

Final
Report on the
Medical Loss Ratio Examination
of
UnitedHealthcare Insurance Company
(Hartford, Connecticut)
for the
2017 MLR Reporting Year

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information & Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



OVERSIGHT GROUP

April 14, 2026

In accordance with Title 45 of the Code of Federal Regulations (CFR), section 158.402, the Center for Consumer Information & Insurance Oversight (CCIIO) has completed an examination of the Medical Loss Ratio (MLR) Annual Reporting Form submitted by UnitedHealthcare Insurance Company (the Company) for the 2017 reporting year, including 2017, 2016, and 2015 data reported on that form. Following an exit conference with the Company, the Company responded to each Finding and Corrective Action. This final report, which will be made publicly available, incorporates the Company's response and CCIIO's evaluation of the response.

A handwritten signature in blue ink that reads 'Christina A. Whitefield'.

Christina A. Whitefield, Director
Data and Analytics Division
Oversight Group
Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services
US Department of Health & Human Services

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I. Executive Summary

The Center for Consumer Information & Insurance Oversight (CCIIO) has performed an examination of the 2017 Medical Loss Ratio (MLR) Annual Reporting Form for UnitedHealthcare Insurance Company (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2017 MLR Annual Reporting Form contains some elements that are not compliant with the requirements of 45 CFR Part 158, and that impact consumer rebates.

We direct the Company to implement the necessary corrective actions to address the findings detailed in this report, including: obtaining and maintaining adequate information to accurately determine the market classification of certain renewing small group policies; correctly determining the market classification of small group policies; ensuring the accurate calculation and reporting of taxes and licensing and regulatory fees; making a good faith effort to follow-up on any unclaimed rebates; and adopting and implementing policies and procedures to ensure compliance with the requirements of the MLR Annual Reporting Form Filing Instructions.

The examination findings resulted in changes to the Company's reported MLRs in the individual market in eight states and in the small group market in 27 states. As a result, the Company's rebate liability for the 2017 reporting year increased by \$27,322 in one state in the individual market, and by \$1,339,375 in seven states in the small group market. In addition, the examination findings increased the MLRs reported by the Company in six states in the small group market, resulting in the recalculated rebate amount to be \$1,464,174 less than that reported by the Company.

II. Scope of Examination

CCIIO examined the Company's 2017 MLR Annual Reporting Form to determine compliance with 45 CFR Part 158. Title 45 CFR Part 158 implements section 2718 of the Public Health Service Act (PHS Act). Section 2718 of the PHS Act, as added by the Patient Protection and Affordable Care Act (ACA), generally requires health insurance issuers to submit to the Secretary of the U.S. Department of Health & Human Services (HHS) an annual report concerning premium revenue and expenses related to group and individual health insurance coverage issued. The federal MLR is the proportion of earned premium, less certain taxes and regulatory fees, expended by an issuer on clinical services and activities that improve health care quality in a given state and market, after adjustments for the credibility of the experience or other factors, where applicable, and calculated using the average of three consecutive years of data. Section 2718 also requires an issuer to provide rebates to consumers if it does not meet the applicable MLR standard (generally, 80% in the individual and small group markets and 85% in the large group market).

This is the first examination of the Company's MLR Annual Reporting Form performed by CCIIO. The examination covered the reporting period of January 1, 2015 through December 31, 2017, including 2015, 2016, and 2017 experience and claims run-out through March 31, 2018. The examiners conducted the examination in accordance with the CCIIO Medical Loss Ratio Examination Handbook (the Handbook). The Handbook sets forth the guidelines and procedures

for planning and performing an examination to evaluate the validity and accuracy of the data elements and calculated amounts reported on the MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. The examination included assessing the principles used and significant estimates made by the Company, evaluating the reasonableness of expense allocations, and determining compliance with relevant statutory accounting standards, MLR regulations and guidance, and the MLR Annual Reporting Form Filing Instructions.

The Company’s response to each finding appears after the finding in the Conclusion, Corrective Actions, Company Responses, and CCIIO Replies section of this Report. The Company’s implementation of the corrective actions was not reviewed for proof of implementation or subjected to the procedures applied during the examination. CCIIO’s replies are based solely on a review of the Company’s response. CCIIO reserves the right to review the actual implementation of the Company’s corrective action and proposed action plan for each corrective action in future MLR Annual Reporting Forms, examinations, or as otherwise may be appropriate.

