UnitedHealthcare Plan of the River Valley, Inc.

Part II: Written Justification of Rate Increase

Iowa 2026 Individual Exchange Rates

July 25, 2025

United Healthcare

Part II: Written Description Justifying the Rate Increase

The following memorandum describes the key drivers of the rate changes of individual rates for UnitedHealthcare Plan of the River Valley, Inc. ("UHCPRV"). UHCPRV policies are individual medical plans offered in Iowa and are fully compliant with the Patient Protection and Affordable Care Act.

Scope and Range of the Rate Increase

UHCPRV is filing 2026 rates for individual products. The proposed rate change is 19.77% and will affect 504 individuals. The rate changes vary between 17.27% and 22.35%. Given that the rate changes are based on the same single risk pool, the rate changes vary by plan due to plan design changes.

Financial Experience of the Product

UHCPRV does not have 2024 financial experience in Iowa.

Changes in Medical Service Costs

There are many different healthcare cost trends that contribute to increases in the overall U.S. healthcare spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key healthcare cost trends that have affected this year's rate actions include:

- Increasing cost of medical services: Annual increases in reimbursement rates to healthcare providers, such as hospitals, doctors, and pharmaceutical companies.
- Increased utilization: The number of office visits and other services continues to grow. In addition, total healthcare spending will vary by the intensity of care and use of different types of health services. The price of care can be affected using expensive procedures such as surgery versus simply monitoring or providing medications.
- Higher costs from deductible leveraging: Healthcare costs continue to rise every year. If deductibles and copayments remain the same, a higher percentage of healthcare costs need to be covered by health insurance premiums each year.
- Impact of new technology: Improvements to medical technology and clinical practice often result in the use of more expensive services, leading to increased healthcare spending and utilization.
- Expiration of enhanced premium tax credits: Expanded and enhanced federal premium tax credits for consumers will expire at the end of 2025. As a result, post-tax credit premiums will increase for calendar year 2026.
- Changes in market morbidity: Premiums reflect the expected increase in the average cost per member due to healthier members leaving the market if enhanced APTCs are allowed to expire.

Changes in Benefits

Changes in benefits impact costs and therefore affect premium changes. Plan benefits are typically changed for one of three reasons: to comply with the requirements of the Affordable

Care Act or state law, to respond to consumer feedback, or to address a particular medical cost issue to provide greater long-term affordability of the product.

The Affordable Care Act implemented requirements for the “value” that must be offered by plan designs in the Individual and Small Group markets. These are called “metal levels”. For a benefit plan to remain classified within a particular metal level from year to year, adjustments to deductibles, copayments or coinsurance are sometimes required. These adjustments impact the cost and therefore the premium increases for the plan.

Administrative Costs and Anticipated Margins

UHCPRV works to directly control administrative expenses by adopting better processes and technology and developing programs and innovations that make healthcare more affordable. We have led the marketplace by introducing key innovations that make healthcare services more accessible and affordable for customers, improve the quality and coordination of healthcare services, and help individuals and their physicians make more informed healthcare decisions.

Taxes and fees imposed by the state and federal government are significant factors that impact healthcare spending and must be included as additional administrative costs associated with the plans. These fees include Affordable Care Act taxes and fees which impact health insurance costs and need to be reflected in premium. Another component of premium is margin, which is set to address expected volatility and risk in the market.

The requested rate change is anticipated to be sufficient to cover the projected benefit and administrative costs for the 2026 plan year.

UnitedHealthcare Plan of the River Valley, Inc.

Part III: Actuarial Memorandum: PUBLIC

Iowa 2026 Individual Exchange Rates

July 25, 2025

Contents

1 Actuarial Memorandum

This memorandum documents the development of Individual market health insurance premium rates for UnitedHealthcare Plan of the River Valley, Inc. ("UHCPRV"). UHCPRV is offering Individual health insurance products on and off the Exchange in the Bronze, Silver and Gold metal tiers, with the premium rates documented in this memorandum effective January 1, 2026. The proposed plans are shown in Appendix A.

Considerations for the Regulatory Environment

The rates presented and submitted here were developed assuming that CSR payments are not funded by the federal government in 2026 and the cost of these payments will instead be funded through member premiums and Advanced Premium Tax Credits.These rates also assume the enhanced Advanced Premium Tax Credit levels extended through 2025 will expire for 2026.

