



QualChoice Life and Health Insurance Company, Inc. – Individual Plan

Rate request filing SERFF Tracking #: **QUAC-132014943**

Product Name: **2020 QCLHC 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. Financial information is based upon the annual company statement filed for the calendar year noted. For further information on this filing, visit:

<https://www.insurance.arkansas.gov/uploads/pages/py2020-ind-qclh-full.pdf>.

Overview

Requested average rate change: 0.51% Range of requested rate change: (1.48%) – 5.56%
 Effective date: January 1, 2020
 Covered lives affected: 18,401

This plan is available in the following counties:

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

Historical Approved Rate Changes

PY2019: 1.06% **PY2018:** 24.78% **PY2017:** 11.10%
PY2016: (8.20%) **PY2015:** NA

Financial Information

Experience from January-December 2018:

Premiums written: \$95.4 million
 Claims paid: \$72.6 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 0.51% total request is due to Medical Utilization Changes.
- 3.5% of the 0.51% total request is due to Medical Price Changes.
- 0% of the 0.51% total request is due to Medical Benefit Changes Required by Law.
- 0% of the 0.51% total request is due to Medical Benefit Changes Not Required by Law.
- 1.6% of the 0.51% total request is due to Changes to Administration Costs.
- 0% of the 0.51% total request is due to Changes to Profit Margin.
- -8.69% of the 0.51% total request is due to Other, defined as: "Changes to provider contracts, demographics, morbidity, and risk adjustment."