III. Summary of Findings

Page	Key Findings
7, 8	Failure to employ standards consistent with the definitions in §158.103 to correctly determine the size of group policyholders – The Company did not obtain from each small group policyholder, at the time of policy renewal, the average total number of employees (ATNE) employed on the business days of the calendar year preceding the coverage effective date, as required by the regulation, and therefore may not have correctly determined each renewing small group’s size and market classification.
8	Failure to assign the correct market classification in accordance with the definitions in §158.103 - The Company incorrectly classified certain small group market policies as individual market policies, even though the group had employees. As a result, the Company’s three-year aggregate incurred claims of \$122,824,599, QIA expenses of \$1,149,903, earned premium of \$141,517,141, risk adjustment transfer amounts of \$4,251,338, taxes and licensing and regulatory fees of \$6,681,064, and life-years of 22,339, on its 2017 MLR Annual Reporting Form were reallocated from the individual market to the small group market.
9	Failure to submit an MLR Annual Reporting Form in the manner prescribed by the Secretary, as required by §158.110 – The Company improperly reported its Patient Centered Outcomes Research (PCORI) fees on its 2015 and 2016 MLR Annual Reporting Forms. As a result, the Company overstated its three-year aggregate taxes and licensing and regulatory fees on its 2017 MLR Annual Reporting Form by \$2,157 in the individual market, and understated its taxes and licensing and regulatory fees by \$18,154 in the small group market, \$45,775 in the large group market, and \$3,318 in the student market.

	The Company improperly reported risk adjustment user fees and exchange user fees on Part 1, Line 3.1d, rather than on Part 1, Line 3.3b, as required, on its 2015, 2016, and 2017 MLR Annual Reporting Forms. This error did not impact the MLR calculations.
10	Failure to make a good faith effort to locate and deliver unclaimed rebates to enrollees, as required by §158.244 – The Company’s policies and procedures for locating and delivering rebates to enrollees did not include any follow-up with enrollees whose unclaimed rebates were less than \$50. This error did not impact the MLR calculations.

These findings resulted in changes to the Company’s reported MLRs in the individual market in eight states and in the small group market in 27 states. The recalculated MLRs either fell below, or continued to be below, the applicable MLR standard, resulting in a rebate, or additional rebate, liability of \$27,322 in the individual market in one state, and \$1,339,375 in the small group market in seven states. However, as a result of the examination adjustments that increased the MLRs reported by the Company, the recalculated rebate amount in six states was \$1,464,174 less than that reported by the Company.

The three-year adjusted, aggregated incurred claims and earned premium amounts, combined for 47 states, and the District of Columbia, in which the Company had health insurance coverage in effect, along with the additional rebates owed for 2017, are shown in the following tables. The differences between the amounts in the “As Filed” and “As Recalculated” rows reflect the net impact of the adjustments made to reallocate the experience of misclassified small group policies, but the difference in the small group market rebate column does not include the overpayment of rebates in certain states.

Recalculated Aggregate¹ Individual, Small Group, Large Group, and Student Markets for the 2017 Reporting Year

	Individual Market		
	Incurred Claims	Earned Premium	Rebates
As Filed	\$400,148,621	\$418,595,724	\$0
As Recalculated	\$277,324,022	\$277,078,583	\$27,322
Difference	(\$122,824,599)	(\$141,517,141)	\$27,322

	Small Group Market		
	Incurred Claims	Earned Premium	Rebates
As Filed	\$12,078,347,506	\$16,276,955,132	\$44,080,764
As Recalculated	\$12,201,172,105	\$16,418,472,274	\$45,420,139
Difference	\$122,824,599	\$141,517,141	\$1,339,375

¹ See Appendix I to this report for the three-year adjusted, aggregated numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for the 2017 reporting year, for the states and markets in which the MLRs changed as a result of the examination findings.

	Large Group Market		
	Incurred Claims	Earned Premium	Rebates
As Filed	\$31,713,743,031	\$39,158,358,610	\$19,620,893
As Recalculated	\$31,713,743,031	\$39,158,358,610	\$19,620,893
Difference	\$0	\$0	\$0

	Student Market		
	Incurred Claims	Earned Premium	Rebates
As Filed	\$1,193,567,204	\$1,601,533,022	\$0
As Recalculated	\$1,193,567,204	\$1,601,533,022	\$0
Difference	\$0	\$0	\$0

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a for-profit life insurance issuer domiciled in Connecticut. The Company sells student market and individual and group market health insurance policies in 47 states and the District of Columbia.

During the 2015, 2016, and 2017 MLR reporting years, the Company operated in the student markets and the individual, small group, and large group health insurance markets that were subject to the MLR reporting requirements of 45 CFR Part 158. As of December 31, 2017, the Company reported a total of 5,064,781 covered lives and \$21,090,544,508 in direct earned premium for policies subject to the MLR reporting and rebate requirements under 45 CFR Part 158, and a total of 24,367,960 covered lives and \$49,972,068,032 in direct earned premium from all health lines of business. The Company's lines of business not subject to the MLR regulations at 45 CFR Part 158 include stand-alone dental and vision insurance, and Medicare Advantage plans.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2017 were:

Officers

<u>Name</u>	<u>Title</u>
Jeffrey D. Alter	President
James F. Bedard	Chief Financial Officer
Thomas J. McGuire	Secretary
Robert W. Oberrender	Treasurer

Directors

Name

Jeffrey D. Alter

James H. Becker

James F. Bedard

Nyle B. Cottingham

Paul D. Hansen

Gary A. Iannone

Thomas S. McGlinch

Steven H. Nelson

Thomas E. Roos

Company management and corporate-level personnel responsible for the preparation, submission, and attestation of the 2017 MLR Annual Reporting Form were:

