



Actors Fund ☞ Children's Defense Fund-New York Community Service Society of New York  
Consumers Union ☞ Empire Justice Center  
Make the Road New York ☞ Medicare Rights Center ☞ Metro New York Health Care for All Campaign  
New Yorkers for Accessible Health Coverage ☞ New York Immigration Coalition ☞ Project CHARGE  
Public Policy and Education Fund of New York/Citizen Action of New York  
Raising Women's Voices-New York ☞ Schuyler Center for Analysis and Advocacy ☞ Small Business Majority  
Young Invincibles

July 7, 2017

Maria T. Vullo, Superintendent  
Troy Oechsner, Deputy Superintendent for Health  
John Powell, Assistant Deputy Superintendent for Health  
NYS Department of Financial Services  
One Commerce Plaza  
Albany, NY 12257

**RE: Requested Rate Changes – UnitedHealthcare – Individual – 131019989**

Dear Superintendent Vullo, Deputy Superintendent Oechsner, and Assistant Deputy Superintendent Powell:

Below are HCFANY's comments on United's 38.5 percent rate increase request.<sup>1</sup> United is the largest carrier in New York State operating in multiple lines of business. United offers on Exchange individual market coverage throughout much of New York. It currently has 8,330 members and projects its membership to decline in 2018 to 6,055.

**I. Market-Wide Issues**

This year, the deliberations in Washington, D.C. about potential changes to the Affordable Care Act (ACA) complicate the process of determining the rates insurers will need in 2018 in order to pay claims and retain a reasonable margin for administration, profit, and/or reserves. Nevertheless, several factors indicate that individual market rate increases in New York State for the 2018 plan year should be relatively modest.

First, the U.S. Department of Health and Human Services (HHS) has promulgated two new regulations giving insurers more flexibility to restrict enrollment and to design policies with less generous benefits.

Second, insurers have now had over three years of experience in doing business on the New York State of Health Marketplace, and in adapting to the ACA's requirements. That

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<sup>1</sup> HCFANY would like to acknowledge the invaluable assistance we had this year from Jay Angoff, of Mehri & Skalet, PLLC ([www.findjustice.com](http://www.findjustice.com)), in the preparation of these comments.



experience, as well as the fact insurers have less pent-up demand and no longer have start-up costs should enable them to reduce costs.

Third, the size of the New York market means insurers do not need to incorporate additional amounts into the various assumptions they make to account for uncertainty resulting from data that are not fully credible.

With those factors in mind, HCFANY offers the following general observations that may have bearing upon the Department's analysis of issues common to all rate filings as it seeks to determine for each carrier rates that are not excessive, inadequate, or unfairly discriminatory.

### **A. The trend factor**

Trend is the rate at which the insurer projects it must increase (or decrease) its rates due to underlying health care costs. Along with the health status of the insured population, it is one of the two factors that typically has the greatest impact on a proposed rate.

In assessing the reasonableness of a projected medical trend, HCFANY believes that the Department should consider whether a carrier's assuming a high trend factor increases the likelihood that it will accept unreasonably large provider price increases rather than negotiating rigorously with providers. In particular, the Department should not accept at face value insurer statements that are based on the assumption that the company is a passive price-taker, and cannot use its bargaining power to drive down underlying healthcare costs. To be sure, hospitals have substantial bargaining power — some to such an extent that they are commonly characterized as “must have” hospitals. At the same time, however, many doctors and hospitals cannot afford not to be in the networks of the major carriers. By disapproving rates to the extent that they incorporate unreasonably high trend assumptions, the Department can give both the insurer and the providers it contracts with an incentive to manage costs so that they do not exceed what the Department has approved. HCFANY therefore believes that the rate approved by the Department should be based on a lower trend factor than the carrier has assumed to the extent that the Department concludes that the carrier has not sufficiently used its bargaining power to drive down costs.

Moreover, the Department may wish to scrutinize trend factors exceeding 5 percent particularly closely. That is because the Milliman actuarial firm, which in its Milliman Medical Index (MMI) has been calculating the annual increase in healthcare costs for each of the last 15 years, has determined that medical trend has been steadily decreasing. In fact, medical trend hit new lows in both 2016 and 2017: 4.7 percent in 2016, and 4.3 percent for 2017.

