

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: PY2021 Ambetter from Arkansas Health & Wellness
Project Name/Number: /

Filing at a Glance

Company: QualChoice Life and Health Insurance Company, Inc.
Product Name: PY2021 Ambetter from Arkansas Health & Wellness
State: Arkansas
TOI: H16I Individual Health - Major Medical
Sub-TOI: H16I.005A Individual - Preferred Provider (PPO)
Filing Type: Rate
Date Submitted: 06/22/2020
SERFF Tr Num: QUAC-132379836
SERFF Status: Pending State Action
State Tr Num: ACA ON EXCHANGE
State Status: Under Review
Co Tr Num: PY 2021 AR QCLH RATE

Implementation: 01/01/2021
Date Requested:
Author(s): Michelle Fitzpatrick, Lisa Cerven, Jennifer Smith, Sarah Friedman, Ross Cowling, Joseph Dumas, Zachary Harris, LaToya Johnson, Megan Currant, Alex Mitrani, Megan Houston, Anne Mazon, Sara Gurvitz, Matthew Napierkowski, Brittany Maglish, Yolanda King, Madhulika Jamwal, Kaitlyn Carwin, Cheryl Thompson
Reviewer(s): Donna Lambert (primary), David Dillon, Brian Stentz
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:
Form Filing # QUAC-132376808
Rate Filing # QUAC-132379836
Binder Filing # QUAC-AR21-125099278

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: PY2021 Ambetter from Arkansas Health & Wellness
Project Name/Number: /

General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type: Individual
Overall Rate Impact: 11.215%	Filing Status Changed: 06/29/2020
	State Status Changed: 06/23/2020
Deemer Date: 07/22/2020	Created By: Brittany Maglish
Submitted By: Brittany Maglish	Corresponding Filing Tracking Number:
	PPACA: Non-Grandfathered Immed Mkt Reforms
PPACA Notes: null	
Include Exchange Intentions:	No

Filing Description:
 Re: Ambetter from Arkansas Health & Wellness
 NAIC No.: 70998
 FEIN: 71-0386640

Form Filing # QUAC-132376808
 Rate Filing # QUAC-132379836
 Binder Filing # QUAC-AR21-125099278

The attached rates are being submitted to your Department for review and approval. We are submitting the captioned products and plans offered QualChoice Life & Health Insurance Company, to be marketed and sold on and off the Marketplace in Arkansas under the name Ambetter from Arkansas Health and Wellness. All of our plans include child coverage or can be purchased as a separate child-only plan.

If you have any questions, please feel free to contact me at the phone number listed below. Thank you for your consideration, we look forward to your favorable review.

Sincerely,

Brittany Maglish
 Brittany.M.Maglish@centene.com
 630-203-9107

Company and Contact

Filing Contact Information

Brittany Maglish, Regulatory Analyst	Brittany.M.Maglish@CENTENE.com
200 East Randolph	630-203-9107 [Phone]
Suite 3600	
Chicago, IL 60601	

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: PY2021 Ambetter from Arkansas Health & Wellness
Project Name/Number: /

Filing Company Information

QualChoice Life and Health Insurance Company, Inc. 12615 Chenal Parkway, Suite 300 Little Rock, AR 72211 (501) 228-7111 ext. [Phone]	CoCode: 70998 Group Code: Group Name: FEIN Number: 71-0386640	State of Domicile: Arkansas Company Type: Life & Health State ID Number:
---	--	--

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? Yes
 Fee Explanation: 1 x \$50
 Per Company: No

Company	Amount	Date Processed	Transaction #
QualChoice Life and Health Insurance Company, Inc.	\$50.00	06/22/2020	179849115

