

**State:** Rhode Island **Filing Company:** UnitedHealthcare Insurance Company  
**TOI/Sub-TOI:** MS02G Group Medicare Supplement - Pre-Standardized/MS02G.000 Medicare Supplement - Pre-Standardized  
**Product Name:** GROUP MEDICARE SUPPLEMENT PRE-STANDARDIZED PLANS  
**Project Name/Number:** RATE/RERATE 2015 - PRE -STD

### Filing at a Glance

Company: UnitedHealthcare Insurance Company  
 Product Name: GROUP MEDICARE SUPPLEMENT PRE-STANDARDIZED PLANS  
 State: Rhode Island  
 TOI: MS02G Group Medicare Supplement - Pre-Standardized  
 Sub-TOI: MS02G.000 Medicare Supplement - Pre-Standardized  
 Filing Type: Rate  
 Date Submitted: 07/10/2014  
 SERFF Tr Num: UHLC-129547460  
 SERFF Status: Assigned  
 State Tr Num:  
 State Status: Open-Pending Actuary Review  
 Co Tr Num: RERATE 2015 - PRE -STD  
 Implementation: 01/01/2015  
 Date Requested:  
 Author(s): Michelle Ambach, Bobbie Walton, Lisa Muhammad, Sarah Michener, Celina Sagin, Lauren Mulhern, Robyn Yemm, Erin Eckhoff, Ron Beverly II  
 Reviewer(s): Linda Johnson (primary), Sandra West, Maria Casale, Charles DeWeese  
 Disposition Date:  
 Disposition Status:  
 Implementation Date:  
 State Filing Description:

**State:** Rhode Island **Filing Company:** UnitedHealthcare Insurance Company  
**TOI/Sub-TOI:** MS02G Group Medicare Supplement - Pre-Standardized/MS02G.000 Medicare Supplement - Pre-Standardized  
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### General Information

Project Name: RATE Status of Filing in Domicile: Pending  
 Project Number: RERATE 2015 - PRE -STD Date Approved in Domicile:  
 Requested Filing Mode: Review & Approval Domicile Status Comments:  
 Explanation for Combination/Other: Market Type: Group  
 Submission Type: New Submission Group Market Size: Large  
 Group Market Type: Association Overall Rate Impact:  
 Filing Status Changed: 07/14/2014  
 State Status Changed: 07/14/2014 Deemer Date:  
 Created By: Bobbie Walton Submitted By: Bobbie Walton  
 Corresponding Filing Tracking Number: RERATE 2015 - PRE -STD

Filing Description:  
 Rate Revision Filing  
 Rates for Pre-Standardized Medicare Supplement Plans  
 UnitedHealthcare Insurance Company  
 NAIC #0707-79413

### Company and Contact

#### Filing Contact Information

Sarah Michener, Associate Director, sarah\_l\_michener@uhc.com  
 Actuarial  
 680 Blair Mill Rd 215-902-8419 [Phone]  
 Horsham, PA 19044

#### Filing Company Information

UnitedHealthcare Insurance Company CoCode: 79413 State of Domicile: Connecticut  
 185 Asylum Street Group Code: 707 Company Type: Life and Health  
 Hartford, CT 06103 Group Name: State ID Number: 79413  
 (860) 702-5000 ext. [Phone] FEIN Number: 36-2739571

### Filing Fees

Fee Required? Yes  
 Fee Amount: \$225.00  
 Retaliatory? No  
 Fee Explanation: \$25 X 9 = \$225  
 Per Company: Yes

| Company                            | Amount   | Date Processed | Transaction # |
|------------------------------------|----------|----------------|---------------|
| UnitedHealthcare Insurance Company | \$225.00 | 07/10/2014     | 83900302      |

**SERFF Tracking #:**

UHLC-129547460

**State Tracking #:****Company Tracking #:**

RERATE 2015 - PRE -STD

**State:**

Rhode Island

**Filing Company:**

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**TOI/Sub-TOI:**

MS02G Group Medicare Supplement - Pre-Standardized/MS02G.000 Medicare Supplement - Pre-Standardized

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RATE/RERATE 2015 - PRE -STD

## Rate Information

Rate data applies to filing.

**Filing Method:**

SERFF

**Rate Change Type:**

Increase

**Overall Percentage of Last Rate Revision:**

0.000%

**Effective Date of Last Rate Revision:**

01/01/2014

**Filing Method of Last Filing:**

SERFF

## Company Rate Information

| Company Name:                      | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|------------------------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| UnitedHealthcare Insurance Company | 0.600%                      | 0.600%                 | \$1,931                                  | 170   | \$426,835                         | 0.600%                          | 0.000%                          |

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RATE/RERATE 2015 - PRE -STD

## Rate/Rule Schedule

| Item No. | Schedule Item Status | Document Name | Affected Form Numbers (Separated with commas) | Rate Action | Rate Action Information  | Attachments                        |
|----------|----------------------|---------------|---|-------------|--|------------------------------------|
| 1        |                      | RATE SCHEDULE | G-36000-4                                     | Revised     | Previous State Filing Number:<br>UHLC-129098500<br>Percent Rate Change Request:<br>0.6 | RI - 2015 Rate Schedule (Pre).pdf, |

UNITEDHEALTHCARE INSURANCE COMPANY

**RATE SCHEDULE  
FOR  
RHODE ISLAND**

AARP MEDICARE SUPPLEMENT PORTFOLIO  
GROUP POLICY NUMBER G-36000-4

| <u>Plan</u>                | <u>Proposed<br/>2015<br/>Monthly Rate</u> | <u>2014<br/>Monthly Rate</u> | <u>Diff.<br/>(%)</u> |
|----------------------------|---|------------------------------|----------------------|
| M1/J1/P1                   | \$137.00                                  | \$136.25                     | 0.6%                 |
| M2/J2/P2/MC/MH/MM/MS/DA/DB | \$165.25                                  | \$164.25                     | 0.6%                 |
| M3/J3/P3 (with drugs)      | \$284.25                                  | \$282.50                     | 0.6%                 |
| M3/J3/P3 (without drugs)   | \$249.50                                  | \$248.00                     | 0.6%                 |
| M4 (with drugs)            | \$311.25                                  | \$309.50                     | 0.6%                 |
| M4 (without drugs)         | \$276.50                                  | \$274.75                     | 0.6%                 |
| M5/J5/P5                   | \$161.50                                  | \$160.50                     | 0.6%                 |
| M6/J6/P6/DC/DE/DF          | \$200.50                                  | \$199.25                     | 0.6%                 |
| M7/P7 (with drugs)         | \$296.00                                  | \$294.25                     | 0.6%                 |
| M7/P7 (without drugs)      | \$261.75                                  | \$260.25                     | 0.6%                 |
| MA/PA                      | \$135.75                                  | \$135.00                     | 0.6%                 |
| AD/DP                      | \$4.00                                    | \$4.00                       | 0.0%                 |

*\* Discounts available for Multi-Insured, Electronic Funds Transfer, and Annual Pay.*

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**Project Name/Number:** RATE/RERATE 2015 - PRE -STD

## Supporting Document Schedules

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | A&H Experience  |
| <b>Comments:</b>         | THE EXPERIENCE IS ATTACHED TO THE RATE/RULE SCHEDULE TAB. |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | Actuarial Certification - Life & A&H                                 |
| <b>Comments:</b>         | THE ACTUARIAL CERTIFICATION IS INCLUDED IN THE ACTUARIAL MEMORANDUM. |
| <b>Attachment(s):</b>    |  |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | Actuarial Memorandum - A&H Rate Revision Filing |
| <b>Comments:</b>         | SEE ATTACHED ACTUARIAL MEMORANDUM.              |
| <b>Attachment(s):</b>    | RI_Memo_2015 (Pre).pdf                          |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |

|                         |                                     |
|-------------------------|-------------------------------------|
| <b>Bypassed - Item:</b> | Exhibit - Group Medicare Supplement |
| <b>Bypass Reason:</b>   | N/A                                 |
| <b>Attachment(s):</b>   |                                     |
| <b>Item Status:</b>     |                                     |
| <b>Status Date:</b>     |                                     |

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | Premium Rate Sheets - Life & A&H                      |
| <b>Comments:</b>         | THE RATES ARE ATTACHED TO THE RATE/RULE SCHEDULE TAB. |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |

|                          |                                |
|--------------------------|--------------------------------|
| <b>Satisfied - Item:</b> | Cover Letter                   |
| <b>Comments:</b>         | SEE ATTACHED COVER LETTER.     |
| <b>Attachment(s):</b>    | RI cover letter 2015 (PRE).pdf |
| <b>Item Status:</b>      |                                |
| <b>Status Date:</b>      |                                |

SERFF Tracking #:

