UnitedHealthcare

Medical Proposed Rates with Alternate Plan Designs

Customer Name: LOCAL 730
Medical Policy: 00729899
Renewal Date: August 1, 2014

• The numbers below are on an illustrative basis. Rates are subject to Underwriting approval.

	Renewal Plan	Renewal Plan
	Option 1 NEW	Option 2 NEW
Plan Name	Q6Y-S Mod (OCI-Emb Ded) Rx Plan: 8J-S	Q6Y-S Mod 2 (OCI-Emb Ded) Rx Plan: 8H-S Mod
Product	OCI UHC HMO HMO *	OCI UHC HMO HMO *
Option	KEF HMO OCI	KEE HMO OCI
Plan Offering	Dual Option	Dual Option
Multiple Option with:	Option(s) 2	Option(s) 1
HRA or HSA	No	No
Benefits*	Network Single/Family	Network Single/Family
Office Copay (PCP/SPC)	PCP $20, SPC $30	PCP $15, SPC $15
Hospital Copays	OP $50, IP D&C	OP $50, IP $400/Admit
UC/ER/Major Diag Copay	UC $35, ER $75, Maj Diag D&C	UC $15, ER $50, Maj Diag D&C
Other	N/A	N/A
Deductible	N/A	N/A
Coinsurance	100%	100%
Out-of-Pocket	$3000/ $6000	$1100/ $2200
Pharmacy	$10/30/50; 2.5x; w/ancillary, $6,350 OOP Max	$5/10/25; 2.5x; w/ancillary, $6,350 OOP Max
	Out of Network Single/Family	Out of Network Single/Family
Deductible	N/A	N/A
Coinsurance	N/A	N/A
Out of Pocket	N/A	N/A
Enrollment		
Employee	27	40
Employee + Family	36	22
Total	63	62
	Rates (Billed)	Rates (Billed)
Rates	Current / Proposed	Current / Proposed
Employee	$691.95 / **$795.91**	$1,090.44 / **$1,253.43**
Employee + Family	$691.95 / **$795.91**	$2,122.14 / **$2,439.34**
Monthly Cost	$43,593 / **$50,142**	$90,305 / **$103,803**
Annual Cost	$523,114 / **$601,708**	$1,083,656 / **$1,245,632**
Change from Current	**15.0%**	**14.9%**

**High level benefit summary. Please see your plan summary for more detailed benefit description.*

The numbers above are on an illustrative basis. Rates are subject to Underwriting approval.

For markets moving to service fees, current rates (applicable for renewals only) include commission expenses. Proposed rates, for your convenience, include any applicable producer service fees. Producer service fees are not a contingency of obtaining insurance coverage but are fees agreed to between you (client) and your producer/service provider for service rendered on behalf of client.

For markets continuing to pay commissions, both the current (applicable for renewals only) and proposed rates include commissions.

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Medical Quote Assumptions

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The rates quoted here are based on the following assumptions. Changes to these assumptions may result in an adjustment to rates.

Medical Quote Assumptions

- Rates are guaranteed for the contract period of 8/1/14 through 7/31/15.
- Rates are based on your submitted census. UnitedHealthcare reserves the right to adjust the rates from audit date back to effective date if any of the following changes:
  - Enrollment +/- 10%
  - Average Contract Size +/- 10%
  - Area Factor +/- 7.5%
  - Age/Sex Factor +/- 10%
  - Any Material Changes
  - Cobra enrollees are more than 10% of enrollment
- Employer contributes a minimum of 75% toward the employee only rates and 50% toward the dependent rates.
- Requires a minimum participation level of 75%.
- OCI plans offered by Optimum Choice, Inc., and UHIC plans offered by UnitedHealthcare Insurance Company
- Rates include The Health Maintenance Organization Act of 1996 ammended HMO premium tax of 2% where applicable.
- Please see your state disclosure form for all mandated disclosure information.
- Current plans and rates are available upon request.
- This offer, unless otherwise stated herein, completely replaces all other previous offers or portions thereof. Any previous offers that may have been extended are hereby null and void.

- Quote does not include Simply Engaged

UnitedHealthcare reserves the right to adjust the rates and/or fees (i) in the event of any changes in federal, state or other applicable legislation or regulation; (ii) in the event of any changes in Plan design required by the applicable regulatory authority (i.e. mandated benefits) or by the Plan Sponsor; and (iii) as otherwise permitted in our policy.

