

UNITEDHEALTHCARE INSURANCE COMPANY

PRE-STANDARDIZED MEDICARE SUPPLEMENT RATE FILING

GROUP POLICY NUMBER G-36000-4

Rhode Island

EFFECTIVE 1/1/2010

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August 2009

Pre-Standardized Plans Projection Of Rhode Island Loss Ratios

	<u>Total</u>
2008 Average Lives	464
2008 Average Rate	\$174.85
2008 Net Claim Rate	\$146.21
2008 Loss Ratio	83.6%
2009 Average Lives	408
2009 Average Rate	\$180.75
2009 Net Claim Rate	\$151.99
2009 Trend in Benefit Cost	4.0%
2009 Loss Ratio	84.1%
2010 Average Lives	364
2010 Average Rate	\$191.30
2010 Net Claim Rate	\$160.43
2010 Trend in Benefit Cost	5.6%
2010 Loss Ratio	83.9%

**Average rates are net of discounts.*

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

	Per Member Per Month Costs*					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Proj 2009</u>	<u>Proj 2010</u>
Part B Coinsurance	\$74.40	\$83.11	\$80.47	\$84.65	\$85.82	\$87.94
Part B Excess Charges	\$0.60	\$0.14	\$0.69	\$0.07	\$0.17	\$0.17
Part A Deductible	\$23.51	\$26.72	\$24.34	\$28.76	\$28.99	\$30.61
Long Hospital Stay	\$0.35	\$0.13	\$0.91	\$1.46	\$1.17	\$1.22
SNF Day 21-100	\$16.67	\$28.46	\$26.90	\$30.55	\$34.71	\$39.27
SNF Day 101-365	\$0.00	\$0.00	\$0.66	\$0.88	\$1.69	\$1.85
Other	\$0.02	\$0.00	\$0.00	\$0.08	\$0.08	\$0.10
Prescription Drugs	\$29.86	\$37.10	\$25.91	\$25.63	\$23.41	\$23.41
Total PMPM Cost**	\$121.81	\$140.80	\$133.60	\$146.21	\$151.99	\$160.43
Trend***		15.6%	-5.1%	9.4%	4.0%	5.6%

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

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

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

***2006 and 2007 trends appear low due to members who had prescription drug coverage enrolling in Medicare Part D and dropping coverage for that benefit. The trends for 2006 and 2007, excluding the drug benefit from the calculations, are 20.4% and -3.7%, respectively.

Rhode Island Average Annualized Premiums*

<u>Plan</u>	Proposed <u>2010</u>	<u>2009</u>
M1/J1/P1	\$1,482	\$1,416
M2/J2/P2/MC/MH/MM/MS/DA/DB	\$1,786	\$1,705
M3/J3/P3	\$2,771	\$2,622
M4	-	-
M5/J5/P5	\$1,739	\$1,638
M6/J6/P6/DC/DE/DF	\$2,173	\$2,057
M7/P7	\$2,858	\$2,715
MA/PA	\$1,464	\$1,391
AD/DP	\$47	\$47

**Average premiums are net of discounts.*

Rhode Island Pre-Standardized Medicare Supplement Exhibit

Total

Calendar Year	Incurred Claims	Earned Premiums	Loss Ratio	Average Lives
1994	2,117,030	2,334,215	90.7%	3,422
1995	2,115,779	2,069,368	102.2%	3,132
1996	2,261,499	2,459,473	92.0%	2,730
1997	2,131,670	2,381,661	89.5%	2,301
1998	1,905,170	2,288,154	83.3%	1,725
1999	1,601,086	2,111,097	75.8%	1,380
2000	1,526,950	2,015,683	75.8%	1,237
2001	1,445,679	1,833,246	78.9%	1,128
2002	1,302,903	1,674,866	77.8%	990
2003	1,244,719	1,545,846	80.5%	900
2004	1,194,616	1,381,223	86.5%	801
2005	1,023,921	1,245,144	82.2%	701
2006	1,039,684	1,161,845	89.5%	615
2007	858,676	1,078,304	79.6%	536
2008	813,786	973,203	83.6%	464

