

Company Legal Name: **UnitedHealthcare of the Mid-Atlantic, Inc.**
NAIC Company Code: **0707-95025**
Market Segment: **Individual**
SERFF Tracking Number: **UHLC-130506662**
Scope and Range of the Rate Increase

The requested average rate change for individual health benefit plans sold on the health insurance exchange in the state of Virginia is 11.9%, though rate increases may range from [5.8 to +40.1%] depending on the specific plan, age, tobacco, and area. Additional premium changes may occur due to members on the policy aging and changes in plan selection. Rate increases will be effective January 1, 2017. It is projected that there will be 11,139 covered lives impacted by this rate change.

Financial Experience of the Product

This product was first available January 1, 2016, so there is no existing financial experience. Although we do not have experience available for this product, we base our rates on the best information that we have available about the expected costs for these plans.

Changes in Medical Service Costs

There are many different health care cost trends that contribute to increases in the overall U.S. health care spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key health care cost trends that can affected rate actions include:

- **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 use of different types of health services. The price of care can be affected by the use of expensive procedures such as surgery versus simply monitoring or providing medications.
- **Higher Costs from Deductible Leveraging:** While 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 the cost of providing care to these patients. Hospitals generally make up this reimbursement shortfall by charging private health plans more.
- **Impact of New Technology:** Improvements to medical technology and clinical practice require use of more expensive services - leading to increased health care spending and utilization.

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Benefits

Premiums are created based on covered benefits or benefit plan designs, which impact cost. Benefit Plans are created with three goals in mind: to comply with the requirements of the Affordable Care Act, to respond to consumer feedback, and to provide for greater long-term affordability of the product with no medical cost issues.

The Affordable Care Act implemented requirements for the “value” that must be offered by plan designs in the Individual and Small Group markets. These are called “metal levels”. For a benefit plan to remain classified within a particular metal level from year to year, adjustments to deductibles, copayments or coinsurance are sometimes required. These adjustments impact the cost.

Administrative Costs and Anticipated Profits

United Healthcare of the Mid-Atlantic, Inc. works to directly control administrative expenses by adopting better processes and technology and developing 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, United Healthcare of the Mid-Atlantic, Inc. indirectly controls medical cost payments by using appropriate payment structures with providers and facilities. Our goal is to control costs, maximize efficiency, and work closely with physicians and providers to obtain the best value and coverage.

In addition, increases in State and Federal government imposed taxation and fees are another significant factor that impacts health care spending.