UHLC-129547460

State Tracking #:

Company Tracking #:

RERATE 2015 - PRE -STD

State:

Rhode Island

Filing Company:

UnitedHealthcare Insurance Company

TOI/Sub-TOI:

MS02G Group Medicare Supplement - Pre-Standardized/MS02G.000 Medicare Supplement - Pre-Standardized

Product Name:

GROUP MEDICARE SUPPLEMENT PRE-STANDARDIZED PLANS

Project Name/Number:

RATE/RERATE 2015 - PRE -STD

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | 2015 Uniform Transmittal Document (PRE)    |
| <b>Comments:</b>         | SEE ATTACHED UNIFORM TRANSMITTAL DOCUMENT. |
| <b>Attachment(s):</b>    | 2015 Uniform Transmittal - RI PRE.pdf      |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |

|                          |                                 |
|--------------------------|---------------------------------|
| <b>Satisfied - Item:</b> | 2015 ATACHMENTS (Pre)           |
| <b>Comments:</b>         | SEE ATTACHED ATACHMENTS         |
| <b>Attachment(s):</b>    | RI - 2015 Attachments (Pre).pdf |
| <b>Item Status:</b>      |                                 |
| <b>Status Date:</b>      |                                 |

**UnitedHealthcare Insurance Company**

**Annual Medicare Supplement Filing  
Actuarial Memorandum**

**AARP Medicare Supplement Portfolio  
Group Policy Number G-36000-4**

**Pre-Standardized Plans**

**Rhode Island**

**A. Purpose of Filing**

The purpose of this filing is to request approval of 2015 rate revisions for Pre-Standardized Medicare Supplement plans offered to AARP members and to demonstrate compliance with loss ratio standards.

**B. General Description**

1. Issuer Name – The Prudential Insurance Company of America. UnitedHealthcare assumed this risk effective January 1, 1998, through an assumption reinsurance agreement with Prudential.
2. Form Number – Group Policy Number G-36000-4  
Prescription Drug Elimination Rider: CRA 1664
3. Policy Type – Pre-Standardized Group Medicare Supplement.
4. Benefit Description – See Attachment 7 for plan specific benefit descriptions. These Medicare Supplement plans were sold prior to standardization and met Baucus requirements.

Prescription drug benefits will be discontinued for insureds covered by Plans M3, M4, and M7 who enroll in Medicare Part D. Prescription drug benefits will continue for insureds covered by Plans M3, M4, and M7 who do not enroll in Medicare Part D.

5. Renewal Provision – Guaranteed renewable. If the group policy is terminated by the group policyholder and not replaced by another group policy by the same policyholder, an individual policy will be offered.
6. Marketing Method – This is a closed block of business. Plans were marketed through the mail to members of AARP.

7. Underwriting Method – The Pre-Standardized Plans and Rider AD/DP were available on a guaranteed issue basis.
8. Pre-Existing Conditions Exclusion – This is a closed block of business; the maximum exclusion on any of these plans was 6 months/6 months.
9. Issue Age Limits – This is a closed block of business.
10. Premium Basis – Premium is earned on the first of the month for the entire month in which it is due. Premiums do not vary by age and contain no pre-funding components.

Discounts Available – The discounts currently available to AARP Medicare Supplement members will remain:

- a) Payment by Electronic Funds Transfer (\$2.00 per household per month).
- b) Annual Pay (\$24 per household for those that pay their entire calendar year premium in January).
- c) Multi-Insured - 5% when two or more insureds on one account have at least one plan of insurance issued under a group master policy between the Trustees of AARP and UnitedHealthcare Insurance Company.

11. Actuary's Name: Timothy A. Koenig, ASA, MAAA  
 Director, Actuarial Services  
 UnitedHealthcare Insurance Company  
 Post Office Box 130  
 Montgomeryville, PA 18936  
 (215) 902-8429

12. Domicile State Approval – UnitedHealthcare Insurance Company is domiciled in Connecticut. The Connecticut Department of Insurance does not require these rates to be filed for your state. We file Connecticut specific rates (i.e., rates charged to Connecticut residents) with the Connecticut Department of Insurance. Proposed 2015 Connecticut specific rates will be filed for approval with the Connecticut Department of Insurance in August 2014.

### **C. Rate Methodology/Assumptions**

1. General Method – Projections used in developing the 2015 rates are shown in Attachment 1. Based on historical claim patterns, per member per month claim costs are developed by benefit and trended to the end of the 2015 rating period (also see Attachment 3).

The rate increase percentage for these certificates represents the average increase needed for the plans when grouped together. This approach should result in more moderate increases for all of the insureds.

The rates are based on state of residence. When notification of a change of residence is received, rates are adjusted accordingly.

2. Priced with Trend/Selection – Claim cost trends are projected for 2014 and 2015. The trend assumptions are based on the historical experience of the AARP Medicare Supplement Plans. These certificates have been in force since 1992 or prior; no explicit adjustment for selection is included in the pricing.
3. Priced with Rate Increases – We anticipate future annual rate increases similar to future medical trend levels.
4. Commission Rate – None.
5. Replacement Commissions – None.
6. Lapse Assumption – Lapse assumptions are based on actual experience in your state. For 2014 and 2015, the assumed annual lapse rates (including death) are 14.0% and 13.4%, respectively.
7. Morbidity Assumption – Morbidity assumptions are based on actual experience and are incorporated into the trend projections and base claim costs.
8. Interest Assumptions – 5.0%.
9. Pre-Funding – These plans are community-rated. The rates are projected to be effective until December 31, 2015 and reflect no pre-funding.

#### **D. Scope/Reason for Request**

1. Overall Increase – The overall increase is 0.6%.
2. Variations by Cell – The requested rate increases represent the average increase needed for the plans when grouped together (see enclosed Rate Schedule).
3. Effective Date – January 1, 2015.
4. Timing – These plans are rated on a calendar year basis. For 2015, we propose to defer the rate revision until April 1, 2015, and have rates effective through December 31, 2015.

#### **E. Rates and Rating Factors**

1. Current – See Rate Schedule.
2. Proposed – See Rate Schedule.
3. Period Rates Apply – Effective January 1, 2015.

**F. Average Annualized Premium** - \$2,509. See Attachment 4 for 2015 annualized premiums by plan.

**G. Rate History** – See Attachment 5.

**H. Average Lives** – See Attachment 1.

**I. Historical Incurred Claims** – See Attachment 1.

**J. Historical Earned Premium** – See Attachment 1.

**K. Loss Ratio Projection**

1. Definition – Loss ratios are calculated as incurred claims divided by premium.
2. Base Period – Claim cost projections are based on claim data incurred through 2013.
3. Lapse Assumption – Lapse assumptions are based on actual AARP Medicare Supplement experience in your state. For 2014 and 2015, the assumed annual lapse rates (including death) are 14.0% and 13.4%, respectively.
4. Claim Trend Assumption – Claim trend projections are based on actual AARP Medicare Supplement experience and reflect changes made to the Medicare program. See Attachment 3 for projected claim trends.
5. Attained Age/Selection Adjustments – These plans are community rated. Demographic and selection differences are built into the historical claim costs.
6. Future Rate Increases – We anticipate future annual rate increases similar to future medical trend levels.
7. Interest Assumption – 5.0%.
8. With and Without Rate Change
  - The anticipated lifetime loss ratio with the rate change implemented on April 1, 2015 is 85.6%.
  - Without a change to the 2014 rates, the anticipated lifetime loss ratio is 85.7%.

## L. Loss Ratio Demonstration

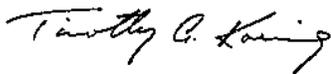
All Pre-Standardized plans have been in force at least three years. After proposed rate actions and considering the credibility of the business, anticipated lifetime loss ratios, projected future loss ratios and expected third year loss ratios are greater than or equal to the applicable ratio.

## M. Actuarial Certification

I am a member of the Society of Actuaries and a member of the American Academy of Actuaries. I meet the Qualification Standards of Actuarial Opinion as adopted by the American Academy of Actuaries and am qualified to render this prescribed statement of actuarial opinion.

I hereby certify that to the best of my knowledge and judgment, the following items are true with respect to this Medicare Supplement rate filing:

- This entire filing is in compliance with the applicable laws, regulations and rules of the State of Rhode Island.
- This filing complies with all applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board, including Actuarial Standard of Practice No. 8 “Regulatory Filings for Health Plan Entities” and Actuarial Standard of Practice No. 23 “Data Quality”.
- Data provided by others were reviewed and determined to be of high quality and reliable.
- The assumptions within this filing present my best judgment as to the expected value for each assumption and are consistent with UnitedHealthcare’s business plan at the time of the filing.
- The filed rates maintain the proper relationship between policies which were originally filed with differing rating methodologies.
- The rates determined in this filing are reasonable in relation to the benefits provided and are not excessive, inadequate or unfairly discriminatory.
- The anticipated lifetime loss ratio, future loss ratios, and third-year loss ratios all meet or exceed the applicable ratio.