**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.*

RHODE ISLAND - LOSS RATIO PROJECTIONS

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

<u>Assumptions:</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015-2019</u>
a.) Requested Rate Increase	5.5%	n/a	n/a	n/a	n/a	n/a
b.) Lapse Rate	0.1077	0.1300	0.1300	0.1300	0.1300	0.1300
c.) New Business Factor	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
d.) Claims Trend Rate	1.0562	1.0800	1.0800	1.0800	1.0800	1.0800
e.) Premium Trend Rate	1.0558	1.0800	1.0800	1.0800	1.0800	1.0800
f.) Interest Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

TOTAL PRE-STANDARDIZED**HISTORICAL EXPERIENCE**

	<u>Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>	<u>Average 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	\$1,036,833	89.5%	615
2007	\$1,075,500	\$856,419	79.6%	536
2008	\$970,840	\$810,162	83.4%	464
2009	\$882,841	\$742,573	84.1%	408
Total Historical	\$27,312,713	\$23,227,948	85.0%	n/a
With Interest	\$44,045,083	\$37,821,306	85.9%	n/a

PROJECTED EXPERIENCE - WITHOUT 2010 RATE INCREASE

	<u>Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>	<u>Average Lives</u>
2010	\$789,695	\$699,797	88.6%	364
2011	\$741,998	\$657,530	88.6%	317
2012	\$697,181	\$617,815	88.6%	276
2013	\$655,071	\$580,499	88.6%	240
2014	\$615,505	\$545,437	88.6%	209
2015	\$578,329	\$512,492	88.6%	181
2016	\$543,398	\$481,538	88.6%	158
2017	\$510,576	\$452,453	88.6%	137
2018	\$479,738	\$425,125	88.6%	119
2019	\$450,761	\$399,447	88.6%	104
Total Projected	\$6,062,253	\$5,372,133	88.6%	n/a
Discounted with Interest	\$4,916,322	\$4,356,654	88.6%	n/a

PROJECTED EXPERIENCE - WITH 2010 RATE INCREASE

	<u>Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>	<u>Average Lives</u>
2010	\$833,744	\$699,797	83.9%	364
2011	\$783,386	\$657,530	83.9%	317
2012	\$736,070	\$617,815	83.9%	276
2013	\$691,611	\$580,499	83.9%	240
2014	\$649,838	\$545,437	83.9%	209
2015	\$610,588	\$512,492	83.9%	181
2016	\$573,708	\$481,538	83.9%	158
2017	\$539,056	\$452,453	83.9%	137
2018	\$506,497	\$425,125	83.9%	119
2019	\$475,905	\$399,447	83.9%	104
Total Projected	\$6,400,402	\$5,372,133	83.9%	n/a
Discounted with Interest	\$5,190,553	\$4,356,654	83.9%	n/a

LIFETIME EXPERIENCE - WITH 2010 RATE INCREASE

	<u>Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>	<u>Average Lives</u>
Total Lifetime	\$33,713,115	\$28,600,081	84.8%	n/a
Discounted with Interest	\$49,235,635	\$42,177,960	85.7%	n/a

*Excludes AD/DP

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

	<u>1/2005*</u>	<u>1/2006</u>	<u>1/2007</u>	<u>1/2008</u>	<u>1/2009</u>	Proposed <u>1/2010</u>	<u>2006/2005</u>	<u>2007/2006</u>	<u>2008/2007</u>	<u>2009/2008</u>	Proposed <u>2010/2009</u>
M1/J1/P1	\$94.75	\$103.50	\$111.25	\$116.25	\$120.00	\$126.75	9.2%	7.5%	4.5%	3.2%	5.6%
M2/J2/P2/MC/MH/MM/MS/DA/DB	\$114.00	\$124.50	\$134.00	\$140.00	\$144.50	\$152.50	9.2%	7.6%	4.5%	3.2%	5.5%
M3/J3/P3 (with drugs)	\$204.75	\$223.75	\$237.50	\$241.25	\$248.75	\$262.50	9.3%	6.1%	1.6%	3.1%	5.5%
M3/J3/P3 (without drugs)		\$188.50	\$202.75	\$211.75	\$218.50	\$230.50		7.6%	4.4%	3.2%	5.5%
M4 (with drugs)	\$223.25	\$244.00	\$259.25	\$264.00	\$272.25	\$287.25	9.3%	6.3%	1.8%	3.1%	5.5%
M4 (without drugs)		\$208.75	\$224.50	\$234.50	\$241.75	\$255.00		7.5%	4.5%	3.1%	5.5%
M5/J5/P5	\$111.25	\$121.50	\$130.75	\$136.50	\$140.75	\$148.50	9.2%	7.6%	4.4%	3.1%	5.5%
M6/J6/P6/DC/DE/DF	\$138.75	\$151.50	\$163.00	\$170.25	\$175.50	\$185.25	9.2%	7.6%	4.4%	3.1%	5.6%
M7/P7 (with drugs)	\$212.75	\$232.50	\$247.00	\$251.25	\$259.25	\$273.50	9.3%	6.2%	1.7%	3.2%	5.5%
M7/P7 (without drugs)		\$197.25	\$212.25	\$221.75	\$228.75	\$241.50		7.6%	4.5%	3.2%	5.6%
MA/PA	\$93.75	\$102.50	\$110.25	\$115.25	\$118.75	\$125.25	9.3%	7.6%	4.5%	3.0%	5.5%
AD/DP (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 2005 rates were deferred until March 1.