State Specific

All major medical rate filings must have the "Overall Rate Impact" field on the General Information tab populated with the average rate adjustment requested.: Yes
 If rate filing, please provide the SERFF Tracking # of last rate revision REQUEST filed regardless of Disposition.: QUAC-132014953
 Is this product intended to be a QHP or SADP sold ON the Marketplace?: Yes
 Is this a medical product intended to be sold ONLY OFF the Marketplace?: No
 Is this a dental product intended to be a stand-alone, CERTIFIED dental plan offered OFF the Marketplace to supplement a minimum essential health benefit plan offered on or off the Marketplace?: No
 Is this filing submitted to recertify or revise a plan previously certified for use as a QHP, an SADP, or dental product certified to supplement the pediatric benefit of a minimum essential health benefit plan offered on or off the Marketplace? If so, please provide the SERFF Tracking # of the previously approved filing or filings.: Yes - QUAC-131961164
 Is this filing for a non-EHB compliant "transitional" major medical product which can be extended until December 31, 2020? See CMS Bulletin titled "Insurance Standards. Bulletin Series - INFORMATION - Extension of Limited Non-Enforcement Policy through 2020" dated March 25, 2019.: No

Rate Filing Justification Part II (Plain Language Summary)

Pursuant to 45 CFR 154.215, health insurance issuers are required to file Rate Filing Justifications. Part II of the Rate Filing Justification for rate increases and new submissions must contain a written description that includes a simple and brief narrative describing the data and assumptions that were used to develop the proposed rates. The Part II template below must be filled out and uploaded as an Adobe PDF file under the Consumer Disclosure Form section of the Supporting Documentation tab.

Name of Company QualChoice Life and Health Insurance Company,

SERFF tracking number QUAC-132379836

Submission Date 6/22/2020

Product Name 2020 QCLHIC Individual Metal Rates

Market Type Individual Small Group

Rate Filing Type Rate Increase New Filing

Scope and Range of the Increase:

The 11.2% increase is requested 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.

This filing will impact:

of Arkansas policyholder's 25,337 # of Arkansas covered lives 25,434

The average, minimum and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved 11.2%
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved 11.1%
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved 22.0%

Individuals within the group may vary from the aggregate of the above increase components as a result of:

Age, Plan Selection

Financial Experience of Product

The overall financial experience of the product includes:

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

The rate increase will affect the projected financial experience of the product 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%.

Components of Increase

The request is made up of the following components:

Trend Increases – 48 % of the 11.2 % total filed increase

1. Medical Utilization Changes – Defined as the increase in total plan claim costs not attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts. Examples include changes in the mix of services utilized, or an increase/decrease in the frequency of service utilization.

This component is 31 % of the 11.2 % total filed increase.

2. Medical Price Changes – Defined as the increase in total plan claim costs attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts.

This component is 17 % of the 11.2 % total filed increase.

Other Increases – 52 % of the 11.2 % total filed increase

1. Medical Benefit Changes Required by Law – Defined as any new mandated plan benefit changes, as mandated by either State or Federal Regulation.

This component is 0 % of the 11.2% total filed increase.

2. Medical Benefit Changes Not Required by Law – Defined as changes in plan benefit design made by the company, which are not required by either State or Federal Regulation.

This component is 0 % of the 11.2% total filed increase.

3. Changes to Administration Costs – Defined as increases in the costs of providing insurance coverage. Examples include claims payment expenses, distribution costs, taxes, and general business expenses such as rent, salaries, and overhead.

This component is -2 % of the 11.2% total filed increase.

4. Changes to Profit Margin – Defined as increases to company surplus or changes as an additional margin to cover the risk of the company.

This component is 0 % of the 11.2 % total filed increase.

5. 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.

This component is 54 % of the 11.2 % total filed increase.

GENERAL INFORMATION

Company Identifying Information

Company Legal Name:	QualChoice Life and Health Insurance Company, Inc.
NAIC Company Code:	70998
SERFF Customer Filing Number:	30387
State:	Arkansas
HIOS ID:	37903
Market:	Individual
Effective Date:	January 1, 2021 to December 31, 2021
SERFF Tracking Number:	QUAC-132379836

Company Contact Information

Contact Name:	<REDACTED>
Telephone Number:	<REDACTED>
Email:	<REDACTED>

1. PROPOSED RATE INCREASES

Reasons for Rate Increases

In order to maintain both stability and sustainability, both QCA Heath Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. ("QualChoice") review each line of business' financials to determine what, if any, changes are necessary. To complement the financial review, QualChoice also examines market competitiveness and product position to solidify both long and short-term strategies.