In addition, because the MMI trend is the trend Milliman found for “an average employer-sponsored PPO plan,” trend in New York’s predominately in-network only individual market could be even lower than the 4.3 percent found by Milliman. First, Milliman explains that “employers and employees have been subsidizing other markets for many years,” because the plans insurers sell to employers are paying higher rates to providers than are individual plans. Trend for individual plans therefore may reasonably be expected to be lower than trend for group



plans. Second, because PPO plans provide some coverage when the insured sees an out-of-network provider, and thus have less control over their costs than do carriers offering only in-network coverage, New York's mostly closed-panel plans may reasonably be expected to have a lower trend than a trend based on PPO data, as Milliman's is.

In determining a reasonable rate increase, therefore, the Department may wish to disregard the assumed trend factor to the extent it substantially exceeds the Milliman-determined trend.

Drug trend is a component of overall medical trend. It accounts for 17 percent of overall trend, according to Milliman. Drug trend is higher than other medical trend, but according to both the MMI and a recent Blue Cross Association study of drug spending on Blue Cross enrollees since 2010, it is not nearly as high as some carriers are projecting. The Blue Cross study found that spending on drugs has been increasing by 10 percent annually since 2010, and Milliman found drug trend to be 8 percent. While both numbers are substantially higher than trend for non-drug medical spending, this is the second year in a row that drug trend, like non-drug medical trend, has decreased. According to Milliman, a few years ago drugs became available that cured hepatitis C but at a cost of almost \$100,000, which drove large increases in drug trend. Milliman explains, however, that those increases will not continue to the same extent because many hepatitis C patients have now been cured. In addition, Milliman notes that many drug company CEOs have "taken the price hike pledge" to keep price increases below 10 percent, and that some pharmacies are reducing drug prices so they can participate in preferred pharmacy networks and thereby increase their sales of non-pharmacy products.

In view of the above, HCFANY urges the Department to require carriers to submit robust support for any assumed drug trend exceeding 10 percent before approving any rate increase incorporating such a trend.

## **B. Morbidity**

The health status of the insured population in the market — morbidity — can also have a very substantial effect rates. Trend and morbidity are two separate concepts. Trend is the change in health care costs everything else equal, while morbidity measures the increase in costs due solely to the change in the market's health status. However, there is clearly a potential for double-counting because trend includes both the change in unit costs and the change in utilization, and it is difficult to separate out the extent to which utilization changes while health status remains constant from the extent to which utilization changes because health status becomes less favorable. The potential for double counting is particularly great if the insurer assumes both a high trend factor and a high morbidity factor.

In estimating rate needs, some carriers have assumed that morbidity will remain unchanged in 2018, while others have assumed that it will be less favorable in 2018, i.e., that 2018 enrollees as a group will be less healthy than were 2017 enrollees. The Department should use the same morbidity assumption with respect to all carriers in determining the rates it will



approve. Morbidity measures the change in health status of the market as a whole, regardless of the assumption any given carrier makes as to morbidity.

In addition, the Department may wish to also consider factors weighing in favor of morbidity improving in 2018. Insurers have strongly argued that individuals with the greatest need for insurance — those with pre-existing conditions — are more likely to sign up for insurance than people in standard health. Those people have now had four years to sign up. It is therefore reasonable to assume that most individuals with health conditions have signed up, and that morbidity is likely to improve as time goes on. In addition, the individual market pool can reasonably be expected to be healthier as time goes on because pent-up demand will have been satisfied: the previously uninsured with health conditions who became insured at their first opportunity to do so will have obtained care for problems they avoided getting care for when they were uninsured. They may still have higher-than-average expenses, but not to the extent that they did when they first enrolled. This is especially true in New York, where the individual market enrollment has increased from an all-time low of 19,000 in 2013 to over 360,000 in late 2016.