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Timothy A. Koenig, ASA, MAAA  
Director, Actuarial Services  
UnitedHealthcare Insurance Company

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July 10, 2014

Date



UnitedHealthcare Insurance Company  
P.O. Box 130  
Montgomeryville PA 18936

July 10, 2014

Joseph Torti III  
Superintendent  
Rhode Island Department of Business Regulation  
Insurance Division  
1511 Pontiac Avenue, Building 69-2  
Cranston, Rhode Island 02920

RE: Rate Revision Filing  
Rates for Pre-Standardized Medicare Supplement Plans  
UnitedHealthcare Insurance Company  
NAIC #0707-79413

Dear Superintendent:

The attached filing is made to obtain approval for rates effective January 1, 2015 for Pre-Standardized Medicare Supplement Plans, issued to members of AARP.

The proposed rates include an average rate increase of 0.6%. With these increases we project an anticipated lifetime loss ratio of 85.6%.

The enclosed actuarial memorandum provides supporting information. Certification regarding compliance with loss ratio standards for your state is also provided.

The rates are proposed to be effective January 1, 2015 through December 31, 2015. For 2015, we propose to defer the implementation of the January 1, 2015 rate revision until April 1, 2015, and have the rates effective through December 31, 2015. We anticipate that the next rate revision will be effective January 1, 2016 through December 31, 2016.

We would appreciate your acting expeditiously on this request so that we can provide AARP members with adequate notice of their 2015 rates.

If you need any further information regarding this matter, please contact me at (215) 902-8429. If you prefer to e-mail me, my address is [Timothy\\_A\\_Koenig@uhc.com](mailto:Timothy_A_Koenig@uhc.com).

Sincerely,

A handwritten signature in black ink that reads 'Timothy A. Koenig'.

Timothy A. Koenig, ASA, MAAA  
Director, Actuarial Services

**Life, Accident & Health, Annuity, Credit Transmittal Document**

|           |                                  |                     |
|-----------|----------------------------------|---------------------|
| <b>1.</b> | <b>Prepared for the State of</b> | <b>Rhode Island</b> |
|-----------|----------------------------------|---------------------|

|           |                            |  |
|-----------|----------------------------|--|
| <b>2.</b> | <b>Department Use Only</b> |  |
|           | <b>State Tracking ID</b>   |  |
|           |                            |  |

| 3. | Insurer Name & Address  | Domicile | Insurer License Type | NAIC Group # | NAIC # | FEIN #     | State # |
|----|---|----------|----------------------|--------------|--------|------------|---------|
|    | UnitedHealthcare Insurance Company<br>P.O. Box 130<br>Montgomeryville, Pa 18936 | CT       | HEALTH               | 0707         | 79413  | 36-2739571 |         |

| 4. | Contact Name & Address  | Telephone #  | Fax #        | E-mail Address           |
|----|---|--------------|--------------|--------------------------|
|    | TIMOTHY A. KOENIG<br>P.O.BOX 130<br>MONTGOMERYVILLE, PA 18936 | 215-902-8429 | 215-902-8801 | TIMOTHY_A_KOENIG@UHC.COM |

|           |                              |  |
|-----------|------------------------------|--|
| <b>5.</b> | <b>Requested Filing Mode</b> | <input checked="" type="checkbox"/> Review & Approval <input type="checkbox"/> File & Use <input type="checkbox"/> Informational<br><input type="checkbox"/> Combination (please explain): _____<br><input type="checkbox"/> Other (please explain): _____ |
|-----------|------------------------------|--|

|           |                                |                            |
|-----------|--------------------------------|----------------------------|
| <b>6.</b> | <b>Company Tracking Number</b> | <b>RERATE 2015 PRE-STD</b> |
|-----------|--------------------------------|----------------------------|

|           |  |                       |
|-----------|--|-----------------------|
| <b>7.</b> | <input checked="" type="checkbox"/> <b>New Submission</b> <input type="checkbox"/> <b>Resubmission</b> | Previous file # _____ |
|-----------|--|-----------------------|

|           |               |   |
|-----------|---------------|---|
| <b>8.</b> | <b>Market</b> | <input type="checkbox"/> Individual <input type="checkbox"/> Franchise<br><input type="checkbox"/> Small <input checked="" type="checkbox"/> Large <input type="checkbox"/> Small and Large<br><input type="checkbox"/> Employer <input checked="" type="checkbox"/> Association <input type="checkbox"/> Blanket<br><input type="checkbox"/> Discretionary <input type="checkbox"/> Trust<br><input type="checkbox"/> Other: _____ |
|-----------|---------------|---|

|           |                                |              |
|-----------|--------------------------------|--------------|
| <b>9.</b> | <b>Type of Insurance (TOI)</b> | <b>MS02G</b> |
|-----------|--------------------------------|--------------|

|            |  |                         |
|------------|--|-------------------------|
| <b>10.</b> | <b>Sub-Type of Insurance (Sub-TOI)</b> | <b><u>MS02G.000</u></b> |
|------------|--|-------------------------|

|            |                            |  |
|------------|----------------------------|--|
| <b>11.</b> | <b>Submitted Documents</b> | <input type="checkbox"/> <b>FORMS</b><br><input type="checkbox"/> Policy <input type="checkbox"/> Outline of Coverage <input type="checkbox"/> Certificate<br><input type="checkbox"/> Application/Enrollment <input type="checkbox"/> Rider/Endorsement <input type="checkbox"/> Advertising<br><input type="checkbox"/> Schedule of Benefits <input type="checkbox"/> Other<br><br><u>Rates</u><br><input type="checkbox"/> New Rate <input checked="" type="checkbox"/> Revised Rate<br><br><input type="checkbox"/> <b>FILING OTHER THAN FORM OR RATE:</b><br>Please explain: _____<br><br><u>SUPPORTING DOCUMENTATION</u><br><input type="checkbox"/> Articles of Incorporation <input type="checkbox"/> Third Party Authorization<br><input type="checkbox"/> Association Bylaws <input type="checkbox"/> Trust Agreements<br><input type="checkbox"/> Statement of Variability <input type="checkbox"/> Certifications<br><input checked="" type="checkbox"/> Actuarial Memorandum<br><input type="checkbox"/> Other: _____ |
|------------|----------------------------|--|

|     |  |   |                         |
|-----|--|---|-------------------------|
| 12. | <b>Filing Submission Date</b>  | <b>July 10, 2014</b>  |                         |
| 13  | <b>Filing Fee (If required)</b>  | Amount <u>\$40.00</u>   | Check Date <u>EFT</u>   |
|     |  | Retaliatory <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Check Number <u>EFT</u> |
| 14. | <b>Date of Domiciliary Approval</b>  | <b>To be filed August 2014</b>  |                         |
| 15. | <b>Filing Description:</b>   |   |                         |
|     | <p style="text-align: center;"><b>RATES FOR PRE-STANDARDIZED MEDICARE SUPPLEMENT PLANS</b></p> <p style="text-align: center;"><b>SEE ATTACHED COVER LETTER</b></p> |   |                         |

|   |                                    |   |  |
|---|------------------------------------|---|--|
| 16.   | <b>Certification (If required)</b> |   |  |
| <p><b>I HEREBY CERTIFY</b> that I have reviewed the applicable filing requirements for this filing, and the filing complies with all applicable statutory and regulatory provisions for the state of <u>Rhode Island</u>.</p> |                                    |   |  |
| Print Name <u>TIMOTHY A. KOENIG</u>   |                                    | Title <u>DIRECTOR, ACTUARIAL SERVICES</u> |  |
| <br>Signature _____  |                                    | Date: <u>July 10, 2014</u>                |  |

|  |                               |     |
|--|-------------------------------|-----|
| <b>17.</b>   | <b>Form Filing Attachment</b> |     |
| This filing transmittal is part of company tracking number     |                               | N/A |
| This filing corresponds to rate filing company tracking number |                               |     |

|    | Document Name | Form Number |  | Replaced Form Number         |
|----|---------------|-------------|--|------------------------------|
|    | Description   |             |  | Previous State Filing Number |
| 01 |               | N/A         | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 02 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 03 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 04 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 05 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 06 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 07 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 08 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 09 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |
| 10 |               |             | <input type="checkbox"/> Initial<br><input type="checkbox"/> Revised<br><input type="checkbox"/> Other _____ |                              |
|    |               |             |  |                              |