Additional regulatory and legislative contingencies are further explained in Section 7.1.

This version of the actuarial memorandum is considered PUBLIC and hence does not contain information determined to be TRADE SECRET. A separate actuarial memorandum was submitted and deemed TRADE SECRET, which included all proprietary information related to UHCPRV. TRADE SECRET information includes the following, but not limited to: UHCPRV assumptions, assumptions and methodologies that could provide insight into UHCPRV's pricing strategy and contract reimbursement information.

2 General Information Section

Company Identifying Information

Company Legal Name:	UnitedHealthcare Plan of the River Valley, Inc.
State:	Iowa
HIOS Issuer ID:	56610
Market:	Individual
Effective Date:	January 1, 2026

Company Contact Information

Primary Contact Name:	[Redacted: TRADE SECRET]
Primary Contact Telephone Number:	[Redacted: TRADE SECRET]
Primary Contact Email Address:	ifp_rate_filing@uhc.com

3 Proposed Rate Changes

UHCPRV will sell Individual policies with an effective date of January 1, 2026. The 2026 aggregate rate change as shown on the Unified Rate Review Template (URRT) is [Redacted: TRADE SECRET]. Rate changes by plan are found in Worksheet 2, row 1.11 of the URRT. The quantitative impact for all significant factors driving the proposed rate change is shown in the table below.

[Table Redacted]

4 Market Experience

4.1 Experience and Current Period Premium, Claims, and Enrollment

UHCPRV does not have 2024 experience data in the state of Iowa. The date of curent membership shown on the URRT is [Redacted: TRADE SECRET].

4.2 Benefit Categories

UHCPRV does not have 2024 experience to report on the URRT. Therefore there is no experience to allocate to each benefit category.

4.3 Projection Factors

The following describes the factors used to project experience period allowed claims to the 2026 projection period.

4.3.1 Trend Factors

UHCPRV does not have 2024 experience to report on the URRT. Trend adjustments applied in the manual rate development are discussed in Section 4.3.3.

4.3.2 Adjustments to Trended EHB Allowed Claims PMPM

UHCPRV does not have 2024 experience to report on the URRT. Therefore there is no experience to adjust.

4.3.3 Manual Rate Adjustments

A description of the manual rate adjustments used follows.

Source and Appropriateness of Experience Data Used

UnitedHealthcare Individual ACA experience claims and membership was used to develop the manual rate ("UHC manual data"). The Individual experience data informed the utilization pattern (types of services, underlying morbidity level, etc.) that was used to build up the manual rate. The UHC manual data is net of pharmacy rebates and covers all required federal EHBs.

Adjustments Made to the Data

The base period allowed PMPMs were adjusted for the items described below.

[Redacted: TRADE SECRET]

Inclusion of Capitation Payments

[Redacted: TRADE SECRET]

4.3.4 Credibility of Experience

UHCPRV has no Individual market claims experience in Iowa. We have assigned 100% credibility to the manual rate.

The following formula was used for assigning credibility to the experience period:

$$Z = \min\left[1, \left(\frac{MM}{FC}\right)^{.5}\right]$$

Where,

- Z is the credibility percentage applied to the experience data,
- MM is the experience period member months and
- FC is the member months required for full credibility

[Redacted: TRADE SECRET]

Consideration was given to guidance provided in Actuarial Standards of Practice #25, *Credibility Procedures.*

4.3.5 Establishing the Index Rate

As shown on Worksheet 1 of the URRT, the Index Rate for this filing is [Redacted: TRADE SECRET]. It estimates the total combined allowed claims PMPM for EHBs in the Iowa Individual market.

4.3.6 Development of the Market-wide Adjusted Index Rate

The Market-wide Adjusted Index Rate (MAIR) for the projection period is [Redacted: TRADE SECRET] as shown on Worksheet 1 of the URRT. The MAIR is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR 156.80(d)(1). The Index Rate and market level adjustments are on an allowed claims basis.