This premium includes state and federal taxes and fees, including the Insurer Fee (about 2.5% of premium) and the Reinsurance Fee (about $5 per member per month) under the Affordable Care Act. These estimates will vary based on renewal date and state reinsurance fees.

Premium rates and/or product forms included herein are subject to approval by regulators. If rates or product forms offered herein are subsequently modified by regulators we will immediately advise you of the change in plan design and retroactively adjust premium in subsequent billings.

Plan design and corresponding premium rates offered herein represent a coverage option that is consistent with your current group size (based on most recent census or survey information) and closely matches your current coverage. Additional coverage options may be available to you.

This quote includes 0.00% commissions in commissionable sites.

Agents may receive commissions and other compensation from us and these costs may be reflected in your premium or fee. Separately, you may have contracted with producers to provide services directly for your group and have agreed to pay them a 'service fee'. Since 'service fees' are not a contingency of the purchase of health insurance such fees are not part of your premium but may be included in your bill under total amount due.

UnitedHealthcare

Financial Exhibits - Medical

Customer Name: LOCAL 730
Medical Policy: 00729899
Renewal Date: August 1, 2014

Renewal rates effective: 8/1/14 to 7/31/15

Historical Information		Current Period	Prior Period	Blended
	Beginning of Experience Period	03/01/2013	03/01/2012	
	End of Experience Period	02/28/2014	02/28/2013	
	Medical Incurred Claims	$1,011,566	$1,380,233	
	Rx Incurred Claims	$298,513	$316,605	
	Member Months	2,591	2,596	
Experience Rating PMPM				
A	Incurred Medical Claims PMPM	$390.42	$531.68	
B	Pooled Claims Over $75,000	$87.59	$163.84	
C	Adjusted Medical Claims (A - B)	$302.82	$367.83	
D	Incurred Rx Claims PMPM	$115.21	$121.96	
E	Total Incurred Claims (C + D)	$418.03	$489.79	
F	Trend Factor (Current 17 mos, Prior 29 mos)	1.131	1.233	
G	Plan Change Adjustment	1.000	1.001	
H	Trended/Adjusted Claims (E * F * G)	$472.76	$604.92	
I	Claim Period Weighting	70%	30%	$512.41
J	Adj for Member Change Between Plans			1.000
K	Pooling charge for $75,000			$62.70
L	Expected claims (I * J + K)			$575.11
	Retention:			
M	Administration			13.0%
N	State Taxes and Assessments			1.9%
O	Other adjustment			0.0%
P	Total retention (M +N + O)			14.9%
Q	**Experience Premium PMPM (L / (1 - P))**			**$675.79**
Manual Rating PMPM				
R	Manual Premium PMPM (unadjusted)			$446.08
S	Age/Sex Adjustment			1.548
T	Other Adjustment			1.000
U	**Manual Premium PMPM (R * S * T)**			**$690.50**

Renewal Action

		Calculated Premium		Credibility Factor	
V	Experience Rating	$675.79	x	34.0%	$229.77
W	Manual Rating	$690.50	x	66.0%	$455.73
X	Initial Calculated Renewal Cost PMPM (V + W)				$685.50
Y	Other Adjustment				1.000
Z	**PMPM Prior to Reform Items, Commission, Fees (X * Y)**				**$685.50**
AA	**Required Plan Change (Reform/Other)**				**1.011**
AB	**PPACA Reinsurance Fee PMPM**				**$4.41**
AC	**PPACA Insurer Fee**				**2.97%**
AD	Additional Program Fee PMPM				$0.00
AE	Commission %				0.00%
AF	Service Fee				1.0000
AG	Commission or Service Fee PEPM (converted to PMPM)				$0.00
AH	**Calculated Renewal Cost PMPM ((((Z * AA + AB) * (1+AC) + AD) * (1+AE) * AF) + AG)**				**$718.53**
AI	Current Revenue PMPM				$624.96
AJ	Calculated Renewal Action (AH / AI) - 1				14.97%
AK	Suggested Renewal Action				14.97%
AL	Prospective Plan Change				1.000
AM	**Final Renewal Action ((AI * (1+AK) * AL / AI) - 1)**				**14.97%**

Current Subscribers	125	**Final Renewal Cost PMPM**	**$718.53**
Current Members	214	Final Renewal Monthly Cost	$153,945
		Final Renewal Annual Cost	$1,847,340

*Annual trend rate: Medical 9.1%, Rx 9.1%
Final renewal monthly/annual premiums are calculated using current enrollment
Rates and benefits are subject to regulatory and home office approval