



Arkansas Blue Cross and Blue Shield — Small Group Plan

Rate request filing SERFF Tracking #: ARBB-132460151

Product Name: **2021 SG BG Off Exchange 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:	-1.77%	Range of requested rate change:	-6.870% to 5.190%
		Effective date:	January 1, 2021
		Covered lives affected:	20,724

This plan is available in the following counties: Statewide

Historical Approved Rate Changes

PY2019: 3.29% **PY2018:** 7.93%

Financial Information

Experience from January-December 2019:

Premiums written:	\$118.7 million
Claims paid:	\$94.2 million

Projection for January-December 2021:

Projected premium:	\$116.6 million
Projected claims:	\$98.7 million

Company Justification for Requested Change

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

"The -1.77% increase is requested because:

This request is based in large part on a reduction in margin for the 2021 plan year, as well as the removal of the Health Insurers Tax. The request is also informed by benefit changes, utilization and cost trends, demographics, morbidity, and expenses. The 1.77% request helps ensure ABCBS's small group 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 the product includes:

The overall financial experience of this product is based on claims experience incurred in calendar year 2019 and paid as of 5/31/2020, 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 2020 requested rate increase will allow ABCBS to provide competitively priced premiums that adequately cover the financial risks associated with this type of product, as well as allowing ABCBS to meet the federally mandated Minimum Loss Ratio (MLR) requirement."

The request is made up of the following components:

- 0.89% of the -01.77% total request is due to Medical Utilization Changes.
- 3.64% of the -01.77% total request is due to Medical Price Changes.
- -1.01% of the -01.77% total request is due to Medical Benefit Changes Required by Law.
- -2.98% of the -01.77% total request is due to Medical Benefit Changes Not Required by Law.
- -1.68% of the -01.77% total request is due to Changes to Administration Costs.
- -2.44% of the -01.77% total request is due to Changes to Profit Margin.
- 1.84% of the -01.77% total request is due to Other, defined as: "Changes in morbidity, risk adjustment, changing demographics and membership mix of the plans."

