



## HMO Partners, Inc. (Health Advantage) — Small Group Plan

**Rate request filing SERFF Tracking #: HLAD-132460274**

**Product Name: 2021 HA SG Off Exchange Rate Filing**

*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: -1.46%**      Range of requested rate change: -5.36% to 2.09%  
Effective date: January 1, 2021  
Covered lives affected: 5,240

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

### Historical Approved Rate Changes

**PY2010:** 5.77%      **PY2019:** 5.58%

### Financial Information

**Experience from January-December 2019:**

Premiums written: \$30.1 million  
Claims paid: \$23.9 million

**Projection for January-December 2021:**

Projected premium: \$29.7 million  
Projected claims: \$25.7 million

### Company Justification for Requested Change

**According to the company's filing, its request is made 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 based on benefit changes, utilization and cost trends, demographics, morbidity, and expenses. The -1.46% request helps ensure HA'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 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 2021 requested rate decrease will allow HA to provide competitively priced premiums that adequately cover the financial risks associated with this type of product, as well as allowing HA to meet the federally mandated Minimum Loss Ratio (MLR) requirement (based on HA's financial projections)."

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

- 0.93% of the -1.46% total request is due to Medical Utilization Changes.
- 3.56% of the -1.46% total request is due to Medical Price Changes.
- -1.39% of the -1.46% total request is due to Medical Benefit Changes Required by Law.
- -4.55% of the -1.46% total request is due to Medical Benefit Changes Not Required by Law.
- -1.06% of the -1.46% total request is due to Changes to Administration Costs.
- -2% of the -1.46% total request is due to Changes to Profit Margin.
- 3.06% of the -1.46% total request is due to Other, defined as: "Changes in morbidity, risk adjustment, changing demographics and membership mix of the plans."