LH FFA-1

| 18.  |   | Rate Filing Attachment |  |                              |
|--|---|------------------------|--|------------------------------|
| This filing transmittal is part of company tracking number     |   | RERATE 2015 PRE-STD    |  |                              |
| This filing corresponds to form filing company tracking number |   |                        |  |                              |
| Overall percentage rate indication (when applicable)           |   |                        |  |                              |
| Overall percentage rate impact for this filing                 |   | 0.6%                   |  |                              |
|  | Document Name   | Affected Form Numbers  |  | Previous State Filing Number |
|  | Description   |                        |  |                              |
| 01   | Actuarial Memorandum and Rate Schedule<br>Pre-Standardized coverage; rates not based on age | G-36000-4              | <input type="checkbox"/> New<br><input checked="" type="checkbox"/> Revised<br>Request + <u>0.6%</u><br><input type="checkbox"/> Other _____ |                              |
| 02   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 03   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 04   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 05   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 06   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 07   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 08   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 09   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |
| 10   |   |                        | <input type="checkbox"/> New<br><input type="checkbox"/> Revised<br>Request + ____% - ____%<br><input type="checkbox"/> Other _____          |                              |

LH RFA-1

# **UNITEDHEALTHCARE INSURANCE COMPANY**

## **PRE-STANDARDIZED MEDICARE SUPPLEMENT RATE FILING**

### **GROUP POLICY NUMBER G-36000-4**

#### **Rhode Island**

#### **EFFECTIVE 1/1/2015**

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**RHODE ISLAND - LOSS RATIO PROJECTIONS**

Company: UnitedHealthcare Insurance Company  
 Policy Form: G-36000-4 Pre-Standardized Plans\*

**TOTAL PRE-STANDARDIZED**

|                         | <b>HISTORICAL EXPERIENCE</b> |                            |                       |                          |
|-------------------------|------------------------------|----------------------------|-----------------------|--------------------------|
|                         | <u>Premium</u>               | <u>Incurred<br/>Claims</u> | <u>Loss<br/>Ratio</u> | <u>Average<br/>Lives</u> |
| 1994                    | \$2,308,925                  | \$2,107,905                | 91.3%                 | 3,422                    |
| 1995                    | \$2,054,340                  | \$2,106,267                | 102.5%                | 3,132                    |
| 1996                    | \$2,446,505                  | \$2,252,767                | 92.1%                 | 2,730                    |
| 1997                    | \$2,370,295                  | \$2,121,440                | 89.5%                 | 2,301                    |
| 1998                    | \$2,278,499                  | \$1,890,680                | 83.0%                 | 1,725                    |
| 1999                    | \$2,102,867                  | \$1,592,176                | 75.7%                 | 1,380                    |
| 2000                    | \$2,008,482                  | \$1,518,250                | 75.6%                 | 1,237                    |
| 2001                    | \$1,826,897                  | \$1,436,259                | 78.6%                 | 1,128                    |
| 2002                    | \$1,669,249                  | \$1,299,063                | 77.8%                 | 990                      |
| 2003                    | \$1,540,747                  | \$1,242,577                | 80.6%                 | 900                      |
| 2004                    | \$1,376,857                  | \$1,193,056                | 86.7%                 | 801                      |
| 2005                    | \$1,241,378                  | \$1,021,521                | 82.3%                 | 701                      |
| 2006                    | \$1,158,491                  | \$1,036,774                | 89.5%                 | 615                      |
| 2007                    | \$1,075,500                  | \$857,201                  | 79.7%                 | 536                      |
| 2008                    | \$970,840                    | \$837,954                  | 86.3%                 | 464                      |
| 2009                    | \$868,092                    | \$702,157                  | 80.9%                 | 401                      |
| 2010                    | \$759,786                    | \$638,470                  | 84.0%                 | 338                      |
| 2011                    | \$698,369                    | \$583,055                  | 83.5%                 | 301                      |
| 2012                    | \$623,317                    | \$468,672                  | 75.2%                 | 263                      |
| 2013                    | \$563,103                    | \$492,523                  | 87.5%                 | 229                      |
| 2014                    | \$489,433                    | \$402,066                  | 82.1%                 | 197                      |
| <b>Total Historical</b> | <b>\$30,431,972</b>          | <b>\$25,800,832</b>        | <b>84.8%</b>          | <b>n/a</b>               |
| <b>With Interest**</b>  | <b>\$59,780,940</b>          | <b>\$51,215,223</b>        | <b>85.7%</b>          | <b>n/a</b>               |

**FUTURE EXPERIENCE - WITH 2015 RATE CHANGE**

|                                   | <b>FUTURE EXPERIENCE - WITH 2015 RATE CHANGE</b> |                            |                       |                          |
|-----------------------------------|--|----------------------------|-----------------------|--------------------------|
|                                   | <u>Premium</u>                                   | <u>Incurred<br/>Claims</u> | <u>Loss<br/>Ratio</u> | <u>Average<br/>Lives</u> |
| 2015                              | \$426,105  | \$361,354                  | 84.8%                 | 170                      |
| 2016                              | \$393,589  | \$333,240                  | 84.7%                 | 148                      |
| 2017                              | \$362,968  | \$307,314                  | 84.7%                 | 129                      |
| 2018                              | \$334,729  | \$283,405                  | 84.7%                 | 112                      |
| 2019                              | \$308,687  | \$261,356                  | 84.7%                 | 98                       |
| 2020                              | \$284,671  | \$241,023                  | 84.7%                 | 85                       |
| 2021                              | \$262,524  | \$222,271                  | 84.7%                 | 74                       |
| 2022                              | \$242,099  | \$204,979                  | 84.7%                 | 64                       |
| 2023                              | \$223,264  | \$189,031                  | 84.7%                 | 56                       |
| 2024                              | \$205,894  | \$174,325                  | 84.7%                 | 49                       |
| <b>Total Future</b>               | <b>\$3,044,529</b>                               | <b>\$2,578,299</b>         | <b>84.7%</b>          | <b>n/a</b>               |
| <b>Discounted with Interest**</b> | <b>\$2,486,710</b>                               | <b>\$2,105,995</b>         | <b>84.7%</b>          | <b>n/a</b>               |

**LIFETIME EXPERIENCE\*\* - WITHOUT 2015 RATE CHANGE**

|                  | <b>LIFETIME EXPERIENCE** - WITHOUT 2015 RATE CHANGE</b> |                            |                       |                          |
|------------------|---|----------------------------|-----------------------|--------------------------|
|                  | <u>Premium</u>  | <u>Incurred<br/>Claims</u> | <u>Loss<br/>Ratio</u> | <u>Average<br/>Lives</u> |
| Total Historical | \$59,780,940  | \$51,215,223               | 85.7%                 | n/a                      |
| Total Future     | \$2,472,112   | \$2,105,995                | 85.2%                 | n/a                      |
| Total Lifetime   | \$62,253,052  | \$53,321,218               | 85.7%                 | n/a                      |

**LIFETIME EXPERIENCE\*\* - WITH 2015 RATE CHANGE**

|                  | <b>LIFETIME EXPERIENCE** - WITH 2015 RATE CHANGE</b> |                            |                       |                          |
|------------------|--|----------------------------|-----------------------|--------------------------|
|                  | <u>Premium</u>                                       | <u>Incurred<br/>Claims</u> | <u>Loss<br/>Ratio</u> | <u>Average<br/>Lives</u> |
| Total Historical | \$59,780,940   | \$51,215,223               | 85.7%                 | n/a                      |
| Total Future     | \$2,486,710  | \$2,105,995                | 84.7%                 | n/a                      |
| Total Lifetime   | \$62,267,649   | \$53,321,218               | 85.6%                 | n/a                      |

\*Excludes AD/DP Experience.

