for administrative expenses (e.g., claims processing, customer service, system maintenance, operating costs of web portals, consumer education and support tools), taxes and fees (e.g., Section 332 assessment and premium tax), and profit.

### **Current Rate Increase Components**

The new premiums will apply to all small groups that sign-up or renew during 2023. Please see the attached Numerical Summary with the average requested rate changes. 407,745 members are impacted by this requested rate change. The rate filing we have submitted is seeking an increase mainly related to rising medical costs. Medical costs are the single largest part of the premium dollar and continue to rise significantly. There are many different medical cost trends that contribute to increases in the overall U.S. health care spending each year. These trends cause us to request a higher premium to cover costs.

We develop estimates of future medical costs based on a number of considerations. When deciding whether to seek a premium increase or decrease, we review claims data and administrative expenses to determine the expected costs and expenses for the future period. We review recent claims data for utilization (number of services), unit cost (reimbursement cost for a health service), and benefit leveraging (impact of member cost-share). Future trends are developed based on a projection of each item. The projected annual trend factor for 2023 is 8.4 percent. This breaks down into the following components: 4.4 percent unit cost, 3.0 percent utilization and 0.6 percent benefit leveraging.

In addition, aging of the New York Small Group market is expected to increase costs by 0.7 percent per year. This is applied to the overall rate level because rating based upon member age is not permitted in the New York Small Group market.

## EXHIBIT 13b: NARRATIVE SUMMARY

A part of the medical costs includes a pooling technique established under the Affordable Care Act (ACA) called Federal Risk Adjustment. This attempts to equalize risk within the New York Small Group market and requires carriers to set rates at the statewide average risk level. The estimated risk adjustment value reduces the requested rates by 0.5 percent.

Changes in state mandated benefits account for 0.4 percent of the requested rate change.

The requested rate changes also include the impacts of plan relativity changes due to pricing model updates (rate increases or decreases depending on the plan) and benefit changes (rate neutral, increases or decreases depending on the plan). Specific information regarding the benefit changes will be communicated separately to those in impacted plans.

### **Final Rate Increase**

The Superintendent of the Department of Financial Services may approve (as requested), modify or deny the proposed rate adjustment. Upon renewal, your final premium will account for the rate adjustment approved by the New York State DFS, as well as any chosen changes to your benefit plan design, and your group's census. If you are a subscriber of a group plan, please contact your employer for information about how this information affects your premium contribution.