Name

William J. Golden

James F. Bedard

Title

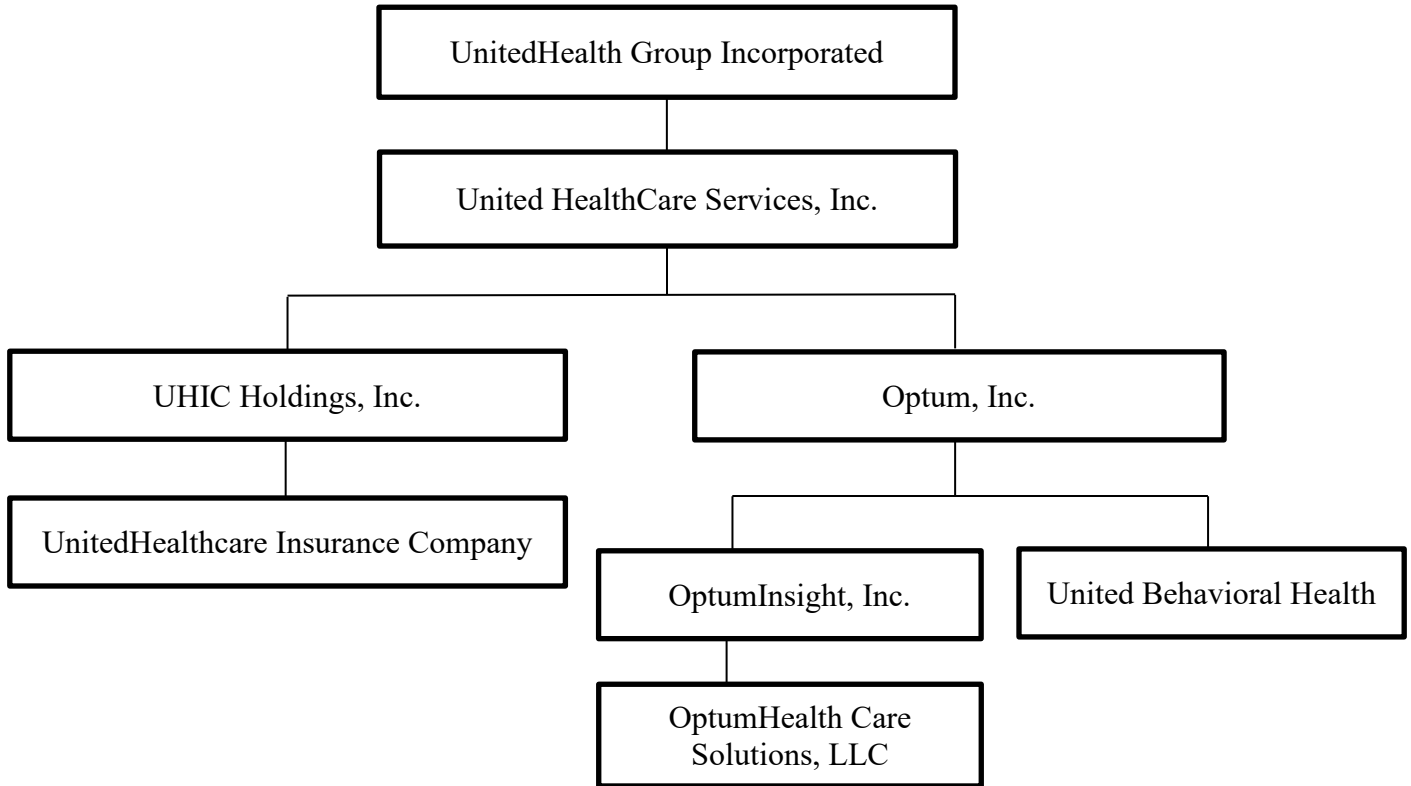
CEO Attester

CFO Attester

C. Ownership

The Company is a member of an insurance holding group system.

UnitedHealthcare Insurance Company Organizational Chart as of December 31, 2017²



D. Agreements

As of December 31, 2017 the Company had entered into the following intercompany agreements that are pertinent to a review of its MLR Annual Reporting Form:

1. A Management Services Agreement with United HealthCare Services, Inc.
2. An Administrative Services Agreement with OptumHealth Care Solutions, LLC.
3. A Behavioral Health Services Agreement and Single Purpose Joint Venture Agreement for Administrative Services with United Behavioral Health.
4. A Tax Allocation Agreement with UnitedHealth Group Incorporated (United), the Company's ultimate parent, and various affiliates.

² This is an excerpt from the organization chart provided by the Company and includes only those entities whose relationship to the Company impacted the MLR examination.

E. Reinsurance

During 2015, 2016, and 2017, the Company did not have any reinsurance agreements in effect that impacted the MLR reporting of its health insurance policies subject to the regulations at 45 CFR Part 158.

V. Accounts and Records

The Company's main administrative and financial reporting office is located at 185 Asylum Street, Hartford, Connecticut 06103. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501.