More significant than any of the above, however, a new HHS rule and CMS guidance, opposed by advocates and New York State alike, include several provisions that the industry has strongly argued will improve the health status of the individual risk pool in 2018. They include:

### **1. A shorter open enrollment period**

The new HHS Market Stabilization Rule shortens the open enrollment period in all states from 90 days to 45 days: from November 1 through January 31 in 2016 to November 1, 2017 through December 15 in 2017. Insurers have argued that this will allow them to collect a full year's premium from all enrollees for the first time, and that it will reduce the likelihood of adverse selection by consumers who learn they have health problems in December and January: people could no longer buy coverage after the new year started that would pay for a condition they discover between December 15 and January 31. This can benefit insurers in two ways. First, it enables them to avoid paying for anyone who has not bought or renewed coverage by December 15 and has a serious illness or injury between December 15 and January 31. Second, if consumers know that they must enroll by December 15 to avoid the possibility of being personally responsible for their health care costs, the number of healthy insureds signing up is likely to increase.

### **2. Limiting special enrollment periods (SEPs)**

The HHS Market Stabilization Rule also makes it more difficult for consumers to sign up during Special Enrollment Periods (SEPs). For example, it requires consumers applying during an SEP to verify their eligibility. Up until now, individuals seeking to apply during an SEP could simply attest to their eligibility, thus allowing people who had just discovered a serious health condition to attest that they were eligible even if they were not. In addition, the Rule prohibits individuals who add a dependent during an SEP from obtaining more comprehensive coverage



during the SEP. And the Rule also makes it easier for insurers to reject people during SEP's on other grounds. It allows insurers to reject those who have lost Minimum Essential Coverage because they did not pay their premium, unless they pay back those premiums. It allows newlyweds to buy coverage during an SEP only if one spouse had Minimum Essential Coverage or had lived abroad at some time during the previous 60 days. And it requires consumers claiming "exceptional circumstances" enabling them to buy during an SEP to meet a higher standard than in the past and to submit supporting documentation.

The Rule's provisions restricting special enrollment expressly apply only to the federally-operated Exchanges. Nevertheless, HHS encourages states to adopt those restrictions. To the extent the New York Marketplaces adopts these rules — and it is widely believed to have done so — it should ensure that savings resulting from those restrictions be reflected in the morbidity assumption used to determine the rate.

In summary, all the above factors can reasonably be expected to improve morbidity. The Department should consider all those factors, as well as those that could worsen morbidity, in determining a reasonable market-wide morbidity assumption to be incorporated into each rate filing.

### **C. The impact of cost-saving provisions**

Insurers typically increase their rates to reflect the cost of implementing quality improvement measures and new technology, but rarely reduce their rates to reflect the cost-savings that result from such measures. Notably, New York State has engaged in a series of efforts to encourage value based payments and expand the use of primary care and medical homes. These efforts should be factored into the Department's analysis of the carriers' requests.

In addition, quality improvement and new technology cost money, but they should save more money than they cost: if they don't, why implement them? Relatedly, insurers may narrow their networks, negotiate discounts with providers, and take steps to limit utilization, but they rarely assume any savings resulting from these initiatives in their rate filings.

Importantly, Exhibit 18 to the rate filing includes four lines on which an insurer should reflect savings resulting from actions it has taken which may reasonably be expected to reduce costs. Those lines are as follows:

1. Line 14 — Marketwide adjustment for changes in provider network. Insurers have argued that narrow networks reduce premiums and improve quality by forcing providers to compete to be in the network. Insurers have consistently maintained, with evidentiary support, that by narrowing their networks they can reduce their costs. Nevertheless, insurers typically refuse to recognize any such savings in their rate filings, since the factor they use for changes in provider network is usually 1.00.

2. Line 15 — Marketwide adjustment for fee schedule changes. Although carriers do not make their fee schedules public, when they guarantee providers a certain volume of business for



participating in their network the standard quid pro is for providers to accept reduced fees. Yet insurers usually include a 1.00 factor for fee schedule changes.

3. Line 16 — Marketwide adjustment for utilization management changes. Utilization management--including both providing needed care more efficiently, and discouraging people from obtaining unneeded care — by definition reduces costs. Despite this, insurers routinely use a 1.00 factor for utilization management changes.

4. Line 17 — Marketwide adjustment factor for impact on claim costs from quality improvement and cost containment activities. By definition, cost containment activities contain costs. The purpose of quality improvement activities is to improve quality so that as a result of improvements in quality costs are contained. Again, insurers routinely use a 1.00 factor for quality improvement and cost containment activities.