National Inforce Lives

	<u>2008</u>	<u>2009*</u>	<u>2010*</u>
M1/J1/P1	7,205	6,196	5,365
M2/J2/P2/MC/MH/MM/MS/DA/DB	19,937	16,607	13,790
M3/J3/P3	35,701	30,493	25,950
M4	393	333	305
M5/J5/P5	6,042	5,283	4,628
M6/J6/P6/DC/DE/DF	198,510	171,759	147,968
M7/P7	30,418	26,551	23,090
MA/PA	12,626	11,245	9,976

*Projected

Service	Benefit	AARP's Medicare Supplement (M1, P1, J1)	AARP's Medicare Supplement Plus (M2,P2,J2)
HOSPITAL EXPENSES (for covered expenses each benefit period*) 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 \$278	Actual charges up to \$1112
	Days 61 through 90	to \$278/day	to \$278/day
	Days 91 and after when using a Lifetime Reserve Day	\$556/day	\$556/day
	Days 91 and after when LTR's are available but not used	\$556/day for up to 60 days	\$556/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)
SKILLED NURSING FACILITY STAYS (for covered services each benefit period*) 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	\$139.00/day	\$139.00/day
	Days 101 through 365	\$278/day	\$278/day
MEDICAL CARE (for covered expenses each calendar year) Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.	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**
IN-HOSPITAL PRIVATE DUTY NURSING CARE	In-Hospital Care by an RN or LPN	RN-actual charges up to \$30 per 8hr shift. LPN-actual charges up to \$25 per 8hr shift. MAX.- 3 shifts/day; 60 shifts/benefit pd.	RN-actual charges up to \$30 per 8hr shift. LPN-actual charges up to \$25 per 8hr shift. MAX.- 3 shifts/day; 60 shifts/benefit pd.
BLOOD - 1st 3 pints of blood or equivalent quantity of packed red blood cells.		The reasonable cost under Parts A and B	The reasonable cost under Parts A and B
PRESCRIPTION DRUGS	Purchased Out-of-Hospital and outside of a SNF	No benefit	No benefit
FOREIGN HOSPITAL & MEDICAL CARE 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 (2) after first \$50 up to \$25,000 per trip period	80% of reasonable charges (2) 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 \$146 (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.

(2) Reasonable charge means the customary charge for a like service in the U.S. as determined by UnitedHealthcare Insurance Company.

Service	Benefit	AARP's Extended Medicare Supplement (M3,P3,J3)	AARP'S Comprehensive Medicare Supplement (M4)
HOSPITAL EXPENSES (for covered expenses each benefit period*) 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 \$1112	Actual charges up to \$1112
	Days 61 through 90	to \$278/day	to \$278/day
	Days 91 and after when using a Lifetime Reserve Day	\$556/day	\$556/day
	Days 91 and after when LTR's are available but not used	\$556/day for up to 60 days	\$556/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)
SKILLED NURSING FACILITY STAYS (for covered services each benefit period*) 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	\$139.00/day	\$139.00/day
	Days 101 through 365	\$278/day	\$278/day
MEDICAL CARE (for covered expenses each calendar year) Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.	In-Hospital and Out of Hospital	20% of Medicare eligible expenses not paid in full by Medicare after a \$146 medical deductible**	100% of Medicare eligible expenses not paid in full by Medicare, up to the limiting charge set by Medicare, after a \$146 medical deductible**
IN-HOSPITAL PRIVATE DUTY NURSING CARE	In-Hospital Care by an RN or LPN	80% of usual and prevailing charges	80% of usual and prevailing charges
BLOOD - 1st 3 pints of blood or equivalent quantity of packed red blood cells.		The reasonable cost under Parts A and B	The reasonable cost under Parts A and B
PRESCRIPTION DRUGS	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.
FOREIGN HOSPITAL & MEDICAL CARE 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 (2) after first \$50 up to \$25,000 per trip period	80% of reasonable charges (2) 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 \$146 (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.