VI. Examination Results

Except as noted in this report, based on the procedures performed, nothing came to our attention that would indicate that the Company's 2015, 2016, and 2017 MLR Annual Reporting Forms were not filed on the form and in the manner prescribed by the Secretary. The Company's 2015, 2016, and 2017 MLR Annual Reporting Forms were filed by the due date.

The Company reported that it met or exceeded the applicable MLR standard in 2017 in the individual market in 46 states, in the small group market in 34 states, in the large group market in 42 states, and in the student market. Therefore, the Company reported that it was not required to pay rebates to its enrollees in these states and markets. The Company reported that it did not meet the applicable MLR standard in 2017 in the small group market in 12 states and in the large group market in six states, and paid rebates of \$44,080,764 in the small group market and \$19,620,893 in the large group market in those states.

Based on the errors found during the examination, the Company's MLRs for the 2017 reporting year were recalculated and resulted in an additional rebate liability of \$27,322 in the individual market in one state, and \$1,339,375 in the small group market in seven states.

A. MLR Data

Market Classification

Incorrect Procedures for Determining Group Size and Market Classification of Renewing Policies

While the Company adopted policies and procedures for determining group size and market classification for new policies that were consistent with the definitions in §158.103 applicable to the 2015-2017 reporting years, its procedure for determining group size and market classification for renewing small group policies were not. Section 158.103 uses the applicable definitions of Large Employer, Large Group Market, Small Employer, and Small Group Market in section 2791 (e) of the PHS Act. Section 2791(e) of the PHS Act requires that small group and large

group market classifications be based on the average total number of employees (ATNE) on the business days of the calendar year preceding the coverage effective date.

The Company did not obtain the necessary information from renewing small group policyholders to correctly determine employer size in accordance with section 2791 (e) of the PHS Act, and therefore may have, and in the sample tested did, incorrectly determined the market classification of these policies for the period covered by this examination. The Company provided copies of surveys completed by small group policyholders at the time of policy renewal which indicated whether the policyholder had any employees who were eligible for coverage in the prior calendar year (rather than the ATNE on the business days of the calendar year preceding the coverage effective date). According to the Company, policyholders who responded that they did not have any eligible employees were incorrectly determined to be sole proprietors, and therefore reclassified to the individual market. Since the Company based its determinations of group market eligibility on whether the policyholder had any eligible employees at the time of policy renewal, based on the available documentation, the examiners could not confirm whether the Company correctly determined the group size, and consequently the market classification, of its small group and certain individual market policies.

Incorrect Reporting of Market Classification

As a result of using the incorrect information from the surveys of the Company's small group market employers in determining group size and market classification, the Company did not consistently assign policies to the correct market classification. Based on testing of the market classification of the Company's policies for the 2017 MLR reporting year, 14 policies of the 40 individual market policies tested were incorrectly classified by the Company as individual policies when, based on the total number of employees, the policies should have been reported in the small group market. The Company provided documentation supporting the total experience of all small group policies that were incorrectly determined to be individual market policies and incorrectly reclassified to the individual market for the 2015, 2016 and 2017 reporting years. As a result, the Company's three-year aggregate incurred claims of \$122,824,599, QIA expenses of \$1,149,903, earned premium of \$141,517,141, risk adjustment transfer amounts of \$4,251,338, taxes and licensing and regulatory fees of \$6,681,064, and life-years of 22,339, on its 2017 MLR Annual Reporting Form were reallocated from the individual market to the small group market.

Aggregation

Based upon the procedures performed, other than the incorrect reporting of market classification noted above, nothing additional came to our attention that would indicate that the samples of policies, claims, and other aggregation-related reporting elements tested during the examination were not correctly assigned to the appropriate states, markets, and lines of business in accordance with §158.120.

Incurred Claims

Based upon the procedures performed, which include validating a sample of incurred claims (as defined by §158.140), other than the market classification error noted above, nothing additional came to our attention that would indicate that the Company did not accurately report incurred claims.

Claims Recovered Through Fraud Reduction Efforts

Based upon the procedures performed, no errors were noted in how the Company reported recoveries of paid fraudulent claims, which §158.140(b)(2)(iv) allows as an adjustment to incurred claims up to the amount of fraud reduction expenses.

Quality Improvement Activities (QIA)

Based upon the procedures performed, other than the market classification error noted above, nothing additional came to our attention that would indicate that QIA expenses were not accurately reported and reasonably allocated among the Company's states and markets, as required by §158.170.

Earned Premium

Based upon the procedures performed, other than the market classification error noted above, nothing additional came to our attention that would indicate that earned premium was not properly reported on a direct basis or that the data elements underlying the 2015, 2016, and 2017 premium reported on the Company's 2017 MLR Annual Reporting Form were not compliant with §158.130.

