QCA Health Plan, Inc. – Individual Plan

Rate request filing SERFF Tracking #: QUAC-132014953
Product Name: 2020 QCA Individual Metal 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.

Overview

Requested average rate change: 0.56%
Range of requested rate change: (1.48%) – 5.56%
Effective date: January 1, 2020
Covered lives affected: 18,935

This plan is available in the following counties:

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

Historical Approved Rate Changes

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>PY2019</td>
<td>1.59%</td>
</tr>
<tr>
<td>PY2018</td>
<td>24.47%</td>
</tr>
<tr>
<td>PY2017</td>
<td>11.30%</td>
</tr>
</tbody>
</table>

Financial Information

Experience from January-December 2018:
- Premiums written: $97.5 million
- Claims paid: $75.2 million

Projection for January-December 2020:
- Projected premium: $173.4 million
- Projected claims: $128.4 million

Company Justification for Requested Change

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

“Price Inflation - the cost per service is increasing; Utilization Trend - the number of and distribution of services utilized by members is increasing plan sponsor costs; Changes in Taxes and Fees - the rate increase requested takes into consideration the decrease in the Federal Exchange User Fee from 3.0% to 2.5% and the elimination of the Arkansas Health Insurance Marketplace (AHIM) Exchange User Fee of 1.25% beginning January 1, 2020; and Change in Morbidity.”

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

“A historical review of 2018 financials and emerging 2019 experience indicates a rate adjustment is necessary.”

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

“Ensuring the overall financial sustainability of the product and QualChoice.”

The request is made up of the following components:

- 4.1% of the 0.56% total request is due to Medical Utilization Changes.
- 3.5% of the 0.56% total request is due to Medical Price Changes.
- 0% of the 0.56% total request is due to Medical Benefit Changes Required by Law.
- 0% of the 0.56% total request is due to Medical Benefit Changes Not Required by Law.
- 1.6% of the 0.56% total request is due to Changes to Administration Costs.
- 0% of the 0.56% total request is due to Changes to Profit Margin.
- -8.64% of the 0.56% total request is due to Other, defined as: “Changes to provider contracts, demographics, morbidity, and risk adjustment.”