\*\*Accumulated at 5% interest rate

**Rhode Island  
Pre-Standardized Medicare Supplement Exhibit**

**Total**

| <b>Calendar Year</b> | <b>Incurred Claims</b> | <b>Earned Premiums</b> | <b>Loss Ratio</b> | <b>Average Lives</b> |
|----------------------|------------------------|------------------------|-------------------|----------------------|
| <b>1994</b>          | 2,117,030              | 2,334,215              | 90.7%             | 3,422                |
| <b>1995</b>          | 2,115,779              | 2,069,368              | 102.2%            | 3,132                |
| <b>1996</b>          | 2,261,499              | 2,459,473              | 92.0%             | 2,730                |
| <b>1997</b>          | 2,131,670              | 2,381,661              | 89.5%             | 2,301                |
| <b>1998</b>          | 1,905,170              | 2,288,154              | 83.3%             | 1,725                |
| <b>1999</b>          | 1,601,086              | 2,111,097              | 75.8%             | 1,380                |
| <b>2000</b>          | 1,526,950              | 2,015,683              | 75.8%             | 1,237                |
| <b>2001</b>          | 1,445,679              | 1,833,246              | 78.9%             | 1,128                |
| <b>2002</b>          | 1,302,903              | 1,674,866              | 77.8%             | 990                  |
| <b>2003</b>          | 1,244,719              | 1,545,846              | 80.5%             | 900                  |
| <b>2004</b>          | 1,194,616              | 1,381,223              | 86.5%             | 801                  |
| <b>2005</b>          | 1,023,921              | 1,245,144              | 82.2%             | 701                  |
| <b>2006</b>          | 1,039,624              | 1,161,845              | 89.5%             | 615                  |
| <b>2007</b>          | 859,451                | 1,078,304              | 79.7%             | 536                  |
| <b>2008</b>          | 841,434                | 973,203                | 86.5%             | 464                  |
| <b>2009</b>          | 704,557                | 870,122                | 81.0%             | 401                  |
| <b>2010</b>          | 640,870                | 761,502                | 84.2%             | 338                  |
| <b>2011</b>          | 585,455                | 699,843                | 83.7%             | 301                  |
| <b>2012</b>          | 468,672                | 624,603                | 75.0%             | 263                  |
| <b>2013</b>          | 492,609                | 564,164                | 87.3%             | 229                  |

*\*Pre-Standardized Plans in force on the SSAA-94 effective date are grouped together by type and treated as if they were issued on the SSAA-94 effective date.*

*\*\*Includes AD/DP experience.*

**PRE-STANDARDIZED PLANS  
RHODE ISLAND BENEFIT COSTS**

---

|                          | Per Member Per Month Costs* |                 |                 |                 |                  |                  |
|--------------------------|-----------------------------|-----------------|-----------------|-----------------|------------------|------------------|
|                          | <u>2010</u>                 | <u>2011</u>     | <u>2012</u>     | <u>2013</u>     | <u>Proj 2014</u> | <u>Proj 2015</u> |
| Part B Coinsurance       | \$92.45                     | \$94.49         | \$88.54         | \$102.32        | \$94.66          | \$95.78          |
| Part B Excess Charges    | \$0.33                      | \$0.27          | \$0.21          | \$0.23          | \$0.25           | \$0.25           |
| Part A Deductible        | \$27.79                     | \$29.86         | \$29.77         | \$30.79         | \$31.08          | \$32.24          |
| Long Hospital Stay       | \$0.00                      | \$0.00          | \$0.00          | \$0.26          | \$0.40           | \$0.40           |
| SNF Day 21-100           | \$37.53                     | \$38.10         | \$29.83         | \$45.27         | \$43.12          | \$47.16          |
| SNF Day 101-365          | \$0.61                      | \$0.00          | \$0.65          | \$0.85          | \$1.45           | \$1.60           |
| Other                    | \$0.00                      | \$0.00          | \$0.00          | \$0.00          | \$0.10           | \$0.10           |
| Prescription Drugs       | \$30.18                     | \$25.37         | \$25.38         | \$30.37         | \$24.60          | \$24.31          |
| <b>Total PMPM Cost**</b> | <b>\$158.12</b>             | <b>\$162.00</b> | <b>\$148.50</b> | <b>\$179.39</b> | <b>\$170.51</b>  | <b>\$176.90</b>  |
| <i>Trend</i>             |                             | 2.5%            | -8.3%           | 20.8%           | -4.9%            | 3.7%             |

*"Other" includes foreign care and/or private duty nursing benefits.*

\* *The per member per month cost is equal to the incurred claims divided by the number of lives with that specific benefit.*

\*\* *Beginning in 2006, some insureds enrolled in plans that offer prescription drug coverage will not have the drug benefit.*

### Rhode Island Average Annualized Premiums\*

| <u>Plan</u>                | Proposed<br><u>2015</u> | <u>2014</u> |
|----------------------------|-------------------------|-------------|
| M1/J1/P1                   | \$1,611                 | \$1,600     |
| M2/J2/P2/MC/MH/MM/MS/DA/DB | \$1,946                 | \$1,939     |
| M3/J3/P3                   | \$3,036                 | \$3,019     |
| M4                         | -                       | -           |
| M5/J5/P5                   | -                       | -           |
| M6/J6/P6/DC/DE/DF          | \$2,365                 | \$2,349     |
| M7/P7                      | \$3,133                 | \$3,118     |
| MA/PA                      | \$1,596                 | \$1,589     |
| AD/DP                      | \$48                    | \$47        |
| <br>Total                  | <br>\$2,509             | <br>\$2,492 |

*\*Average premiums are net of discounts.*

**Rhode Island  
Pre-Standardized Plans Rate History**

|   | <u>1/2010</u> | <u>1/2011</u> | <u>1/2012*</u> | <u>1/2013*</u> | <u>1/2014</u> | <u>Proposed<br/>1/2015**</u> | <u>2011/2010</u> | <u>2012/2011*</u> | <u>2013/2012*</u> | <u>2014/2013</u> | <u>Proposed<br/>2015/2014**</u> |
|---|---------------|---------------|----------------|----------------|---------------|------------------------------|------------------|-------------------|-------------------|------------------|---------------------------------|
| <b>M1/J1/P1</b>                           | \$124.75      | \$128.00      | \$131.25       | \$136.25       | \$136.25      | \$137.00                     | 2.6%             | 2.5%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M2/J2/P2/MC/MH/MM/MS/DA/DB</b>         | \$150.25      | \$154.25      | \$158.25       | \$164.25       | \$164.25      | \$165.25                     | 2.7%             | 2.6%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M3/J3/P3 (with drugs)</b>              | \$258.75      | \$265.50      | \$272.25       | \$282.50       | \$282.50      | \$284.25                     | 2.6%             | 2.5%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M3/J3/P3 (without drugs)</b>           | \$227.25      | \$233.00      | \$239.00       | \$248.00       | \$248.00      | \$249.50                     | 2.5%             | 2.6%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M4 (with drugs)</b>                    | \$283.25      | \$290.75      | \$298.25       | \$309.50       | \$309.50      | \$311.25                     | 2.6%             | 2.6%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M4 (without drugs)</b>                 | \$251.50      | \$258.25      | \$264.75       | \$274.75       | \$274.75      | \$276.50                     | 2.7%             | 2.5%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M5/J5/P5</b>                           | \$146.50      | \$150.50      | \$154.50       | \$160.50       | \$160.50      | \$161.50                     | 2.7%             | 2.7%              | 3.9%              | 0.0%             | 0.6%                            |
| <b>M6/J6/P6/DC/DE/DF</b>                  | \$182.50      | \$187.25      | \$192.00       | \$199.25       | \$199.25      | \$200.50                     | 2.6%             | 2.5%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M7/P7 (with drugs)</b>                 | \$269.50      | \$276.50      | \$283.50       | \$294.25       | \$294.25      | \$296.00                     | 2.6%             | 2.5%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>M7/P7 (without drugs)</b>              | \$238.00      | \$244.25      | \$250.50       | \$260.25       | \$260.25      | \$261.75                     | 2.6%             | 2.6%              | 3.9%              | 0.0%             | 0.6%                            |
| <b>MA/PA</b>                              | \$123.50      | \$126.75      | \$130.00       | \$135.00       | \$135.00      | \$135.75                     | 2.6%             | 2.6%              | 3.8%              | 0.0%             | 0.6%                            |
| <b>AD/DP</b><br>(Recuperation Care Rider) | \$4.00        | \$4.00        | \$4.00         | \$4.00         | \$4.00        | \$4.00                       | 0.0%             | 0.0%              | 0.0%              | 0.0%             | 0.0%                            |

\*The rate changes were deferred until April 1st.

\*\* We are proposing to defer the implementation of the 2015 rate changes to April 1, 2015.