With respect to all four of above cost-saving measures, unless the insurer can make a compelling case that its initiative is not saving money — in which case it probably should not be implementing it at all — the Department should assume a factor of less than 1.00 in calculating an appropriate rate change.

#### **D. The impact of lower actuarial values**

The Market Stabilization Rule allows insurers to sell plans with lower actuarial values at each metal level. Under the original HHS rule implementing the statutory requirement that insurers sell plans with Actuarial Values (AV) of 60 percent, 70 percent, 80 percent, and 90 percent (known, respectively, as Bronze, Silver, Gold, and Platinum plans), the AV of any metal level plan could vary by plus or minus 2 percent. Thus, for example, an insurer could sell a plan with an AV of between 68 percent and 72 percent as a Silver plan. The Market Stabilization Rule increases the allowable downside variation for all metal-level plans to -4 points, while keeping the upside at +2 for Silver, Gold and Platinum and raising the upside for a Bronze plan to +5. These provisions expressly apply only to federally-operated Exchanges, but HHS encourages state Exchanges to adopt them too. To the extent that the New York Marketplace permits carriers to do so — as is widely believed — the Department should ensure that the resulting savings be reflected in the approved rate.

#### **E. The impact of the higher 2018 out-of-pocket limit**

The new HHS Benefit and Payment Parameters Rule contains a provision increasing the maximum out-of-pocket (OOP) limit by 2.8 percent, to \$7,350 for individual coverage and \$14,700 for family coverage. The rule expressly applies in all states, regardless of whether the federal or state government operates the Marketplace in the state. Notably, insurers almost always include a factor that increases the rate for so-called "deductible leveraging"— trend increasing while the deductible remains constant, thus increasing the effective trend for the carrier. On the other hand, insurers do not include a factor that reduces the rate for an increase in the OOP maximum, which can potentially reduce the effective trend, since insureds subject to



the new higher OOP maximums pay for more of that trend. HCFANY urges the Department to require that the rates it approves incorporate the effect of the new higher OOP maximum.

## **F. Administrative expenses**

Although a few carriers assume that their administrative expenses will remain constant or decline slightly in 2018, the majority of carriers (9 out of 13) assume they will increase. Such an assumption would appear to be unreasonable, for three reasons. First, administrative expenses can reasonably be expected to decline as insurers become more familiar with doing business on the Exchange, and they have now had three and half years of experience with the Exchange system.

Second, insurers have traditionally had to heavily market and establish their own broker networks to sell insurance to the individual market. With the Marketplace system, however, they need do neither, since the Marketplace allows them to reach all their potential customers without establishing a broker network. As the New York State of Health Marketplace has become institutionalized, carriers are dropping reliance upon broker commissions or downwardly adjusting them.

Third, the extensive coverage the media give to the ACA, whether positive or negative, continues to increase public awareness of the law and of its requirement that people have insurance. As a result, insurers can spend less on marketing than they otherwise would.

The Department therefore should not approve a rate to the extent that it includes an increase in administrative expenses. In addition, the Department may wish to consider requiring that rates for 2018 reflect lower administrative expenses than 2017 rates.

## **G. Underwriting profit**

The higher a carrier's underwriting profit, the greater the extent to which it can increase its surplus. To be sure, insurers should hold surplus sufficient to ensure that even under the most pessimistic assumptions they will be able to pay all claims. However, beyond some point additional surplus is unnecessary to protect policyholders. In for-profit companies, such excess surplus redounds to the benefit of the shareholder/owners, since their stock reflects the value of all the company's surplus. Non-profits, however, have no shareholders. They owe a duty not to shareholders but either to the general public or their policyholders, neither of whom benefit from surplus that exceeds the amount necessary to protect policyholders. There is therefore a substantial argument that non-profit insurers should not be permitted to include an underwriting profit provision in their rates if their surplus exceeds the level necessary to protect policyholders.

