

**OFFICE OF THE HEALTH INSURANCE COMMISSIONER
1511 PONTIAC AVENUE, BLDG 69-1
CRANSTON, RI 02920**

IN THE MATTER OF:)
)
UnitedHealthcare Insurance Company)
) OHIC-2018-2
)
RESPONDENT.)
)

CONSENT AGREEMENT

It is hereby agreed between the Rhode Island Office of the Health Insurance Commissioner (OHIC) and UnitedHealthcare Insurance Company (United) as follows:

1. United is a health insurance carrier subject to the jurisdiction of the Health Insurance Commissioner for the State of Rhode Island (Commissioner). RIGL § 42-14-5(c) and (d).
2. Health insurance carrier group rating and underwriting practices are subject to the requirements of RIGL §§ 42-14.5-2, 42-14.5-3(e); 42-14-5(c) and (d); 27-29-4(7)(ii); and 27-29-12.
3. On June 19, 2015 Health Insurance Bulletin 2013-5, as revised effective January 1, 2015, and entitled *Group Rating and Underwriting – Unfair Discrimination* (Rating Bulletin), was issued for the stated purpose of rectifying unlawful group rating and underwriting practices in Rhode Island.
4. Relevant to the matters being addressed by this Consent Agreement:

- Section (d)(7)(C) of the Rating Bulletin states that, for the purposes of group rating and underwriting:

For rates offered after January 1, 2015, a group rate must cover at least 95% of the fully loaded premium including the full administrative expense approved by the Commissioner, and the full formula contribution to reserve approved by the Commissioner;

and

- Section (d)(8) of the Rating Bulletin states that, for the purposes of group rating and underwriting:

A health insurance company may offer “bundling discounts” (for example, a discount based upon the concurrent sale of a health insurance plan and a dental insurance plan) provided that the discount shall be applied to the administrative charge of ancillary product premium, and that the amount shall not exceed the lesser of 1% of health premium or 3% of the ancillary product premium. The bundling discount must meet the following requirements:

- (A) Any discount must be applied to all similarly situated employer groups;
- (B) Any discount must be actuarially justified;
- (C) The actuarial justification for the administrative expense charge, as well as the standards and procedures for applying the discount to a particular account shall be in accordance with the health insurance company’s approved rate manual or rating formula.

5. On or about May 2, 2017, the Office of the Health Insurance Commissioner (the Office or OHIC) received a complaint from an entity (Complainant) conveying an allegation that Respondent had engaged in improper pricing in violation of the guidelines set forth in the Rating Bulletin with regard to a specific large group dental case.
6. The large group dental case had previously been insured by the Complainant and Respondent had succeeded in obtaining the group’s dental insurance contract, effective June 1, 2017, through a competitive bidding process.
7. On or about May 5, 2017, the Office advised Respondent of Complainant’s allegations in relation to the underwriting of the specific large group dental case referenced above.

8. Between approximately May 2017 and October 2017, the Office obtained and evaluated additional documentation and information from Respondent regarding the specific large group dental case referenced above, two additional underwriting case files from 2017, and Respondent's underwriting practices in the context of the Rating Bulletin's requirements.
9. The Office determined that Respondent's underwriting process in the context of the large group case referenced in paragraph 5 above resulted in a violation of the parameters set forth in the Rating Bulletin in several respects, including by: (1) effectively making a bundling discount while not appropriately documenting the discount as such; (2) failing to offer the same bundling discount to all similarly situated employer groups; (3) failing to limit the bundling discount to the lesser of 1% of the health premium or 3% of the ancillary product premium as required; and (4) offering a premium rate that did not cover 95% of fully loaded rates, regardless of whether a bundling discount is offered, but rather covered, at best, 93.7% of the fully loaded rate.
10. The Office estimated that with regard to this specific large group case the amount of the underwriter discount in excess of the Rating Bulletin's guidelines was at least 1.8% or \$4,840.39 for the single premium year for which it was extended, although the records provided by United do not permit an exact calculation.
11. In addition to the inquiry into the specific large group case that was the subject of the Complainant's allegations, the Office determined that Respondent had offered rate discounts in violation of the terms set forth in the Rating Bulletin in two other group cases in 2017.
12. The Office reviewed material provided by the Respondent and determined that it was not sufficiently explicit on requiring documentation of any variation and lacked guidelines/directions on the specific topic of bundling discounts as contemplated by the Rating Bulletin.
13. The Office observed that, while Respondent has mechanized systems for recording underwriting actions that permit review of how rates are determined, the reasons for any

underwriting deviations do not appear to be consistently documented in these mechanized systems.

THEREFORE, based on the foregoing, Respondent and the Office have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

- A. Respondent agrees to cease, and hereby attests that it has already ceased, underwriting practices in violation of the Rating Bulletin.
- B. Within 30 days of the date of this Consent Agreement and in a manner acceptable to the Commissioner, Respondent will develop and/or revise its underwriting policy practice manual and underwriter training materials to more specifically address and, where necessary more explicitly forbid, the underwriting practices addressed in the Rating Bulletin.
- C. Within 30 days of the date of this Consent Agreement and in a manner acceptable to the Commissioner, Respondent will have in place a process for recording underwriting actions, to ensure that the reasons for any underwriting deviations are documented.
- D. Within 30 days of the date of this Consent Agreement and in a manner acceptable to the Commissioner, Respondent will develop and implement procedures to ensure that all its group underwriters are appropriately informed and trained about the requirements of the Rating Bulletin and underwriting policy practice manual described above.
- E. Respondent agrees to provide the Office, upon the request of the Office, with copies of communications or training materials used in communicating with and/or training its underwriters or sales representatives regarding Health Insurance Bulletin 2013-5, as revised effective January 1, 2015, and entitled *Group Rating and Underwriting – Unfair Discrimination*. The Office agrees that Respondent shall have at least 60 days from the date hereof to prepare such materials.

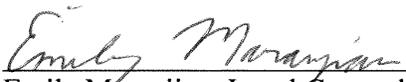
F. Respondent agrees to provide a report in MS Excel format by January 31, 2019 which shows all dental coverage issued with case effective dates from May 1, 2018 through December 1, 2018. The report will identify all dental quotes prepared for the groups issued coverage during this time period, which are subject to group underwriting rules, and it will contain the following information for each case:

- Name of case
- Effective date of quote
- Type of quote (new, renewal)
- Status (Sold, not sold)
- Number of subscribers
- Fully loaded premium (annual)
- Quoted premium (annual)
- Percent of fully loaded premium
- Amount of bundling discount (if any)
- Rate caps offered (year 1, year 2)

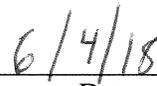
The report should be accompanied by an attestation that any bundling discounts quoted were offered to all similarly situated groups and that there was no compounding of discounts to exceed a maximum of 5% of fully loaded rates.

G. Respondent will pay an administrative penalty of ten thousand dollars (\$10,000).

Counsel for the Office and Respondent hereby consent and agree to the foregoing on behalf of their respective clients on the 31 day of May 2018.



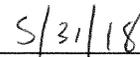
Emily Maranjian, Legal Counsel
Office of the Health Insurance Commissioner



Date



UnitedHealthcare Insurance Company



Date