

EXHIBIT 13
NARRATIVE SUMMARY
Small Group UBI On Exchange

Company Name: CDPHP Universal Benefits, Inc.

NAIC Code: 47027

SERFF Tracking #: CAPD-129571281

CDPHP Universal Benefits, Inc. (CDPHP UBI) offers EPO, PPO, and High Deductible products on a community rated basis to Small Groups on the NY State of Health Benefits Exchange.

CDPHP UBI has filed a request for approval by the New York State Department of Financial Services of changes to premium rates. Policyholders will receive rate adjustments upon their renewal in 2015.

The increase requested is due to:

- Expected changes in medical and pharmacy trend (expected increases in claim costs): +5.7%
- Corrections for past pricing: -2.0%
- Demographic and aging changes: +4.0%
- Federal Risk Adjustment: +1.8%
- Changes in benefits: +3.7% (varies by benefit plan)
- Changes in administrative expenses: +1.4%

Medical and pharmacy trends are typically broken into two components, utilization and cost. CDPHP UBI expects to see increases in utilization due to advances in medical technology, increased frequency of genetic testing, and increased use of specialty pharmaceuticals used to manage rare and complex medical conditions. These increases will be held lower than industry-wide trends due to CDPHP UBI medical management programs which include care management, disease management, medical therapy management, and hospital readmission avoidance.

The changes in utilization of medical and pharmacy services have been impacted by:

- Growth in Enhanced Primary Care (EPC) provider practices and quality incentive programs which will have a favorable impact on inpatient and ER services. (The Enhanced Primary Care program is an innovative CDPHP UBI program designed to improve coordination of care and promote delivery of cost-effective services through greater use of technology and efficiency in the physician's office.)
- Movement of services to more cost-effective outpatient settings such as freestanding surgical centers.
- Expected increase in mental health services due to new behavioral health mandates and mental health parity requirements in the Affordable Care Act (ACA).

CDPHP UBI negotiates reimbursement rates with hospitals on an annual or semiannual basis. CDPHP UBI contracts with CVS Caremark for pharmacy benefit management. The unit cost increases projected for medical and pharmacy are:

- Facility: 6% to 7% (this is an average negotiated increase)
- Professional: 1.5% (effective July 1, 2015)
- Pharmacy costs: 6.45%. This is due to the increased use and associated high cost of specialty drugs; for example the cost of Hep C pharmaceuticals.

A pricing correction of -2.0% was applied to the 2015 rates. Pricing corrections are made to correct for an over/underestimating of medical trend in prior year's pricing.

Revised demographic assumptions resulted in a +4.0% impact on premiums. This adjustment is due to a change in single/family mix and the expected age of the underlying population.

The impact of the Federal Risk adjustment program as estimated by the New York State Department of Financial Services resulted in 1.8% increase in rates.

Changes to 2015 benefits impact the rates. The 2014 behavioral health residential care mandate will impact premium rates in 2015 by 1.0%. Federal changes to out of pocket maximums and deductibles will increase premiums, on average by 2.3%.

Enhanced benefits were added to all non-standard products will increase premiums by 0.4%.

- Lasik surgery allowance
- Acupuncture
- Skilled nursing days increased from 200 to 365.

Changes to administrative expenses, profit, and Federal ACA fees will impact the 2015 rates by +1.4%.

- General administrative cost increased approximately 1.7%.
- ACA insurer tax will increase in 2015 with an impact of 0.5%.
- Federal Reinsurance fee: -0.5%.
- Other Federal ACA fees: -0.4 %.
- NYS Regulatory Licenses fees: +0.1 %.
- Profit load: unchanged

EXHIBIT 13: NARRATIVE SUMMARY AND NUMERICAL SUMMARY

Company CDPHP Universal Benefits, Inc.
NAIC Code: 47027
SERFF Trac CAPD-129571281
Market Segment: Small Groups On Exchange

- 1) Please complete this Narrative Summary and Numerical Summary for each market segment for which you are submitted a rate filing.
- 2) The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment.
- 3) The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4) The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5) These Summaries will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6) The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7) A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Prefiling" submitted to DFS via SERFF.
- 8) Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9) Links should be provided on key pages of the company's website so that the information may be easily located.
- 10) Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11) This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2014 and 2015 Premium Rates:

- 1) Average Monthly Premium Rates for Individual Only on Individual Plans and First Quarter Rates for Employee Only on Small Group Plans.
- 2) Premium Rates are Average Arithmetic Premium Rates for All Plans Combined and for all Regions combined.
- 3) Premium Rates are with Through Age 29, with Domestic Partner and with Family Planning Coverage.
- 4) Premium Rates for 2015 should be Consistent with the Premium Rates reflected in Exhibit 23.
- 5) Premium Rates for 2014 should be on a Consistent Basis as the Premium Rates for 2015.

	Platinum	Gold	Silver	Bronze	Catastrophic
2014 Premium Rates	\$ 547.75	\$ 467.54	\$ 397.66	NA	NA
2015 Premium Rates	\$ 606.02	\$ 509.69	\$ 441.64	\$ 363.63	NA

B. Weighted Average Annual Percentage Requested Adjustments [Per Exhibit 14A for Individual Plans and Exhibit 14B for Small Group Plans]*:

	2014 to 2015
Requested Rate Adjustment	9.0%

C. Weighted Average Annual Percentage Requested Adjustments for each of the Past Three Years [Per Exhibits 4A-4D] [If Applicable]*:

	2011 to 2012	2012 to 2013	2013 to 2014
Average Rate Adjustment	4.26%	8.56%	NA

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]*:

	2011	2012	2013
MLR	86.60%	89.96%	95.97%

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 19 for 2014-15 and Comparable Exhibits for 2013] [If Applicable]*:

	2013	2014	2015
Annual Claim Trend Rates	6.5	5.73%	5.69%
Expense Ratios	12.48%	14.84%	16.25%
Pre Tax Profit Ratios	2.00%	1.75%	1.75%

* If product was not offered in a particular year, indicate "N/A" in the applicable box.