(2) Reasonable charge means the customary charge for a like service in the U.S. as determined by UnitedHealthcare Insurance Company.

Service	Benefit	AARP's Medicare Supplement (M5,P5,J5)	AARP'S Medicare Supplement Plus (M6,P6,J6)
HOSPITAL EXPENSES (for covered expenses each benefit period*) 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 \$278	Actual charges up to \$1112
	Days 61 through 90	to \$278/day	to \$278/day
	Days 91 and after when using a Lifetime Reserve Day	\$556/day	\$556/day
	Days 91 and after when LTR's are available but not used	\$556/day for up to 60 days	\$556/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)
SKILLED NURSING FACILITY STAYS (for covered services each benefit period*) 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	\$139.00/day	\$139.00/day
	Days 101 through 365	\$278/day	\$278/day
MEDICAL CARE (for covered expenses each calendar year) Physician services, medical services and supplies, physical and speech therapy, ambulance, etc.	In-Hospital and Out of Hospital	20% of Medicare eligible expenses not paid in full by Medicare after a \$146 medical deductible**	20% of Medicare eligible expenses not paid in full by Medicare after a \$146 medical deductible**
IN-HOSPITAL PRIVATE DUTY NURSING CARE	In-Hospital Care by an RN or LPN	RN-actual charges up to \$30 per 8hr shift. LPN-actual charges up to \$25 per 8hr shift. MAX.- 3 shifts/day; 60 shifts/benefit pd.	RN-actual charges up to \$30 per 8hr shift. LPN-actual charges up to \$25 per 8hr shift. MAX.- 3 shifts/day; 60 shifts/benefit pd.
BLOOD - 1st 3 pints of blood or equivalent quantity of packed red blood cells.		The reasonable cost under Parts A and B	The reasonable cost under Parts A and B
PRESCRIPTION DRUGS	Purchased Out-of-Hospital and outside of a SNF	No benefit	No benefit
FOREIGN HOSPITAL & MEDICAL CARE 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 (2) after first \$50 up to \$25,000 per trip period	80% of reasonable charges (2) 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 \$146 (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.

(2) Reasonable charge means the customary charge for a like service in the U.S. as determined by UnitedHealthcare Insurance Company.

Service	Benefit	AARP'S Comprehensive Medicare Supplement (M7,P7)	AARP's Medicare Supplement (MA, PA)
HOSPITAL EXPENSES (for covered expenses each benefit period*) 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 \$1112	No benefit
	Days 61 through 90	to \$278/day	to \$278/day
	Days 91 and after when using a Lifetime Reserve Day	\$556/day	\$556/day
	Days 91 and after when LTR's are available but not used	\$556/day for up to 60 days	\$556/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)
SKILLED NURSING FACILITY STAYS (for covered services each benefit period*) 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	\$139.00/day	\$139.00/day
	Days 101 through 365	\$278/day	\$278/day
MEDICAL CARE (for covered expenses each calendar year) 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 \$146 medical deductible**	20% of Medicare eligible expenses not paid in full by Medicare after a \$146 medical deductible**
IN-HOSPITAL PRIVATE DUTY NURSING CARE	In-Hospital Care by an RN or LPN	80% of the usual and prevailing charges	RN-actual charges up to \$30 per 8hr shift. LPN-actual charges up to \$25 per 8hr shift. MAX.- 3 shifts/day; 60 shifts/hospital stay
BLOOD - 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
PRESCRIPTION DRUGS	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
FOREIGN HOSPITAL & MEDICAL CARE 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 (2) after first \$50 up to \$25,000 per trip period	80% of reasonable charges (2) 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 \$146 (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.