Taxes

Improper Reporting of PCORI fees

The Company improperly reported the PCORI fees paid for 2015 and 2016, on Part 1, Line 3.1b, on the respective MLR Annual Reporting Form. According to 2017 MLR Annual Reporting Filing Instructions, only PCORI fees attributed to policies during the MLR reporting year should be reported on Part 1, Line 3.1b, of the MLR Annual Reporting Form. As a result, the Company overstated its three-year aggregate taxes and licensing and regulatory fees on Part 3, Line 2.2, on its 2017 MLR Annual Reporting Form by \$2,157 in the individual market, and understated its taxes and licensing and regulatory fees by \$18,154 in the small group market, \$45,775 in the large group market, and \$3,318 in the student market.

Improper Reporting of Federal Risk Adjustment and Exchange User Fees

The Company improperly included risk adjustment user fees and exchange user fees on Part 1, Line 3.1d, on its 2015, 2016, and 2017 MLR Annual Reporting Forms, rather than on Part 1, Line 3.3b, as required by the respective MLR Annual Reporting Form Filing Instructions. This error did not impact the Company's MLR calculations as the total amounts of user fees were reported correctly for each year.

Based upon the procedures performed, other than the market classification and reporting errors noted above, nothing additional came to our attention that would indicate that the taxes and licensing and regulatory fees excluded from 2015, 2016, and 2017 earned premium on the Company's 2017 MLR Annual Reporting Form did not comply with §158.161 and §158.162, and were not accurately reported and reasonably allocated among the Company's states and markets, as required by §158.170 and in accordance with its federal tax allocation agreement.

Federal Risk Adjustment Program

Based upon the procedures performed, other than the market classification error noted above, nothing additional came to our attention that would indicate that the Company did not properly report the expected transfer amounts under the federal risk adjustment program for the 2017 benefit year in accordance with §158.140(b)(4)(ii).

B. Credibility-Adjusted MLR and Rebate Amount Calculation

Based upon the procedures performed, the Company correctly applied the credibility adjustment, in accordance with §§158.230-232, when it calculated and reported its MLRs. The Company's credibility-adjusted MLRs were calculated using the correct formula and in accordance with 45 CFR Part 158 and the applicable MLR Annual Reporting Form Filing Instructions.

The Company reported that it did not meet the applicable MLR standard in 2017 in the small group market for 12 states and in the large group markets for six states. The Company used the correct procedures to calculate total rebates of \$44,080,764 in the small group market and \$19,620,893 in the large group market in those states. As detailed in this report, the examination identified errors in the data underlying the Company's MLRs and rebate calculations, resulting in changes to the Company's 2017 MLRs and rebate amounts, including changes to the calculation of rebates by market.

The impact of applying the examination adjustments to recalculate the Company's 2017 MLRs resulted in the Company's preliminary MLRs³ in the Massachusetts merged market, as reported in the PY2, PY1 and CY columns on Part 3 of its 2017 MLR Annual Reporting Forms, to fall below the applicable MLR standard for each year. According to §158.232(d), if the current MLR reporting year and each of the two previous MLR reporting years included experience of at least 1,000 life-years; and if the preliminary MLR for the current MLR reporting year and each of the two previous MLR reporting years fell below the applicable MLR standard for each year, then the credibility adjustment that should be reported is zero. The Company reported greater than 1,000 life-years in the Massachusetts merged market for each of the three years aggregated on its 2017 MLR Annual Reporting Form. Since its recalculated preliminary MLRs for each of the three years fell below the applicable standard, the Company did not qualify for the credibility adjustment in the Massachusetts merged market, and therefore, the reported credibility adjustment in this market was restated to 0.0%.

C. Rebate Disbursement and Notice

Lack of Good Faith Effort to Locate Enrollees for Unclaimed Rebates

The Company adopted policies and procedures for locating and delivering rebates to enrollees that do not comply with §158.244. Section 158.244 requires an issuer to make a good faith effort to locate and deliver unclaimed rebates to enrollees. The Company's process does not include any follow-up with enrollees whose unclaimed rebates were less than \$50. This error did not impact the MLR calculations.

According to its 2017 MLR Annual Reporting Form, the Company reported that it owed rebates in the small group and large group markets. Based upon the procedures performed, the Company

³ See the definition of "preliminary MLR" at § 158.232(f).

timely issued rebates for 2017 in accordance with §§158.240-243, and Rebate Notices in accordance with §158.250, but as noted above, did not comply with §158.244.

D. Compliance with Previous Recommendations

The Company indicated that neither CCIIO nor any state regulatory entity has previously performed an examination of the Company's MLR processes and reporting. The Connecticut Insurance Department performed a financial examination of the Company in 2018 covering the period January 1, 2012 through December 31, 2016. The financial examination did not result in any findings that impacted the Company's federal MLR calculation or reporting.

VII. Subsequent Events

The Company is required to inform CCIIO of any subsequent events that may affect the currently attested 2017 MLR Annual Reporting Form.