A	Projected Index Rate for January 1, 2026	[Redacted: TRADE SECRET]
B	Reinsurance	[Redacted: TRADE SECRET]
C	Risk Adjustment Payment/Charge	[Redacted: TRADE SECRET]
D	Exchange User Fees	[Redacted: TRADE SECRET]
=(A-B-C)/(1-D)	Market-wide Adjusted Index Rate	[Redacted: TRADE SECRET]

Reinsurance

UHCPRV does not expect any reinsurance recoveries from federal or state reinsurance programs.

Risk Adjustment Payment/Charge

The projection period risk adjustment charge was developed by estimating the individual components of the risk adjustment transfer formula (e.g., PLRS, AV, etc.) for both UHCPRV and the statewide average. A description of the development of each component is described below:

- PLRS: [Redacted: TRADE SECRET]
- IDF: [Redacted: TRADE SECRET]
- GCF: [Redacted: TRADE SECRET]
- ARF: [Redacted: TRADE SECRET]
- AV: [Redacted: TRADE SECRET]
- Statewide average premium: [Redacted: TRADE SECRET]

The projected risk adjustment payable/receivable was converted to an allowed basis when developing the MAIR.

The risk adjustment fee of $0.20 PMPM was incorporated into 2026 rates and included within the taxes and fees.

[Redacted: TRADE SECRET]

Exchange User Fees

The Exchange User Fee reflecting the expiration of enhanced premium subsidies is [Redacted: TRADE SECRET] represented as a percentage of allowed claims in the development of the MAIR. [Redacted: TRADE SECRET]

As a percent of premium, the Exchange User Fee is 2.50% for all policies sold through the Exchange.

4.4 Plan Adjusted Index Rate

The Plan Adjusted Index Rates (PAIR) were developed by applying allowable plan level adjustments to the MAIR. The allowable plan-level adjustments are shown in Appendix C.

The following describes how each component of the adjustment was developed.

Actuarial Value and Cost-Sharing Design

The Pricing AVs reflecting the actuarial value and cost-sharing design of each plan was developed using a simulation methodology whereby a large dataset of Individual ACA enrollment and claims were calibrated to the projected population and member-level claims were re-adjudicated using the cost-sharing parameters of each plan design. Each plan was developed using the same dataset and population adjusted only for the expected induced utilization by metal level ensuring the same risk profile informs all Pricing AVs.

Induced utilization factors were applied at the metal level and are unchanged relative to the 2025 rate development. Utilization factors reflect the impact of differences in cost sharing on utilization; health status differences are not reflected in utilization factors.

CSR LOAD

We have included an adjustment to the filed plans to reflect the impact of CSRs no longer being funded by the federal government. The regulation still requires CSR variant plans to be offered to low-income members, under the same federal AV requirements (keeping similar plan design and cost sharing structures as the current regulations), but the subsidy amounts will instead be a liability to the insurers and not the government. [Redacted: TRADE SECRET]

Provider Network, Delivery System Characteristics and Utilization Management Practices

Only one network will be utilized in the projection period, so no plan-level adjustments for network differences have been applied.

Benefits in Addition to EHBs

[Redacted: TRADE SECRET]

Administrative Costs

Non-benefit administrative costs were applied on a percent of premium basis and on a PMPM basis. They are bucketed into three categories as shown on Worksheet 2 of the URRT: (1) administrative expenses, (2) taxes and fees and (3) profit and risk load.

ADMINISTRATIVE EXPENSE

UHCPRV expects to incur [Redacted: TRADE SECRET] in general administrative expenses for the Individual ACA block of business in Iowa for 2026. We expect to incur an additional [Redacted: TRADE SECRET] in broker commissions over this period.

Health Care Quality Improvement and Fraud Detection Expenses were estimated as [Redacted: TRADE SECRET] and were included in the administrative expense load.

[Redacted: TRADE SECRET]

TAXES AND FEES

Taxes and regulatory fees included in the development of 2026 rates include the following:

- Risk Adjustment User Fee: $0.20 PMPM
- PCORI Fee: $0.32 PMPM
- State Premium Tax: [Redacted: TRADE SECRET]
- Federal Income Tax: [Redacted: TRADE SECRET]

The Exchange User Fee load is not included here. It was previously built into the MAIR as discussed in Section 4.3.6.