(2) Reasonable charge means the customary charge for a like service in the U.S. as determined by UnitedHealthcare Insurance Company.

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; 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

The components of the composite trend are shown below.

Part A Deductible.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Medicare Part A Deductible	\$992	\$1,024	\$1,068	\$1,112
% Change in Part A Deductible	4.2%	3.2%	4.3%	4.1%
Utilization Trend	-12.6%	14.5%	-3.3%	1.4%
Composite Trend	-8.9%	18.2%	0.8%	5.6%

Hospital Co-Payments. Hospital Co-payments are paid for days 61 and after for long hospital stays.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Medicare Daily Coinsurance Amount	\$248	\$256	\$267	\$278
% Change in Daily Coinsurance	4.2%	3.2%	4.3%	4.1%
Utilization/ Length of Stay Trend	575.7%	56.0%	-23.1%	0.0%
Composite Trend	604.1%	61.0%	-19.8%	4.1%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Medicare Daily Coinsurance	\$124	\$128	\$134	\$139
% Change in Daily Coinsurance	4.2%	3.2%	4.3%	4.1%
Utilization/Length of Stay, days 21-365	-7.0%	10.5%	11.0%	8.5%
Composite Trend	-3.1%	14.0%	15.8%	13.0%

Part B Coinsurance.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Medicare Fee Update	-0.8%	0.9%	1.2%	0.8%
Utilization Trend	-2.4%	4.3%	0.2%	1.6%
Composite Trend	-3.2%	5.2%	1.4%	2.5%

The net increase in the cost for Part B services in 2009 was 1.2%. For 2010, we assume a net increase of 0.8%.

Utilization trend considers changes in the number of services used as well as the intensity of services. Our assumed utilization trends for 2009 and 2010 are 0.2% and 1.6%, respectively.

Part B Excess. Projected claim costs for 2009 and 2010 are \$0.17 and \$0.17 respectively.

Prescription Drugs. Our assumed composite trends for plans M3, M4, and M7 are -8.7% for 2009, and 0.0% for 2010.

Foreign Care / Private Duty Nursing. In aggregate, these benefits represent less than 0.1% of the total Rhode Island claim cost.

RHODE ISLAND AGGREGATE LOSS RATIO CALCULATION

	<u>Premium</u>	<u>Premium Accumulated to 12/09</u>	<u>Incurred Claims</u>	<u>Incurred Claims Accumulated to 12/09</u>	<u>Incurred Loss Ratio d/b</u>
	a	b	c	d	
TOTAL M-SERIES					
1990	\$1,694,000	\$4,386,365	\$1,644,749	\$4,258,836	97.1%
1991	\$2,061,167	\$5,082,943	\$1,741,043	\$4,293,502	84.5%
1992	\$2,277,300	\$5,348,512	\$2,257,282	\$5,301,497	99.1%
1993	\$2,367,460	\$5,295,489	\$2,195,875	\$4,911,691	92.8%
1994	\$2,308,925	\$4,918,628	\$2,107,905	\$4,490,402	91.3%
1995	\$2,054,340	\$4,167,899	\$2,106,267	\$4,273,250	102.5%
1996	\$2,446,505	\$4,727,175	\$2,252,767	\$4,352,832	92.1%
1997	\$2,370,295	\$4,361,828	\$2,121,440	\$3,903,885	89.5%
1998	\$2,278,499	\$3,993,243	\$1,890,680	\$3,313,561	83.0%
1999	\$2,102,867	\$3,509,939	\$1,592,176	\$2,657,533	75.7%
2000	\$2,008,482	\$3,192,760	\$1,518,250	\$2,413,468	75.6%
2001	\$1,826,897	\$2,765,815	\$1,436,259	\$2,174,412	78.6%
2002	\$1,669,249	\$2,406,804	\$1,299,063	\$1,873,052	77.8%
2003	\$1,540,747	\$2,115,738	\$1,242,577	\$1,706,293	80.6%
2004	\$1,376,857	\$1,800,653	\$1,193,056	\$1,560,278	86.7%
2005	\$1,241,378	\$1,546,165	\$1,021,521	\$1,272,328	82.3%
2006	\$1,158,491	\$1,374,217	\$1,036,833	\$1,229,905	89.5%
2007	\$1,075,500	\$1,215,021	\$856,419	\$967,519	79.6%
2008	\$970,840	\$1,044,556	\$810,162	\$871,677	83.4%
2009	\$882,841	\$904,642	\$742,573	\$760,911	84.1%
Sub-Total	\$35,712,640	\$64,158,391	\$31,066,897	\$56,586,833	88.2%
2010	\$833,744	\$813,651	\$699,797	\$682,932	83.9%
2011	\$783,386	\$728,102	\$657,530	\$611,127	83.9%
2012	\$736,070	\$651,547	\$617,815	\$546,871	83.9%
2013	\$691,611	\$583,041	\$580,499	\$489,372	83.9%
2014	\$649,838	\$521,739	\$545,437	\$437,918	83.9%
2015	\$610,588	\$466,882	\$512,492	\$391,874	83.9%
2016	\$573,708	\$417,792	\$481,538	\$350,671	83.9%
2017	\$539,056	\$373,864	\$452,453	\$313,801	83.9%
2018	\$506,497	\$334,555	\$425,125	\$280,807	83.9%
2019	\$475,905	\$299,379	\$399,447	\$251,282	83.9%
Aggregate (1990-2019)	\$42,113,042	\$69,348,944	\$36,439,030	\$60,943,486	87.9%
Expected Future (2010-2019)	\$6,400,402	\$5,190,553	\$5,372,133	\$4,356,654	83.9%

