



**USable Mutual Insurance Co. (AR Blue Cross & Blue Shield) — Individual Plan**

**Rate request filing SERFF Tracking #: ARBB-132412314**

Product Name: **2021 BC Individual QHP Rates**

*This document is offered as a tool for Arkansas consumers to help explain the company's rate filing prepared and uses information submitted by the insurance company. It is not intended to describe or include all factors or information considered in AID's review process. All information is in the public domain. Financial information is based upon the annual company statement filed for the calendar year noted*

**Overview**

**Requested average rate change: 2.9%**      Range of requested rate change: -0.77% to 13.88%  
 Effective date: January 1, 2021  
 Covered lives affected: 160,300

**This plan is available in the following counties:**

Service Area	Counties'
<b>Central</b>	Cleburne, Conway, Faulkner, Grant, Lonoke, Perry, Pope, Prairie, Pulaski, Saline, Van Buren, White, Yell
<b>Northeast</b>	Clay, Craighead, Crittenden, Cross, Fulton, Greene, Independence, IZard, Jackson, Lawrence, Mississippi, Poinsett, Randolph, Sharp, St. Francis, Stone, Woodruff
<b>Northwest</b>	Baxter, Benton, Boone, Carroll, Madison, Marion, Newton, Searcy, Washington
<b>South Central</b>	Clark, Garland, Hot Spring, Montgomery, Pike
<b>Southeast</b>	Arkansas, Ashley, Bradley, Chicot, Cleveland, Dallas, Desha, Drew, Jefferson, Lee, Lincoln, Monroe, Phillips
<b>Southwest</b>	Calhoun, Columbia, Hempstead, Howard, Lafayette, Little River, Miller, Nevada, Ouachita, Sevier, Union
<b>West Central</b>	Crawford, Franklin, Johnson, Logan, Polk, Sebastian, Scott

**Historical Approved Rate Changes**

**PY2020:** 2.89%      **PY2019:** 4.40%      **PY2018:** 14.20%      **PY2017:** 5.64%  
**PY2016:** 5.64%      **PY2015:** 2.00%

**Financial Information**

**Experience from January-December 2019:**

Premiums written: \$876.9 million  
 Claims paid: \$734.7 million

**Projection for January-December 2021:**

Projected premium: \$894.5 million  
 Projected claims: \$765.0 million

**Company Justification for Requested Change**

**According to the company's filing, its request is made because:**

"UMIC is requesting an overall rate increase of 2.90% for the 2021 plan year. This request is primarily based on (1) changes in utilization and cost trends from the 2019 experience period to the 2021 plan year, (2) benefit adjustments UMIC made for the 2021 plan year, and (3) the permanent repeal of the Health Insurance Tax as of the 2021 plan year. Other adjustments include changing demographics, morbidity assumptions, expense trend, Federal cost-sharing reduction shortfall projections, etc. The 2.90% requested increase will ensure UMIC's individual product is adequately and competitively priced for the 2021 plan year."

**According to the company's filing, its financial experience has been:**

"The overall financial experience of this products is based on claims experience incurred in plan year 2019 and paid as of 4/30/2020, with an additional estimate for claims incurred but not paid (IBNP)."

**According to the company's filing, the rate request will affect the financial experience by:**

"The 2021 requested rate increase will allow UMIC to provide competitively priced premiums that adequately cover the financial risks associated with this type of product, as well as allowing UMIC to meet the federally mandated Minimum Loss Ratio (MLR) requirement (based on UMIC's financial projections)."

**The request is made up of the following components:**

- 43.9% of the 2.89% total request is due to Medical Utilization Changes.
- 127.0% of the 2.9% total request is due to Medical Price Changes.
- 8.57% of the 2.9% total request is due to Medical Benefit Changes Required by Law.
- 0.0% of the 2.9% total request is due to Medical Benefit Changes Not Required by Law.
- -86.22% of the 2.9% total request is due to Changes to Administration Costs.
- 6.23% of the 2.9% total request is due to Changes to Profit Margin.

