



Consumer Justification Narrative

UnitedHealthcare of Oregon, Inc.

Issuer HIOS ID 62650

Washington Individual Health Insurance 2023 Premium Rate
Filing

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Developed by:

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Summary of Rate Increase

There are 3,405 members impacted by the requested rate change. Premium changes range from 12.01% to 20.54%, with an average rate change of 15.28%. The range of premium impacts are due to changes in rating area factors and anticipated member cost sharing. The overall increase is affected by changes in medical service cost and utilization, as well as administrative costs and risk adjustment. The following describes these effects in more detail.

Financial Experience

The following reflects the 2021 financial experience for UnitedHealthcare’s (UHC’s) Washington ACA market.

Summary of Pooled Experience

	Experience Period		First Prior Period		Second Prior Period	
	From	To	From	To	From	To
Member Months		12/31/2021				
Earned Premium		\$10,208,294				
Paid Claims		\$8,843,115				
Beginning Claim Reserve		\$0				
Ending Claim Reserve		\$234,388				
Incurred Claims		\$9,077,503				
Expenses		\$2,811,659				
Gain/Loss		-\$1,680,868				
Loss Ratio Percentage		88.92%				
(i) Risk Adjustment Transfer		-\$126,206				
(ii) Total HCRP Transfer		\$0				
(iii) Total HCRP Assessment		-\$31,664				
(iv) HHS-RADV Adjustments		\$0				
(v) Total Reinsurance		\$0				
(vi) Adjusted Gain/Loss		-\$1,838,738				
(vi) Adjusted Loss Ratio Percentage		90.32%				
(vii) Total Anticipated MLR Rebates		\$0				

Change in Medical Claims

Medical claims are more expensive each year. UHC is expecting these medical costs to go up by more than in the 2022 rates. The medical service cost increases accounts for +7.91% of the total increase.

Change in Benefits

Member cost sharing as a percent of the total bill is expected to decrease. This contributes -0.28% to the premium increase. On average, benefits are slightly declining for inpatient and prescription drug services. This is being mostly offset by increasing benefits for all other services.

Change in Administrative Costs

Administrative costs are projected to be higher in 2023. These costs include general administrative expenses, broker commissions, taxes and fees. UHC is continuing to use the same margin as last year. Administrative expense accounts for +1.06% of the total increase.

Risk Adjustment

Health plans serving the ACA market have their revenue adjusted based on the health status of their population. The intent of this is to make sure health plans aren’t trying to cherry pick the healthiest members. The revenue adjustment happens in the form of a transfer payment between health plans. Those with a healthier population than average pay those health plans with sicker populations. UHC has a healthier than average population and expects to

pay more money to other health plans in 2023. This is increasing the premium by +3.08%.