What is that level? The Blue Cross Association requires Blue plans to have a minimum risk-based capital (RBC) ratio — the ratio of the company's year-end surplus to its Authorized Control Level surplus — of at least 375 percent, and has historically considered a plan to be a strong Blue if its RBC ratio exceeds 500 percent. It has never established a maximum surplus standard. Neither has the New York Department of Financial Services, or the NAIC. However, in



2005 the Pennsylvania Department of Insurance issued an order establishing a 550 percent RBC level as that at which a non-profit Blue plan may not include an allowance for “risk and contingencies” in its rate filings, and establishing the 950 Percent RBC level as presumptively excessive.

That order is not binding in other states. Nevertheless, HCFANY believes that the Department should consider whether there is some RBC level in the 550-950 percent range at which a nonprofit plan should not be permitted to include an underwriting profit factor in its rates. Establishing such a level is important because a high underwriting profit factor gives the insurer an incentive to pay providers higher rather than lower prices, since the higher those prices are, the larger the base to which the underwriting profit percentage is applied.

#### **H. Special consideration regarding very high proposed rate increases**

At some point, proposed rate increases become counter-productive for the carrier: they become so high that they drive away the healthy risk in the pool, thus further worsening the health status of the pool and requiring even greater increases in order to pay for the increasingly unhealthy pool. A lower rate increase, on the other hand, will bring in more relatively healthy risks.

To be sure, a relatively low rate increase may well not be sufficient to enable the carrier to meet its profit targets. A huge rate increase is, however, almost certain to accelerate the collapse of the system. The Department therefore may wish to reduce very high proposed increases in order to avert an even worse case situation than that used by the insurer to justify its increase.

#### **I. Distribution of the increase by metal level**

Some carriers are seeking to implement substantially greater percentage increases for the more comprehensive plans — gold and platinum — than for the less generous silver and bronze plans. This could have the effect of driving the healthier people out of the gold and platinum plans, thus requiring even higher rates for those plans in the future. The Department should therefore satisfy itself that the manner in which the insurer distributes the total increase across metal levels will not unduly disadvantage high-cost enrollees, or lead to a pricing spiral for platinum and gold coverage.

#### **J. Special considerations regarding the size of the carrier**

It may make sense for the Department to be more solicitous of a small insurer with a high proportion of individual business than of a large insurer with relatively little individual business. That is because the consequences of the Department being wrong in substantially reducing a rate increase are relatively insignificant for a large insurer with relatively little individual business, but much more significant for a small insurer with mostly individual business. So, for example, if a small insurer with primarily individual business assumes a higher-than-average trend or expense or profit factor, the Department may wish to consider the more serious effect of failing



to recognize risk and give the carrier's judgments greater deference. On the other hand, in the case of a large carrier with relatively little individual business, HCFANY believe the Department should be less deferential to estimates of risk that deviate from national norms. The consequences for those insurers are less impactful if the Department is wrong. Those large insurers also can reasonably be expected to use bargaining power to reduce trend and are able to spread costs over a wider base to reduce expense factors.

## **II. Specific Issues in United's Rate Application**

HCFANY urges the Department to carefully scrutinize United's requested 38.5 percent rate increase because it far exceeds the requests of almost every other carrier in New York State. The explanations United offers in its rate application do not appear to justify such a large increase, especially since it is using its Medicaid Managed Care Compass Network, which is significantly smaller than the larger Freedom and Liberty networks it used for its group business. Given the recent press accounts of United's alleged practices which made patients look sicker than they actually were in its Medicare Advantage plan, HCFANY strongly urges the Department to conduct a thorough review of United's proposed rate increase.<sup>2</sup>

### **A. United fails to make any adjustment for its diminished Compass Network.**

United says that it needs a rate increase primarily because "Medical costs are the single largest part of the premium dollar and continue to rise significantly."<sup>3</sup> As the largest health insurer in New York and the United States, United has significant bargaining power with health care providers, yet United conveys the impression that it must passively accept rising medical costs. The Department should not permit United to pass through health care costs to the extent that it believes United could have negotiated for lower rates from health care providers.