On April 27, 2020, the Supreme Court ruled that section 1342 of the ACA created an enforceable government obligation to pay issuers risk corridors amounts as calculated under the risk corridors formula.⁴ In 2020, the Company recovered previously unpaid amounts for risk corridors for the 2015-2016 benefit years, but not all of these recoveries were included on the Company's 2015-2018 MLR Annual Reporting Forms.⁵ On December 30, 2020, CCIIO issued guidance to issuers as to how they should revise their 2015-2018 MLR Annual Reporting Forms to reflect risk corridors payment amounts recovered as a result of the litigation, and pay any required rebates, or additional rebates, to enrollees.⁶ The previously unpaid amounts for risk corridors recovered by the Company for the 2015 and 2016 benefit years impact its 2017 MLR Annual Reporting Form because the 2015 and 2016 data are included on that form.⁷ The amounts described in this examination report incorporate the Company's revisions related to the recovered risk corridors amounts.

VIII. Conclusion, Corrective Actions, Company Responses, and CCIIO Replies

CCIIO examined UnitedHealthcare Insurance Company's 2017 MLR Annual Reporting Form to assess compliance with the requirements of 45 CFR Part 158. The examination involved determining the validity and accuracy of the data elements and calculated amounts reported on the MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. As

⁴ *Maine Community Health Options v. United States*, 140 S. Ct. 1308 (2020).

⁵ https://www.regtap.info/uploads/library/RC_CSRandMLR_091516_v1_5CR_091516.pdf. See also, MLR Annual Reporting Form Instructions for 2015 through 2018, available at https://www.cms.gov/ccio/Resources/Forms-Reports-and-Other-Resources/index#Medical_Loss_Ratio.

⁶ <https://www.cms.gov/files/document/mlr-guidance-rc-recoveries-and-mlr-final.pdf>

⁷ The amount of previously unpaid risk corridors recovered by the Company for the 2015 and 2016 benefit years may have also impacted its 2015 and 2016 MLR Annual Reporting Forms because this data is also included on those forms.

detailed above, the Company's 2017 MLR Annual Reporting Form contained some elements that were not compliant with the requirements of 45 CFR Part 158. Based on the adjustments made as a result of the examination findings, the Company owes rebates of \$27,322 in the individual market in one state, and \$1,339,375 in the small group market in seven states.

As a result of this examination, consistent with § 158.402(e), CCIIO directs the Company to implement the following corrective actions:

Corrective Action #1

The Company must adopt and implement procedures to ensure that it obtains and maintains accurate information from its small employer groups at the time of policy renewal in order to determine the correct size and market classification (i.e., small group versus individual) of its small group policies, consistent with the definitions in section 2791(e) of the PHS Act and the applicable requirements of 45 CFR Part 158 and related technical guidance. This should include, but not be limited to, obtaining, and maintaining documentation related to the average total number of employees for the calendar year preceding the coverage effective (or renewal) date to accurately determine and report the market classification of its policies in accordance with the requirements of §158.103.

Company Response

The Company has implemented procedures to ensure it obtains and maintains accurate information from its small employer groups at the time of policy renewal to determine the correct size and market classification.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #2

The Company must adopt and implement procedures to ensure it completes the MLR Annual Reporting Form in accordance with §158.110 and MLR Annual Reporting Form Filing Instructions, including ensuring PCORI fees, and federal risk adjustment and exchange user fees, are properly and accurately reported.

Company Response

The Company has implemented procedures to ensure PCORI fees, federal risk adjustment and exchange user fees are properly and accurately reported.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #3

The Company must adopt and implement procedures to ensure a good faith effort is made to locate and deliver all unclaimed rebates to enrollees in accordance with the requirements of §158.244, regardless of the rebate amount.

Company Response

The Company has implemented procedures to ensure a good faith effort is made to locate and deliver all unclaimed rebates to enrollees, regardless of rebate amount.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Corrective Action #4

The Company must re-file its 2017 MLR Annual Reporting Form to rectify the errors and reflect the findings stated herein, adjusting both the current year (CY) and prior year (PY) columns as applicable, including calculating any additional rebate amounts due to its enrollees. Any underpaid rebates calculated by the Company as a result of the findings herein should be paid as soon as possible but in no event later than sixty (60) days from the date of the Company's receipt of the Final MLR Examination Report.

Company Response

The Company will correct and refile its 2017 MLR Annual Reporting Forms and will issue any underpaid rebates as instructed in this report.

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Corrective actions #1 through #3, as provided in this report, should be shared with and adopted by, as applicable, any affiliated entities of the Company, such as parent or subsidiaries, if any, that are similarly subject to the MLR reporting and rebate requirements of 45 CFR Part 158.

CCIIO thanks the Company and its staff for its cooperation with this examination.

IX. Appendix I – Recalculated MLRs⁸ and Rebates for the 2017 Reporting Year

The three-year adjusted, aggregated numerator and denominator, along with the resulting credibility-adjusted MLRs and rebates for 2017, for the states and markets in which the MLRs changed as a result of the examination, are shown in the following tables. The differences between the amounts in the “As Filed” and “As Recalculated” rows reflect the net impact of the adjustments made to reallocate the experience of misclassified policies, and to properly restate PCORI fees. The amounts in the “As Recalculated” rows for the Massachusetts merged market includes restatement of the credibility adjustment to 0.0% in accordance with §158.232(d). The amounts in the “As Recalculated” rows for the individual and small group markets also reflect revisions for the recovered risk corridors payments that the Company received, and which are described in the Subsequent Events section of this report.