PROFIT AND RISK LOAD

The proposed 2026 premiums allocate [Redacted: TRADE SECRET] to profit and risk margin on a post-tax basis. [Redacted: TRADE SECRET]

Catastrophic Plans

UHCPRV will not offer Catastrophic plans in Iowa for 2026.

4.5 Calibration

Age Curve Calibration

The approximate age calibration factor is [Redacted: TRADE SECRET]. It was determined as follows:

$$ACF = \frac{\sum Members}{\sum Members * Age\ Factor}$$

Where:

- ACF is the age calibration factor,
- Members are the projected members and
- Age Factor is the rating factor associated with each member.

An age factor of 0 is used for members who are not expected to pay premium.

Section 4.6 demonstrates how the PAIRs and age curve are used to generate a schedule of premiums.

Geographic Factor Calibration

The geographic calibration factor is [Redacted: TRADE SECRET]. It was determined as follows:

$$GCF = \frac{\sum Members}{\sum Members * Area\ Factor}$$

Where:

- GCF is the geographic calibration factor,
- Members are the projected members and
- Area Factor is the rating factor associated with each member.

Geographic area factors are calculated based upon expected reimbursement rates UHCPRV aims to achieve by rating area. These factors are relative to the membership-weighted average reimbursement rate for all areas UHCPRV will service in Iowa. The factors only reflect differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and not differences in population morbidity by geographic area.

Section 4.6 demonstrates how the PAIRs and area factors are used to generate a schedule of premiums.

Tobacco Use Rating Factor Calibration

The tobacco calibration factor is [Redacted: TRADE SECRET]. It was determined as follows:

$$TCF = \frac{\sum Members}{\sum Members * Tobacco\ Factor}$$

Where:

- TCF is the tobacco calibration factor,
- Members are the projected members and
- Tobacco Factor is the rating factor associated with each member.

Section 4.6 demonstrates how the PAIRs and tobacco factors are used to generate a schedule of premiums.

Application of Calibration Factors

The age, geographic and tobacco calibration adjustments are not plan specific. These adjustments are applied uniformly to all plans.

The age rating curve used by UHCPRV in Iowa is the curve indicated in the HHS Notice of Benefit and Payment Parameters for 2018 Final Rule.

4.6 Consumer Adjusted Premium Rate Development

The member's premium rate is calculated by first multiplying the PAIR by the calibration factors. This is the Calibrated PAIR, which is shown on Worksheet 2, row 3.14 of the URRT. The result can then be multiplied by the member's specific age, geographic and tobacco rating factors to determine the approximate member rate.

$$CPAIR = PAIR\ x\ ACF\ x\ GCF\ x\ TCF$$

$$CAPR = CPAIR\ x\ Age\ Factor\ x\ Geographic\ Factor\ x\ Tobacco\ Factor$$

Where:

- CPAIR is the Calibrated Plan Adjusted Index Rate,
- PAIR is the Plan Adjusted Index Rate,
- ACF is the age calibration factor,
- GCF is the geographic calibration factor,
- TCF is the tobacco calibration factor,
- CAPR is the Consumer Adjusted Premium Rate and
- Age, Geographic and Tobacco Factors are the rating factors associated with each member.

The premium for family coverage is determined by summing the premiums for each individual family member, provided at most three child dependents under age 21 are taken into account.

The rate manual and a demonstration of how the allowable rating factors are applied to the Calibrated PAIR to determine the Consumer Adjusted Premium Rate are shown in Appendix B.

5 Projected Loss Ratio

The projected medical loss ratio (MLR) for the individual line of business is [Redacted: TRADE SECRET]. This was calculated using the federally prescribed MLR methodology.

[Redacted: TRADE SECRET] Taxes and regulatory fees were excluded from premium in the calculation of this value. The calculation for the projected federal MLR is included in Appendix D.

6 Plan Product Information

6.1 AV Metal Values

The federal Actuarial Value Calculator was used to generate the AV metal values shown on Worksheet 2, row 1.6 of the URRT. Please refer to the Unique Plan Design Justification and Documentation document for the impact of plans and cost sharing inputs modifications made in order to enter these into the federal Actuarial Value Calculator.