In two places in its Actuarial Memorandum, United notes that its individual market plans use the United Compass Network. The Memorandum notes that the Compass Network has an 11.5 percent lower reimbursement rate than the Freedom Network,<sup>4</sup> and 7.4 percent lower reimbursement level than the Oxford Liberty Network,<sup>5</sup> but United does not appear to pass these savings through to consumers, since it uses a 1.00 factor on Line 14 — Changes in provider network, of Exhibit 18. The Department should require United to pass these savings through by using a factor of less than 1.00 on Line 14.

### **B. United's trend rate is too high.**

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<sup>2</sup> See M.W. Walsh, "A Whistle-Blower Tells of Health Insurers Bilking Medicare," New York Times, May 15, 2017, available at [https://www.nytimes.com/2017/05/15/business/dealbook/a-whistle-blower-tells-of-health-insurers-bilking-medicare.html?\\_r=0](https://www.nytimes.com/2017/05/15/business/dealbook/a-whistle-blower-tells-of-health-insurers-bilking-medicare.html?_r=0), see also, M.W. Walsh, "Scheme Tied to United Health Overbilled Medicare for Years, Suit Says," New York Times, February 16, 2017, available at: <https://www.nytimes.com/2017/02/16/business/dealbook/unitedhealthcare-improperly-took-money-from-medicare-suit-says.html> (describing a Justice Department lawsuit claiming that United overbilled the government by millions, and possibly billions, of dollars.)

<sup>3</sup> See Narrative Summary, Exhibit 13b, at 1.

<sup>4</sup> See United Actuarial Memorandum at 3.

<sup>5</sup> See United Actuarial Memorandum at 1.



United uses a trend factor of 9.5 percent.<sup>6</sup> This is by far the highest trend used by any carrier in the market, and it is more than double the Milliman Medical Index trend of 4.3 percent. Moreover, United's use of such a high trend is particularly unjustified because of its status as one of New York's largest carriers and the nation's largest: an insurer with the bargaining power such size gives it should reasonably be expected to use a lower trend assumption than the average, not one more than twice the average. Notably, United does not explain the disparity between its trend factor and that of all other carriers and that found by Milliman. Unless United can adequately explain that disparity, HCFANY urges the Department to approve an increase for United which assumes no more than the 4.3 percent trend factor found by Milliman rather than the 9.5 percent United seeks.

**C. United's enrollees are not that much sicker than other carriers and should therefore not serve as an excuse for such a large rate increase.**

In its Actuarial Memorandum, United says that 666 former Oxford enrollees, who had previously been able to use the Oxford Freedom network, must now use the United Compass network, which pays providers approximately 11.5 percent less than did the Oxford network. Nevertheless, United says that "This represents a 3 percent increase to the average reimbursement level versus 2016. We have reflected this as a +3.0 percent adjustment to the claims." But if the former Oxford enrollees have access only to a network that is 11.5 percent less expensive for United, it would appear that claims should be reduced, not increased. Further underscoring this point, United says in its Actuarial Memorandum that it is estimating that it will receive a risk adjustment payment of 2.6 percent of claims.<sup>7</sup> If that is the case, United's experience is modestly worse than average, but not so much worse as to justify its large rate increase request.

**D. United assumes higher administrative costs when it should be assuming lower administrative costs.**

On its Unified Rate Review template, United indicates that its true expense factor is 19.20 percent — 12.52 percent for Administrative Expense Load and 6.68 percent for Taxes and Fees. Last year, the Department approved a 12.2 percent administrative expense ratio for United.<sup>8</sup>

United's proposed administrative expense is far higher than the expense factor of almost all other carriers in the market, and it appears particularly unjustifiable for a carrier of United's size and experience. Companies with high expense factors typically are either start-ups (e.g. Oscar) or are small companies, with a small base over which to spread fixed expenses. United is neither of those things: it is the largest and one of the longest-established health carriers in the country. United appears to have provided no support for a 19.20 percent expense factor. At a

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<sup>6</sup> See United Actuarial Memorandum at 2.

<sup>7</sup> See Actuarial Memorandum at 3.

<sup>8</sup> See New York State Department of Financial Services, Premium Rate Approval—Decision Summary, United Health Care for 2017 at 3.



minimum, the Department should disallow that factor to the extent that it exceeds the average in the market.