Alaska

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$23,676,170	\$24,264,491	102.3%	\$0
As Recalculated	\$24,416,124	\$24,606,389	104.0%	\$0
Difference	\$739,954	\$341,898	1.7%	\$0

Arizona

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$10,753,536	\$11,201,919	102.0%	\$0
As Recalculated	\$4,653,616	\$5,983,755	85.7%	\$0
Difference	(\$6,099,920)	(\$5,218,164)	(16.3%)	\$0

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$565,009,335	\$683,243,966	82.7%	\$0
As Recalculated	\$571,109,255	\$688,460,915	83.0%	\$0
Difference	\$6,099,920	\$5,216,949	0.3%	\$0

California

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$991,007,402	\$1,232,121,738	80.4%	\$0
As Recalculated	\$1,002,882,096	\$1,244,081,436	80.6%	\$0
Difference	\$11,874,694	\$11,959,698	0.2%	\$0

⁸ The MLRs shown may not equal the quotient of the numerator divided by the denominator due to the inclusion of a credibility adjustment, in accordance with §158.230.

Colorado

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$753,956,401	\$966,449,080	78.0%	\$6,905,746
As Recalculated	\$766,863,836	\$982,710,617	78.0%	\$6,965,586
Difference	\$12,907,435	\$16,261,537	0.0%	\$59,840

Connecticut

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$24,023,722	\$26,500,899	94.6%	\$0
As Recalculated	\$23,644,513	\$26,373,004	93.6%	\$0
Difference	(\$379,209)	(\$127,895)	(1.0%)	\$0

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$11,273,464	\$12,368,677	97.0%	\$0
As Recalculated	\$10,371,234	\$12,496,565	88.8%	\$0
Difference	(\$902,230)	\$127,888	(8.2%)	\$0

District of Columbia

	Individual market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$105,826,802	\$122,832,701	87.8%	\$0
As Recalculated	\$105,127,321	\$122,156,700	87.7%	\$0
Difference	(\$699,481)	(\$676,001)	(0.1%)	\$0

Florida

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$40,088,975	\$45,472,462	91.4%	\$0
As Recalculated	\$12,518,138	\$13,654,131	96.7%	\$0
Difference	(\$27,570,837)	(\$31,818,331)	5.3%	\$0

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$1,110,407,772	\$1,438,909,481	77.2%	\$10,251,941
As Recalculated	\$1,137,978,609	\$1,470,727,102	77.4%	\$9,658,478
Difference	\$27,570,837	\$31,817,621	0.2%	(\$593,463)

Georgia

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$159,980,880	\$206,951,281	78.5%	\$684,063
As Recalculated	\$160,341,201	\$207,446,701	78.5%	\$686,655

	Numerator	Denominator	MLR	Rebate
Difference	\$360,321	\$495,420	0.0%	\$2,592

Indiana

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$620,540,141	\$735,402,493	84.4%	\$0
As Recalculated	\$622,374,896	\$738,995,354	84.2%	\$0
Difference	\$1,834,755	\$3,592,861	(0.2%)	\$0

Louisiana

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$5,958,420	\$7,444,119	87.1%	\$0
As Recalculated	\$5,702,164	\$7,189,108	86.5%	\$0
Difference	(\$256,256)	(\$255,011)	(0.6%)	\$0

Maryland

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$182,307,921	\$232,921,668	78.3%	\$1,652,017
As Recalculated	\$184,408,241	\$235,187,755	78.4%	\$1,561,411
Difference	\$2,100,320	\$2,266,087	0.1%	(\$90,607)

Massachusetts

	Individual and Small Group Merged Market ⁹				
	Numerator	Denominator	MLR	Rebate – Individual Market	Rebate – Small Group Market
As Filed	\$73,394,816	\$84,386,958	89.2%	\$0	\$0
As Recalculated	\$72,736,395	\$84,386,897	86.2%	\$27,322	\$663,338
Difference	(\$658,421)	(\$61)	(3.0%)	\$27,322	\$663,338

Michigan

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$323,736,464	\$426,634,449	75.9%	\$5,885,009
As Recalculated	\$325,849,656	\$429,764,177	75.8%	\$6,049,881
Difference	\$2,113,192	\$3,129,728	(0.1%)	\$164,872

⁹ Pursuant to §158.220, the Company's data for the Massachusetts individual and small group markets was merged for purpose of calculating the MLR. However, the rebate is calculated separately for each market.

