



QCA Health Plan, Inc. – Small Group Plan

Rate request filing SERFF Tracking #: **QUAC-132023297**

Product Name: **QCA Small Group Metal Rates 2020**

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-qca-full.pdf>.

Overview

Requested average rate change:	15.83%	Range of requested rate change:	6.40% – 34.17%
		Effective date:	January 1, 2020
		Covered lives affected:	7,408

This plan is available in the following counties: Statewide

Historical Approved Rate Changes

PY2019: 2.17% **PY2018:** (6.96%)

Financial Information

Experience from January-December 2018:

Premiums written: \$33.1 million
Claims paid: \$29.8 million

Projection for January-December 2020:

Projected premium: \$42.6 million
Projected claims: \$34.7 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; Morbidity - the anticipated average risk profile of projected membership in 2019; and Administrative Expenses."

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:

- -25.2% of the 15.83% total request is due to Medical Utilization Changes.
- 51.5% of the 15.83% total request is due to Medical Price Changes.
- 0% of the 15.83% total request is due to Medical Benefit Changes Required by Law.
- 0% of the 15.83% total request is due to Medical Benefit Changes Not Required by Law.
- 25.8% of the 15.83% total request is due to Changes to Administration Costs.
- -20.9% of the 15.83% total request is due to Changes to Profit Margin.
- 68.8% of the 15.83% 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."