**E. United's proposed rate increase is so large that implementing such an increase would likely increase its losses rather than reduce them.**

United says that it is not projecting any significant changes in membership as a result of its proposed 38 percent rate increase. That statement is inconsistent with its predicted 2,000 member decrease. Moreover, United's assumption of no significant change in membership is unrealistic. If an increase of that magnitude, or anywhere near that magnitude, were to be approved, then the healthiest people in the group would leave for other carriers — or for no carrier — and United would be left with a smaller and sicker group, which would inevitably be subject to a pricing spiral. United would be better off with a smaller rate increase that would reduce the attrition of healthy members of the group.

**F. United's negative underwriting profit assumption does not appear credible.**

In its Actuarial Memorandum United includes a -1.2 percent profit margin. This is simply not credible. With one exception all other carriers include at least a 2 percent profit factor in their filings. A rate that produces an underwriting profit of -1.2 percent is by definition inadequate, unless investment income fully counterbalances that loss, which in this case it does not. The only conceivable purpose of including a negative underwriting profit figure in its filing is to heavily-handedly try to discourage the Department from rolling back its proposed 38 percent rate increase.

In their public comments, United members have also expressed thoughtful reservations about its rate increase. HCFANY urges the Department to keep their concerns in mind as it reviews its rate application. Here are some examples:

[A] simple search of the web finds the UHC financials as follows: MINNEAPOLIS (CBS.MW) -- UnitedHealth Group posted a 26 percent advance in second-quarter profit amid efforts to trim costs and get out of weak markets, the second largest U.S. health insurer said Thursday. In the latest quarter, the company said it earned \$170 million, or \$1.01 cents a share, up from \$135 million, or 76 cents, a year earlier. That beat the 98-cent consensus estimate of analysts surveyed by First Call. Revenue rose 6 percent to \$5.2 billion from \$4.9 billion. See earnings release. Most of the growth has come from United Health Care's lines of business outside of its health maintenance organization segment. Accounts from those businesses pay higher premiums. At the same time, the company has exited certain markets where it caters to older customers on Medicare, a business that's not as profitable. Well business is business but health insurance companies should be better at hiding their sociopathic (actually psychopathic, might be better as we are taking about life and death here) tendencies. This request is outrageous and it is obvious that your department has a dilemma between allowing an increase and UHC pulling itself from the exchange as it reduces exposure in less profitable markets....



I say let some more patriotic company or one that has a business mission statement that actually wants to serve people into the market place. Do not grant their increase.

My insurance company is United HC and my group is Gold EPO... I have just received a notification of a requested percentage rate increase for my plan of 38.6%. I was a full-time student all of 2016 and just completed a graduate program. I am only first starting to make some money. My current monthly premium is already over \$800/month. An increase of 36% is a huge increase compared to current inflation and it would make my monthly payments go above \$1000/month. This would be extremely difficult for me to pay as an individual that supports himself without the help of an employer I appreciate the opportunity of sharing my serious concerns with you with the magnitude of the proposed premium increase. I would be happy to discuss this further

I strongly urge the Department to minimize the 2018 rate increase and associated maximum deductible for United Healthcare policies. I do not believe that the substantial increase requested is due to increases in costs and risk management but, rather, driven by pursuit of profit. I truly hope that the Department looks at health provider financial statements as a point of reference, since UHC's 2016 revenue was up 18% over 2015, and adjusted net earnings up 25%. Many thanks for your consideration of this input.

My income has not gone up 38.6 percent yet United Health care wants to increase it's monthly health insurance premiums by this amount. How is this conscionable? I started with this insurance at \$655.59 in 2016. Last year the increase was 28.85%, again my income did not increase by this amount and my new rate this year for coverage is \$844. The proposed rate increase will require I pay an additional \$325 bringing my monthly premium to \$1,169. I need to come up with an extra \$3,900 post tax dollars. I will be spending just over \$14,000 on health insurance that has a \$7,000 deductible. This is not realistic it is robbery with a gun to my head as I am required to have coverage and as a + year old individual and sole provider for two teenage children need coverage and to stay healthy.

In short, HCFANY urges the Department to carefully review United's application. Thank you for your attention to these comments. Please contact us with any questions at [adunker@cssny.org](mailto:adunker@cssny.org) or 212-614-5312.

Sincerely,

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