Mississippi

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$34,636,504	\$44,127,192	80.5%	\$0
As Recalculated	\$34,456,762	\$44,165,339	80.0%	\$0
Difference	(\$179,742)	\$38,147	(0.5%)	\$0

Missouri

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$640,160,273	\$824,562,311	77.6%	\$7,840,776
As Recalculated	\$646,449,721	\$830,996,045	77.8%	\$7,241,513
Difference	\$6,289,448	\$6,433,734	0.2%	(\$599,263)

Nebraska

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$287,930,176	\$340,428,413	84.6%	\$0
As Recalculated	\$290,123,198	\$342,522,012	84.7%	\$0
Difference	\$2,193,022	\$2,093,599	0.1%	\$0

Nevada

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$75,118,057	\$99,157,943	75.8%	\$1,717,987
As Recalculated	\$74,964,731	\$99,731,829	75.2%	\$1,978,789
Difference	(\$153,326)	\$573,886	(0.6%)	\$260,802

New Hampshire

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$8,333,625	\$9,914,408	91.1%	\$0
As Recalculated	\$8,354,653	\$9,955,514	90.9%	\$0
Difference	\$21,028	\$41,106	(0.2%)	\$0

New Mexico¹⁰

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$76,963,306	\$93,921,370	84.0%	\$314,523
As Recalculated	\$77,430,427	\$94,411,477	84.1%	\$284,212
Difference	\$467,121	\$490,107	0.1%	(\$30,311)

¹⁰ In 2017, the State of New Mexico required a higher percentage (85%) than the statutory MLR standard of 80% for the small group market for rebate purposes. See the MLR Annual Reporting Form Filing Instructions for 2017.

North Carolina

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$327,216,253	\$417,901,740	78.3%	\$2,932,475
As Recalculated	\$328,706,083	\$420,260,370	78.2%	\$3,117,535
Difference	\$1,489,830	\$2,358,630	(0.1%)	\$185,060

Ohio

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$286,677,952	\$380,152,253	75.4%	\$3,350,308
As Recalculated	\$288,554,793	\$382,198,311	75.5%	\$3,296,177
Difference	\$1,876,841	\$2,046,058	0.1%	(\$54,131)

Oklahoma

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$222,371,292	\$282,275,818	78.8%	\$1,317,577
As Recalculated	\$225,619,922	\$286,121,018	78.9%	\$1,221,178
Difference	\$3,248,630	\$3,845,200	0.1%	(\$96,399)

Pennsylvania

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$268,436,579	\$307,281,993	87.7%	\$0
As Recalculated	\$270,541,436	\$309,190,708	87.8%	\$0
Difference	\$2,104,857	\$1,908,715	0.1%	\$0

Rhode Island

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$64,804,761	\$79,865,739	83.4%	\$0
As Recalculated	\$70,683,610	\$85,245,806	85.1%	\$0
Difference	\$5,878,849	\$5,380,067	1.7%	\$0

South Carolina

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$63,317,918	\$77,301,734	84.2%	\$0
As Recalculated	\$63,628,124	\$77,821,825	84.0%	\$0
Difference	\$310,207	\$520,091	(0.2%)	\$0

Tennessee

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$146,039,828	\$159,615,289	92.9%	\$0
As Recalculated	\$143,517,287	\$159,163,646	91.6%	\$0
Difference	(\$2,522,541)	(\$451,643)	(1.3%)	\$0

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$174,938,121	\$224,897,151	77.8%	\$1,228,342
As Recalculated	\$175,326,557	\$225,348,648	77.8%	\$1,231,213
Difference	\$388,436	\$451,497	0.0%	\$2,871

Texas

	Individual Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$28,222,799	\$30,421,994	96.8%	\$0
As Recalculated	\$9,921,739	\$11,134,791	96.2%	\$0
Difference	(\$18,301,060)	(\$19,287,203)	(0.6%)	\$0

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$2,407,590,068	\$2,900,451,628	83.0%	\$0
As Recalculated	\$2,425,891,128	\$2,919,736,932	83.1%	\$0
Difference	\$18,301,060	\$19,285,304	0.1%	\$0

Utah

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$175,729,865	\$205,155,542	86.4%	\$0
As Recalculated	\$176,075,291	\$205,676,284	86.3%	\$0
Difference	\$345,426	\$520,742	(0.1%)	\$0

Washington

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$199,967,476	\$236,360,151	85.8%	\$0
As Recalculated	\$202,212,456	\$238,627,689	86.0%	\$0
Difference	\$2,244,980	\$2,267,538	0.2%	\$0

West Virginia

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$12,003,258	\$14,753,679	86.5%	\$0
As Recalculated	\$11,908,595	\$14,794,272	85.6%	\$0
Difference	(\$94,663)	\$40,593	(0.9%)	\$0

Wisconsin

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$905,137,314	\$1,110,197,370	81.5%	\$0
As Recalculated	\$909,796,078	\$1,115,410,830	81.6%	\$0
Difference	\$4,658,764	\$5,213,460	0.1%	\$0

Wyoming

	Small Group Market			
	Numerator	Denominator	MLR	Rebate
As Filed	\$31,131,344	\$34,473,856	93.7%	\$0
As Recalculated	\$31,135,029	\$34,739,026	93.1%	\$0
Difference	\$3,685	\$265,170	(0.6%)	\$0