



## QualChoice Life and Health Insurance Company – Small Group Plan

Rate request filing SERFF Tracking #: **QUAC-132023623**

Product Name: **QCLH 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-qclh-full.pdf>

### Overview

|                                       |               |                                 |                 |
|---------------------------------------|---------------|---------------------------------|-----------------|
| <b>Requested average rate change:</b> | <b>20.47%</b> | Range of requested rate change: | 6.40% – 34.26%  |
|                                       |               | Effective date:                 | January 1, 2020 |
|                                       |               | Covered lives affected:         | 4,507           |

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

### Historical Approved Rate Changes

**PY2019:** 0.54%      **PY2018:** (7.18%)

### Financial Information

**Experience from January-December 2018:**

Premiums written: \$19.1 million  
Claims paid: \$17.7 million

**Projection for January-December 2020:**

Projected premium: \$28.4 million  
Projected claims: \$23.5 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:**

- -17.1% of the 20.47% total request is due to Medical Utilization Changes.
- 59.8% of the 20.47% total request is due to Medical Price Changes.
- 0% of the 20.47% total request is due to Medical Benefit Changes Required by Law.
- 0% of the 20.47% total request is due to Medical Benefit Changes Not Required by Law.
- 20.7% of the 20.47% total request is due to Changes to Administration Costs.
- -16.8% of the 20.47% total request is due to Changes to Profit Margin.
- 53.4% of the 20.47% total request is due to Other, defined as: "Morbidity, Risk Adjustment, Taxes, and Benefit Pricing."