**Rhode Island Average Lives**

| <u>Plan</u>                | <u>2015</u> | <u>2014</u> |
|----------------------------|-------------|-------------|
| M1/J1/P1                   | 3           | 4           |
| M2/J2/P2/MC/MH/MM/MS/DA/DB | 3           | 3           |
| M3/J3/P3                   | 31          | 36          |
| M4                         | -           | -           |
| M5/J5/P5                   | -           | -           |
| M6/J6/P6/DC/DE/DF          | 108         | 125         |
| M7/P7                      | 17          | 19          |
| MA/PA                      | 8           | 10          |
| AD/DP                      | 15          | 18          |
| Total                      | 170         | 197         |

**National Average Lives**

| <u>Plan</u>                | <u>2015</u> | <u>2014</u> |
|----------------------------|-------------|-------------|
| M1/J1/P1                   | 1,851       | 2,203       |
| M2/J2/P2/MC/MH/MM/MS/DA/DB | 3,844       | 4,900       |
| M3/J3/P3                   | 9,541       | 11,659      |
| M4                         | 76          | 87          |
| M5/J5/P5                   | 1,837       | 2,150       |
| M6/J6/P6/DC/DE/DF          | 55,058      | 68,696      |
| M7/P7                      | 9,289       | 11,167      |
| MA/PA                      | 4,595       | 5,400       |
| AD/DP                      | 7,440       | 9,082       |
| Total                      | 86,093      | 106,261     |

| Service  | Benefit   | AARP's Medicare Supplement (M1, P1, J1)   | AARP's Medicare Supplement Plus (M2,P2,J2)  |
|--|---|---|---|
| <p><b>HOSPITAL EXPENSES</b><br/>(for covered expenses each benefit period*)<br/>semi-private room and board, general nursing and miscellaneous hospital services and supplies. Includes lab tests, diagnostic x-rays, meals, special care units, drugs, medical supplies, operating and recovery room, anesthesia and rehabilitation services.</p> | Days 1 through 60                                       | Actual charges up to \$315  | Actual charges up to \$1260   |
|  | Days 61 through 90                                      | to \$315/day  | to \$315/day  |
|  | Days 91 and after when using a Lifetime Reserve Day     | \$630/day   | \$630/day   |
|  | Days 91 and after when LTR's are available but not used | \$630/day for up to 60 days   | \$630/day for up to 60 days   |
|  | Days 91 and after when all 60 LTR's have been used      | 100% of Medicare eligible expenses (unlimited # of days)  | 100% of Medicare eligible expenses (unlimited # of days)  |
| <p><b>SKILLED NURSING FACILITY STAYS</b><br/>(for covered services each benefit period*)<br/>in a facility approved by Medicare. Insured must have been in a hospital for at least 3 days and enter SNF within 30 days after hospital discharge- same condition.</p>   | Days 1 through 20                                       | No benefit  | No benefit  |
|  | Days 21 through 100                                     | \$157.50/day  | \$157.50/day  |
|  | Days 101 through 365                                    | \$315/day   | \$315/day   |
| <p><b>MEDICAL CARE</b><br/>(for covered expenses each calendar year)<br/>Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.</p>   | In-Hospital and Out of Hospital                         | 20% of Medicare eligible expenses not paid in full by Medicare after a \$200 medical deductible**   | 20% of Medicare eligible expenses not paid in full by Medicare after a \$200 medical deductible**   |
| <p><b>IN-HOSPITAL PRIVATE DUTY NURSING CARE</b></p>  | In-Hospital Care by an RN or LPN                        | RN-actual charges up to \$30 per 8hr shift.<br>LPN-actual charges up to \$25 per 8hr shift.<br>MAX.- 3 shifts/day;<br>60 shifts/benefit pd. | RN-actual charges up to \$30 per 8hr shift.<br>LPN-actual charges up to \$25 per 8hr shift.<br>MAX.- 3 shifts/day;<br>60 shifts/benefit pd. |
| <p><b>BLOOD</b> - 1st 3 pints of blood or equivalent quantity of packed red blood cells.</p>   |   | The reasonable cost under Parts A and B   | The reasonable cost under Parts A and B   |
| <p><b>PRESCRIPTION DRUGS</b></p>   | Purchased Out-of-Hospital and outside of a SNF          | No benefit  | No benefit  |
| <p><b>FOREIGN HOSPITAL &amp; MEDICAL CARE</b><br/>Hospital, physician and medical services received in a foreign country which are of a type considered eligible when provided in the U.S.</p>   | Days 1 through 60 of each trip period (1)               | 80% of reasonable charges after first \$50 up to \$25,000 per trip period   | 80% of reasonable charges after first \$50 up to \$25,000 per trip period   |

\* A benefit period begins the first day of confinement in a hospital and ends when 60 consecutive days have passed without confinement.

\*\* Medical deductible- first \$200 (Plans M1 & M2) or first \$154 (Plans M3 to MA) each calendar year of Medicare eligible expenses not paid by Medicare.

(1) A trip period begins on the day you leave the U.S. and ends on the day you return to the U.S.

| Service  | Benefit   | AARP's Extended Medicare Supplement (M3,P3,J3)  | AARP'S Comprehensive Medicare Supplement (M4)  |
|--|---|---|--|
| <p><b>HOSPITAL EXPENSES</b><br/>(for covered expenses each benefit period*)<br/>semi-private room and board, general nursing and miscellaneous hospital services and supplies. Includes lab tests, diagnostic x-rays, meals, special care units, drugs, medical supplies, operating and recovery room, anesthesia and rehabilitation services.</p> | Days 1 through 60                                       | Actual charges up to \$1260   | Actual charges up to \$1260  |
|  | Days 61 through 90                                      | to \$315/day  | to \$315/day   |
|  | Days 91 and after when using a Lifetime Reserve Day     | \$630/day   | \$630/day  |
|  | Days 91 and after when LTR's are available but not used | \$630/day for up to 60 days   | \$630/day for up to 60 days  |
|  | Days 91 and after when all 60 LTR's have been used      | 100% of Medicare eligible expenses (unlimited # of days)  | 100% of Medicare eligible expenses (unlimited # of days)   |
| <p><b>SKILLED NURSING FACILITY STAYS</b><br/>(for covered services each benefit period*)<br/>in a facility approved by Medicare. Insured must have been in a hospital for at least 3 days and enter SNF within 30 days after hospital discharge- same condition.</p>   | Days 1 through 20                                       | No benefit  | No benefit   |
|  | Days 21 through 100                                     | \$157.50/day  | \$157.50/day   |
|  | Days 101 through 365                                    | \$315/day   | \$315/day  |
| <p><b>MEDICAL CARE</b><br/>(for covered expenses each calendar year)<br/>Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.</p>   | In-Hospital and Out of Hospital                         | 20% of Medicare eligible expenses not paid in full by Medicare after a \$154 medical deductible** | 100% of Medicare eligible expenses not paid in full by Medicare, up to the limiting charge set by Medicare, after a \$154 medical deductible** |
| <p><b>IN-HOSPITAL PRIVATE DUTY NURSING CARE</b></p>  | In-Hospital Care by an RN or LPN                        | 80% of usual and prevailing charges   | 80% of usual and prevailing charges  |
| <p><b>BLOOD</b> - 1st 3 pints of blood or equivalent quantity of packed red blood cells.</p>   |   | The reasonable cost under Parts A and B   | The reasonable cost under Parts A and B  |
| <p><b>PRESCRIPTION DRUGS</b></p>   | Purchased Out-of-Hospital and outside of a SNF          | 50% of usual and prevailing charges after \$50 deductible; Max benefit of \$500/yr.               | 50% of usual and prevailing after \$50 deductible; Max benefit of \$500/yr.  |
| <p><b>FOREIGN HOSPITAL &amp; MEDICAL CARE</b><br/>Hospital, physician and medical services received in a foreign country which are of a type considered eligible when provided in the U.S.</p>   | Days 1 through 60 of each trip period (1)               | 80% of reasonable charges after first \$50 up to \$25,000 per trip period                         | 80% of reasonable charges after first \$50 up to \$25,000 per trip period  |

\* A benefit period begins the first day of confinement in a hospital and ends when 60 consecutive days have passed without confinement.

\*\* Medical deductible- first \$200 (Plans M1 & M2) or first \$154 (Plans M3 to MA) each calendar year of Medicare eligible expenses not paid by Medicare.