Assumption: Interest rate is 5%.

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

Pre-Standardized *	<u>Paid Premium</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Incurred Expenses</u>	<u>Paid Loss Ratios</u>	<u>Incurred Loss Ratios</u>
2004	1,376,857	1,376,857	1,231,137	1,193,056	203,775	89.4%	86.7%
2005	1,241,378	1,241,378	1,076,621	1,021,521	184,912	86.7%	82.3%
2006	1,158,491	1,158,491	984,392	1,036,833	182,331	85.0%	89.5%
2007	1,075,500	1,075,500	876,078	856,419	132,756	81.5%	79.6%
2008	970,840	970,840	863,797	810,162	115,945	89.0%	83.4%

* Excludes AD/DP

2010 RATES FOR PLANS NOT ISSUED IN RHODE ISLAND

<u>Plan</u>	<u>Monthly Rate</u>
S1	\$126.75
S2	\$152.50
S3 (with drugs)	\$262.50
S3 (without drugs)	\$230.50
S4 (with drugs)	\$287.25
S4 (without drugs)	\$255.00
S6	\$185.25
S7 (with drugs)	\$273.50
S7 (without drugs)	\$241.50
SA	\$125.25
TA/XA/HA/YA	\$125.25
NA/QA	\$122.50
N6/Q6	\$178.75
N3/Q3 (with drugs)	\$83.75
N3/Q3 (without drugs)	\$51.75
N7/Q7 (with drugs)	\$94.75
N7/Q7 (without drugs)	\$62.75
M8/P8	\$146.25
M9/P9	\$182.75
D6/D7/D8/D9	\$13.00

2010 Rates for Pre-Baucus Coverages

AG	\$51.25
W (with drugs)	\$231.25
W (without drugs)	\$210.25
X	\$147.75
Y	\$97.25

Pre-Standardized Plans Credibility Adjustment

National Experience							
	2005	2006	2007	2008	2009	2010 without an increase	2010
Average Lives	485,706	418,368	361,250	310,833	268,466	231,071	231,071
Average Rate	162.33	171.17	183.63	191.03	198.17	198.25	209.31
Claim PMPM	143.03	145.82	152.26	161.01	170.28	180.37	180.37

Rhode Island Average <u>2008 Lives</u>	Credibility <u>Factor*</u>	Projected Rhode Island <u>Increase</u>	Projected National <u>Increase</u>	Revised Rhode Island <u>Increase **</u>
464	0.0%	4.8%	5.5%	5.5%

*(Rhode Island Average Lives - 500) / 1500 = Credibility Factor

**Rhode Island Increase X Credibility Factor + National Increase X (1 - Credibility Factor) = Revised Rhode Island Increase