



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

Rate request filing SERFF Tracking #: **HLAD-132020360**

Product Name: **2020 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. For further information on this filing, visit:*

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

### Overview

<b>Requested average rate change:</b>	<b>5.77%</b>	Range of requested rate change:	(26.09%) – 8.44%
		Effective date:	January 1, 2020
		Covered lives affected:	4,972

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

### Historical Approved Rate Changes

**PY2019:** 5.58%      **PY2018:** 7.48%

### Financial Information

**Experience from January-December 2018:**

Premiums written: \$30.5 million  
Claims paid: \$24.1 million

**Projection for January-December 2020:**

Projected premium: \$32.3 million  
Projected claims: \$25.8 million

### Company Justification for Requested Change

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

"This request is primarily based on utilization and cost trends from the 2018 experience period to the 2020 plan year, the Health Insurance Providers Fee being assessed in 2020, and benefit adjustments made for the 2020 plan year. Other adjustments play a minor role in the increase, such as changing demographics, morbidity assumptions, expense trend, etc. The 3.54% requested increase will ensure HA's small group product is adequately and competitively priced for the 2020 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 plan year 2018 and paid as of 5/31/2019, with an additional estimate for claims incurred but not paid."

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

"The 2020 requested rate increase 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."

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

- 9% of the 5.77% total request is due to Medical Utilization Changes.
- 40% of the 5.77% total request is due to Medical Price Changes.
- 43% of the 5.77% total request is due to Medical Benefit Changes Required by Law.
- 42% of the 5.77% total request is due to Medical Benefit Changes Not Required by Law.
- -40% of the 5.77% total request is due to Changes to Administration Costs.
- -8% of the 5.77% total request is due to Changes to Profit Margin.
- 14% of the 5.77% total request is due to Other, defined as: "The other category includes adjustments for IBNP claims, demographic factors, plan mix changes, morbidity factors, taxes, fees, net risk adjustment."

