



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

Rate request filing SERFF Tracking #: QUAC-132379836

Product Name: **2021 QCLHIC 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.

Overview

Requested average rate change: 11.215% Range of requested rate change: 11.117% to 21.956%

Effective date: January 1, 2021

Covered lives affected: 25,434

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

PY2020: 0.51% **PY2019:** 1.06% **PY2018:** 24.78% **PY2017:** 11.10%

PY2016: -8.20% **PY2015:** NA

Financial Information

Experience from January-December 2019:

Premiums written: \$173.4 million
Claims paid: \$128.4 million

Projection for January-December 2021:

Projected premium: \$145.8 million
Projected claims: \$120.1 million

Company Justification for Requested Change

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

"Of the following significant factors driving the proposed rate increase: Single risk pool experience, unit cost trend, utilization trend, deterioration of morbidity within the single risk pool, new taxes and fees imposed on the issuer (including the impact of the discontinued ACA Insurer Fee), and COVID-19 direct and indirect costs. Please see details on Section 1 of the Actuarial Memorandum."

According to the company's filing, its financial experience has been:

"The experience includes claims experience incurred in 2019 and paid through March 31, 2020."

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

"Prior to the requested 11.2% rate increase for 2021, the projected MLR is 94.6%. The rate increase reduces the projected MLR to 84.6%."

The request is made up of the following components:

- 31.0% of the 11.215% total request is due to Medical Utilization Changes.
- 17.0% of the 11.215% total request is due to Medical Price Changes.
- 0.0% of the 11.215% total request is due to Medical Benefit Changes Required by Law.
- 0.0% of the 11.215% total request is due to Medical Benefit Changes Not Required by Law.
- -2.0% of the 11.215% total request is due to Changes to Administration Costs.
- 0.0% of the 11.215% total request is due to Changes to Profit Margin.
- "54.0% of the 11.215% total request is due to Other, defined as: "Morbidity & Risk Adjustment changes, Increase in CSR cost. Note that COVID-19 impacts cost trend, morbidity, and the statewide average premium component of the risk adjustment transfer. "

