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
Requested average rate change: 20.47%
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.”