(1) A trip period begins on the day you leave the U.S. and ends on the day you return to the U.S.

| Service  | Benefit   | AARP's Medicare Supplement (M5,P5,J5)   | AARP'S Medicare Supplement Plus (M6,P6,J6)  |
|--|---|---|---|
| <p><b>HOSPITAL EXPENSES</b><br/>(for covered expenses each benefit period*)<br/>semi-private room and board, general nursing and miscellaneous hospital services and supplies. Includes lab tests, diagnostic x-rays, meals, special care units, drugs, medical supplies, operating and recovery room, anesthesia and rehabilitation services.</p> | Days 1 through 60                                       | Actual charges up to \$315  | Actual charges up to \$1260   |
|  | Days 61 through 90                                      | to \$315/day  | to \$315/day  |
|  | Days 91 and after when using a Lifetime Reserve Day     | \$630/day   | \$630/day   |
|  | Days 91 and after when LTR's are available but not used | \$630/day for up to 60 days   | \$630/day for up to 60 days   |
|  | Days 91 and after when all 60 LTR's have been used      | 100% of Medicare eligible expenses (unlimited # of days)  | 100% of Medicare eligible expenses (unlimited # of days)  |
| <p><b>SKILLED NURSING FACILITY STAYS</b><br/>(for covered services each benefit period*)<br/>in a facility approved by Medicare. Insured must have been in a hospital for at least 3 days and enter SNF within 30 days after hospital discharge- same condition.</p>   | Days 1 through 20                                       | No benefit  | No benefit  |
|  | Days 21 through 100                                     | \$157.50/day  | \$157.50/day  |
|  | Days 101 through 365                                    | \$315/day   | \$315/day   |
| <p><b>MEDICAL CARE</b><br/>(for covered expenses each calendar year)<br/>Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.</p>   | In-Hospital and Out of Hospital                         | 20% of Medicare eligible expenses not paid in full by Medicare after a \$154 medical deductible**   | 20% of Medicare eligible expenses not paid in full by Medicare after a \$154 medical deductible**   |
| <p><b>IN-HOSPITAL PRIVATE DUTY NURSING CARE</b></p>  | In-Hospital Care by an RN or LPN                        | RN-actual charges up to \$30 per 8hr shift.<br>LPN-actual charges up to \$25 per 8hr shift.<br>MAX.- 3 shifts/day;<br>60 shifts/benefit pd. | RN-actual charges up to \$30 per 8hr shift.<br>LPN-actual charges up to \$25 per 8hr shift.<br>MAX.- 3 shifts/day;<br>60 shifts/benefit pd. |
| <p><b>BLOOD</b> - 1st 3 pints of blood or equivalent quantity of packed red blood cells.</p>   |   | The reasonable cost under Parts A and B   | The reasonable cost under Parts A and B   |
| <p><b>PRESCRIPTION DRUGS</b></p>   | Purchased Out-of-Hospital and outside of a SNF          | No benefit  | No benefit  |
| <p><b>FOREIGN HOSPITAL &amp; MEDICAL CARE</b><br/>Hospital, physician and medical services received in a foreign country which are of a type considered eligible when provided in the U.S.</p>   | Days 1 through 60 of each trip period (1)               | 80% of reasonable charges after first \$50 up to \$25,000 per trip period   | 80% of reasonable charges after first \$50 up to \$25,000 per trip period   |

\* A benefit period begins the first day of confinement in a hospital and ends when 60 consecutive days have passed without confinement.

\*\* Medical deductible- first \$200 (Plans M1 & M2) or first \$154 (Plans M3 to MA) each calendar year of Medicare eligible expenses not paid by Medicare.

(1) A trip period begins on the day you leave the U.S. and ends on the day you return to the U.S.

| Service   | Benefit   | AARP'S Comprehensive Medicare Supplement (M7,P7)  | AARP's Medicare Supplement (MA, PA)  |
|---|---|---|--|
| <b>HOSPITAL EXPENSES</b><br>(for covered expenses each benefit period*)<br>semi-private room and board, general nursing and miscellaneous hospital services and supplies. Includes lab tests, diagnostic x-rays, meals, special care units, drugs, medical supplies, operating and recovery room, anesthesia and rehabilitation services. | Days 1 through 60                                       | Actual charges up to \$1260   | No benefit   |
|   | Days 61 through 90                                      | to \$315/day  | to \$315/day   |
|   | Days 91 and after when using a Lifetime Reserve Day     | \$630/day   | \$630/day  |
|   | Days 91 and after when LTR's are available but not used | \$630/day for up to 60 days   | \$630/day for up to 60 days  |
|   | Days 91 and after when all 60 LTR's have been used      | 100% of Medicare eligible expenses (unlimited # of days)  | 100% of Medicare eligible expenses (unlimited # of days)   |
| <b>SKILLED NURSING FACILITY STAYS</b><br>(for covered services each benefit period*)<br>in a facility approved by Medicare. Insured must have been in a hospital for at least 3 days and enter SNF within 30 days after hospital discharge- same condition.   | Days 1 through 20                                       | No benefit  | No benefit   |
|   | Days 21 through 100                                     | \$157.50/day  | \$157.50/day   |
|   | Days 101 through 365                                    | \$315/day   | \$315/day  |
| <b>MEDICAL CARE</b><br>(for covered expenses each calendar year)<br>Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.   | In-Hospital and Out of Hospital                         | Medicare eligible expenses not paid in full by Medicare. Up to the usual & prevailing charge set by Medicare after a \$154 medical deductible** | 20% of Medicare eligible expenses not paid in full by Medicare after a \$154 medical deductible**  |
| <b>IN-HOSPITAL PRIVATE DUTY NURSING CARE</b>  | In-Hospital Care by an RN or LPN                        | 80% of the usual and prevailing charges   | RN-actual charges up to \$30 per 8hr shift.<br>LPN-actual charges up to \$25 per 8hr shift.<br>MAX.- 3 shifts/day; 60 shifts/hospital stay |
| <b>BLOOD</b> - 1st 3 pints of blood or equivalent quantity of packed red blood cells.   |   | The reasonable cost under Parts A and B   | 100% of the cost not paid by Medicare  |
| <b>PRESCRIPTION DRUGS</b>   | Purchased Out-of-Hospital and outside of a SNF          | 50% of usual and prevailing charges after \$50 deductible; Max benefit of \$500/yr.   | No benefit   |
| <b>FOREIGN HOSPITAL &amp; MEDICAL CARE</b><br>Hospital, physician and medical services received in a foreign country which are of a type considered eligible when provided in the U.S.  | Days 1 through 60 of each trip period (1)               | 80% of reasonable charges after first \$50 up to \$25,000 per trip period   | 80% of reasonable charges after first \$50 up to \$25,000 per trip period  |

\* A benefit period begins the first day of confinement in a hospital and ends when 60 consecutive days have passed without confinement.

\*\* Medical deductible- first \$200 (Plans M1 & M2) or first \$154 (Plans M3 to MA) each calendar year of Medicare eligible expenses not paid by Medicare.

(1) A trip period begins on the day you leave the U.S. and ends on the day you return to the U.S.

| Service                        | Benefit                        | AD/DP                              |
|--------------------------------|--------------------------------|------------------------------------|
| <i>Nursing Home Stays</i>      | Days 1-20 per calendar year*   | \$60/day                           |
|                                | Days 21 and after              | No Benefit                         |
| <i>Home Health Care Visits</i> | Visits 1-40 per calendar year* | \$30/visit;<br>3 hr. minimum/visit |
|                                | Visits 41 and after            | No Benefit                         |

\* Days and visits which are covered (wholly or partly) by Medicare are days and visits not eligible for benefits under this rider.

**Rhode Island Medicare Supplement  
Pre-Standardized Plans Trend Development**

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The components of the composite trend are shown below.

**Part B Coinsurance**

|                     | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---------------------|-------------|-------------|-------------|-------------|
| Medicare Fee Update | 0.1%        | -1.0%       | -0.9%       | 0.7%        |
| Utilization Trend   | -6.3%       | 16.7%       | -6.7%       | 0.5%        |
| Composite Trend     | -6.3%       | 15.6%       | -7.5%       | 1.2%        |

The net change in the cost for Part B services in 2014 was -0.9%. For 2015, we assume a net change of 0.7%.

Utilization trend considers changes in the number of services used as well as the intensity of services. Our assumed utilization trends for 2014 and 2015 are -6.7% and 0.5%, respectively.

**Part B Excess** -- Projected claim costs for 2014 and 2015 are \$0.25 and \$0.25 respectively.

**Part A Deductible**

|                               | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------------------------|-------------|-------------|-------------|-------------|
| Medicare Part A Deductible    | \$1,156     | \$1,184     | \$1,216     | \$1,260     |
| % Change in Part A Deductible | 2.1%        | 2.4%        | 2.7%        | 3.6%        |
| Utilization Trend             | -2.4%       | 1.0%        | -1.7%       | 0.1%        |
| Composite Trend               | -0.3%       | 3.4%        | 0.9%        | 3.7%        |

**Hospital Co-Payments** -- Hospital Co-payments are paid for days 61 and after for long hospital stays. Projected claim costs for 2014 and 2015 are \$0.40 and \$0.40 respectively.

**Skilled Nursing** -- Medicare Supplement plans which have a skilled nursing facility stay benefit pay the Medicare cost sharing amount for days 21-100. These plans also cover an additional 265 days.

|   | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|
| Medicare Daily Coinsurance              | \$145       | \$148       | \$152       | \$158       |
| % Change in Daily Coinsurance           | 2.1%        | 2.4%        | 2.7%        | 3.6%        |
| Utilization/Length of Stay, days 21-365 | -21.6%      | 47.7%       | -5.9%       | 5.6%        |
| Composite Trend                         | -20.0%      | 51.3%       | -3.4%       | 9.4%        |

**Foreign Care / Private Duty Nursing** -- In aggregate, these benefits represent less than 0.1% of the total Rhode Island claim cost and have assumed costs based on recent experience.