6.2 Membership Projections

The total membership projections for 2026 were based upon internal modeling of market share estimates for the Iowa counties we intend to service. The percentage of membership distributions by metal tier and variant was based on the metal, CSR variants and rating area/county distribution enrollments for Iowa from actual UHCPRV enrollment with additional consideration to current Individual ACA Open Enrollment Period reports and the regulatory landscape. Refinements to this data are applied for strategic initiatives and actuarial judgment.

Projected enrollment in CSR subsidy eligible Silver plans was informed by actual UHCPRV enrollment and similar distributions in the Open Enrollment Period reports with consideration for regulatory impacts. The resulting projected enrollment by plan and subsidy level is provided in Appendix E.

6.3 Terminated Plans and Products

There are no terminated plans or products to report.

6.4 Plan Type

The drop downs in Worksheet 2, Section 1 of the URRT describe the issuer's plan types appropriately.

7 Miscellaneous Instructions

7.1 *Effective Rate Review Information*

On May 2, 2025, the Centers for Medicare & Medicaid Services (CMS) issued a bulletin titled "Plan Year 2026 Individual Market Rate Filing Instructions," directing issuers to submit a set of rates under the assumption that Congress appropriates funds for Cost-Sharing Reduction (CSR) payments and that the enhanced premium tax credits under the American Rescue Plan (ARP) and Inflation Reduction Act (IRA) expire. The direction applied to states without an effective rate review, but CMS encouraged other states to take a similar approach.

As CMS has noted, there remains significant uncertainty regarding potential Congressional action or inaction, and multiple legislative outcomes could materially impact premium rates for Plan Year 2026. UHCPRV reserves the right to submit an alternative scenario and revise assumptions and corresponding rates should additional clarity or legislative developments emerge related to the federal funding of CSR payments and/or the enhanced premium tax credits under ARP and IRA.

PY 2024 CSR Payments

UHCPRV entered the market in 2025, thus this section is not applicable.

Marketplace Integrity and Affordability Proposed Rule

The rates and benefits represented in this filing assumed the expanded de minimis range proposed in the 2025 Marketplace Integrity and Affordability Proposed Rule. The proposed rule was adopted on June 20, 2025.

7.2 *Reliance*

[Redacted: TRADE SECRET]

7.3 *Actuarial Certification*

I, [Redacted: TRADE SECRET], am a Member of the American Academy of Actuaries (MAAA). I meet the Qualification Standards of Actuarial Opinion as adopted by the American Academy of Actuaries for preparing premium rate filings for insurers.

This actuarial certification applies to the UnitedHealthcare Plan of the River Valley, Inc. Individual products to be offered in the federal health Exchange. I certify that the projected Index Rate is:

- In compliance with all applicable state and federal statutes and regulations (45 CFR 156.80 and 147.102)
- Developed in compliance with applicable Actuarial Standards of Practice, including:
    - ASOP No. 5, *Incurred Health and Disability Claims*
    - ASOP No. 8, *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*
    - ASOP No. 12, *Risk Classification*

  - ASOP No. 23, *Data Quality*
  - ASOP No. 25, *Credibility Procedures*
  - ASOP No. 41, *Actuarial Communications*
  - ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

The Index Rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

The geographic rating factors reflect only differences in the cost of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

The federal AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Unified Rate Review Template for all plans. Any alternate methodologies are described in the Unique Plan Design Justification and Documentation.

The Part I Unified Rate Review Template does not demonstrate the process used to develop the rates. Rather it represents information required by federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges and for certification that the Index Rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.

Sincerely,

[Redacted: TRADE SECRET]

July 25, 2025

Appendix A: Proposed Plans

[Table Redacted]

Appendix B: Rate Manual

[Table Redacted]

[Table Redacted]

[Table Redacted]

Consumer Adjusted Premium Rate Example

Plan ID: [Redacted: TRADE SECRET]
Area: [Redacted: TRADE SECRET]

[Table Redacted]

There might be small differences between the premium rates shown above and those implied by the URRT due to rounding.

Appendix C: Plan-Level Modifiers

[Table Redacted]

Appendix D: MLR Calculation

[Table Redacted]

Some numbers were adjusted for rounding. The projected MLR exceeds 80%.

Appendix E: CSR Enrollment

Projected CSR Enrollment

[Table Redacted]