**Prescription Drugs** -- Our assumed composite trends for plans M3, M4, and M7 are -19.0% for 2014, and -1.2% for 2015, based on recent experience.

## RHODE ISLAND - HISTORICAL AND PROJECTED LOSS RATIOS

|                                | Premium<br>a        | Premium<br>Accumulated<br>12/14<br>b | Incurred<br>Claims<br>c | Incurred Claims<br>Accumulated<br>12/14<br>d | Incurred<br>Loss Ratio<br>d/b |
|--------------------------------|---------------------|--------------------------------------|-------------------------|--|-------------------------------|
| <b>TOTAL PRE-STANDARDIZED*</b> |                     |                                      |                         |  |                               |
| 1990                           | \$1,694,000         | \$5,598,236                          | \$1,644,749             | \$5,435,474                                  | 97.1%                         |
| 1991                           | \$2,061,167         | \$6,487,266                          | \$1,741,043             | \$5,479,717                                  | 84.5%                         |
| 1992                           | \$2,277,300         | \$6,826,207                          | \$2,257,282             | \$6,766,203                                  | 99.1%                         |
| 1993                           | \$2,367,460         | \$6,758,535                          | \$2,195,875             | \$6,268,701                                  | 92.8%                         |
| 1994                           | \$2,308,925         | \$6,277,554                          | \$2,107,905             | \$5,731,018                                  | 91.3%                         |
| 1995                           | \$2,054,340         | \$5,319,412                          | \$2,106,267             | \$5,453,870                                  | 102.5%                        |
| 1996                           | \$2,446,505         | \$6,033,207                          | \$2,252,767             | \$5,555,439                                  | 92.1%                         |
| 1997                           | \$2,370,295         | \$5,566,921                          | \$2,121,440             | \$4,982,457                                  | 89.5%                         |
| 1998                           | \$2,278,499         | \$5,096,503                          | \$1,890,680             | \$4,229,036                                  | 83.0%                         |
| 1999                           | \$2,102,867         | \$4,479,670                          | \$1,592,176             | \$3,391,760                                  | 75.7%                         |
| 2000                           | \$2,008,482         | \$4,074,860                          | \$1,518,250             | \$3,080,265                                  | 75.6%                         |
| 2001                           | \$1,826,897         | \$3,529,959                          | \$1,436,259             | \$2,775,163                                  | 78.6%                         |
| 2002                           | \$1,669,249         | \$3,071,760                          | \$1,299,063             | \$2,390,542                                  | 77.8%                         |
| 2003                           | \$1,540,747         | \$2,700,277                          | \$1,242,577             | \$2,177,711                                  | 80.6%                         |
| 2004                           | \$1,376,857         | \$2,298,141                          | \$1,193,056             | \$1,991,354                                  | 86.7%                         |
| 2005                           | \$1,241,378         | \$1,973,341                          | \$1,021,521             | \$1,623,849                                  | 82.3%                         |
| 2006                           | \$1,158,491         | \$1,753,888                          | \$1,036,774             | \$1,569,615                                  | 89.5%                         |
| 2007                           | \$1,075,500         | \$1,550,708                          | \$857,201               | \$1,235,954                                  | 79.7%                         |
| 2008                           | \$970,840           | \$1,333,148                          | \$837,954               | \$1,150,669                                  | 86.3%                         |
| 2009                           | \$868,092           | \$1,135,290                          | \$702,157               | \$918,281                                    | 80.9%                         |
| 2010                           | \$759,786           | \$946,331                            | \$638,470               | \$795,229                                    | 84.0%                         |
| 2011                           | \$698,369           | \$828,414                            | \$583,055               | \$691,627                                    | 83.5%                         |
| 2012                           | \$623,317           | \$704,177                            | \$468,672               | \$529,471                                    | 75.2%                         |
| 2013                           | \$563,103           | \$605,859                            | \$492,523               | \$529,920                                    | 87.5%                         |
| 2014                           | \$489,433           | \$501,520                            | \$402,066               | \$411,995                                    | 82.1%                         |
| <b>Total Historical</b>        | <b>\$38,831,899</b> | <b>\$85,451,185</b>                  | <b>\$33,639,781</b>     | <b>\$75,165,319</b>                          | <b>88.0%</b>                  |
| 2015                           | \$426,105           | \$415,836                            | \$361,354               | \$352,645                                    | 84.8%                         |
| 2016                           | \$393,589           | \$365,813                            | \$333,240               | \$309,723                                    | 84.7%                         |
| 2017                           | \$362,968           | \$321,288                            | \$307,314               | \$272,025                                    | 84.7%                         |
| 2018                           | \$334,729           | \$282,183                            | \$283,405               | \$238,916                                    | 84.7%                         |
| 2019                           | \$308,687           | \$247,837                            | \$261,356               | \$209,837                                    | 84.7%                         |
| 2020                           | \$284,671           | \$217,672                            | \$241,023               | \$184,296                                    | 84.7%                         |
| 2021                           | \$262,524           | \$191,178                            | \$222,271               | \$161,865                                    | 84.7%                         |
| 2022                           | \$242,099           | \$167,909                            | \$204,979               | \$142,164                                    | 84.7%                         |
| 2023                           | \$223,264           | \$147,472                            | \$189,031               | \$124,860                                    | 84.7%                         |
| 2024                           | \$205,894           | \$129,523                            | \$174,325               | \$109,663                                    | 84.7%                         |
| <b>Total Future</b>            | <b>\$3,044,529</b>  | <b>\$2,486,710</b>                   | <b>\$2,578,299</b>      | <b>\$2,105,995</b>                           | <b>84.7%</b>                  |
| <b>Aggregate (1990-2024)</b>   | <b>\$41,876,428</b> | <b>\$87,937,894</b>                  | <b>\$36,218,080</b>     | <b>\$77,271,314</b>                          | <b>87.9%</b>                  |

Assumption: Interest rate is 5%.

\* Excludes AD/DP experience.

**Rhode Island Pre-Standardized  
Paid and Incurred Experience**  
*(Most recent 5 years shown)*

| <b>Pre-Standardized *</b> | <u>Paid<br/>Premium</u> | <u>Earned<br/>Premium</u> | <u>Paid<br/>Claims</u> | <u>Incurred<br/>Claims</u> | <u>Incurred<br/>Expenses</u> | <u>Paid<br/>Loss Ratios</u> | <u>Incurred<br/>Loss Ratios</u> |
|---------------------------|-------------------------|---------------------------|------------------------|----------------------------|------------------------------|-----------------------------|---------------------------------|
| 2009                      | 868,092                 | 868,092                   | 767,540                | 702,157                    | 135,069                      | 88.4%                       | 80.9%                           |
| 2010                      | 759,786                 | 759,786                   | 619,321                | 638,470                    | 117,837                      | 81.5%                       | 84.0%                           |
| 2011                      | 698,369                 | 698,369                   | 620,501                | 583,055                    | 112,220                      | 88.8%                       | 83.5%                           |
| 2012                      | 623,317                 | 623,317                   | 479,199                | 468,672                    | 100,101                      | 76.9%                       | 75.2%                           |
| 2013                      | 563,103                 | 563,103                   | 484,460                | 492,523                    | 87,959                       | 86.0%                       | 87.5%                           |

\* Excludes AD/DP experience.

**2015 RATES FOR PLANS NOT ISSUED IN  
RHODE ISLAND**

| <u>Plan</u>           | <u>Monthly Rate</u> |
|-----------------------|---------------------|
| S1                    | \$137.00            |
| S2                    | \$165.25            |
| S3 (with drugs)       | \$284.25            |
| S3 (without drugs)    | \$249.50            |
| S4 (with drugs)       | \$311.25            |
| S4 (without drugs)    | \$276.50            |
| S6                    | \$200.50            |
| S7 (with drugs)       | \$296.00            |
| S7 (without drugs)    | \$261.75            |
| SA                    | \$135.75            |
| TA/XA/HA/YA           | \$135.75            |
| NA/QA                 | \$133.00            |
| N6/Q6                 | \$193.25            |
| N3/Q3 (with drugs)    | \$91.00             |
| N3/Q3 (without drugs) | \$56.25             |
| N7/Q7 (with drugs)    | \$102.75            |
| N7/Q7 (without drugs) | \$68.50             |
| M8/P8                 | \$158.50            |
| M9/P9                 | \$198.25            |
| D6/D7/D8/D9           | \$14.75             |

**2015 Rates for Pre-Baucus Coverages**

|                   |          |
|-------------------|----------|
| AG                | \$55.75  |
| W (with drugs)    | \$250.50 |
| W (without drugs) | \$227.75 |
| X                 | \$160.50 |
| Y                 | \$105.25 |