<REDACTED>

The principal factors that influence the overall rate adjustment include, but are not limited to:

<REDACTED>

Please note that the following rate proposal is subject to final market determinations. For example, if any regulatory or market changes are enacted, QualChoice retains the right to reexamine the reasonability of the proposed rates and adjust accordingly. Potential regulatory or market reforms may include, but are not limited to changes in:

<REDACTED>

MARKET EXPERIENCE

2. EXPERIENCE PERIOD PREMIUM AND CLAIMS

The experience period premium and claims reflect actual base period data of QualChoice members with incurred dates between January 1, 2019 and December 31, 2019, with run-out and incurred but not reported (“IBNR”) claim calculations as of March 31, 2020.

Calendar Year 2019 experience for those members who enrolled in a metallic plan is reflected in the Experience section of the Unified Rate Review Template (“URRT”). While emerging experience was reviewed for projection purposes, no 2020 data is shown in the URRT.

Paid Through Date

The experience period paid through date is <REDACTED>

Premiums (net of MLR Rebate) in Experience Period

The premiums reflected on Worksheet 1 of the URRT are consistent with the 2019 financials.

<REDACTED>

Allowed and Incurred Claims Incurred During the Experience Period

The Allowed and Incurred Claims are data extracts summarized from the QualChoice internal data warehouse and QualChoice’s Pharmacy Benefit Manager and reconciled against applicable financial information. The data extracts represent claims incurred during 2019 and paid as of March 31, 2020.

<REDACTED>

The following table illustrates the summarized claim data for 2019:

<REDACTED>

3. BENEFIT CATEGORIES

The following table outlines the various benefit categories:

Service Category	Description of Service
Inpatient Hospital	Includes, but is not limited to, services for medical, surgical, maternity, skilled nursing, and other services provided in an inpatient facility setting
Outpatient Hospital	Includes, but is not limited to, services for surgery, emergency room, lab, radiology, therapy, observation provided in an outpatient facility setting
Professional	Includes, but is not limited to, primary care, specialist, therapy, and the professional charges associated with laboratory and radiology services
Other Medical	Includes, but is not limited to, home health care, supplies, other services
Capitation	Includes any services under a capitated arrangement

Pharmacy

Includes drugs by a retail or a mail order pharmacy and contractual rebates received from drug manufacturers

4. PROJECTION FACTORS

As the base period of historical data reflects 2019 experience, projection factors are necessary to properly account for the anticipated risk of the 2021 projection period. Please note that given the regulatory uncertainty of the product, a range of actuarially sound assumptions were developed to better understand the broad spectrum of risk and results.

Changes in Morbidity of the Population Insured

<REDACTED>

Changes in Benefits

<REDACTED>

Changes in Demographics

<REDACTED>

Other Adjustments

<REDACTED>

Trend Factors (Cost/Utilization)

Unit Cost/Utilization Trend Factors

<REDACTED>

5. CREDIBILITY MANUAL RATE DEVELOPMENT

The projected experience of Celtic Insurance Company's individual exchange membership in Arkansas was used as the manual for QualChoice's rate development.

Source and Appropriateness of Data Used

<REDACTED>

The projection that serves as the baseline for this manual (before the changes described below) is identical to that filed for <REDACTED>

The manual rate's base period is January 1, 2019 to December 31, 2019.

Adjustments Made to the Data

<REDACTED>

6. CREDIBILITY OF EXPERIENCE

<REDACTED>

7. PAID TO ALLOWED RATIO

QualChoice has relied on the plan pricing factors provided by Celtic Insurance Company that align with its portfolio of plans. <REDACTED>

8. RISK ADJUSTMENT AND REINSURANCE

For 2019, the State of Arkansas' single risk pool includes a wide spectrum of populations. The populations included in the single risk pool are:

- Arkansas Works Program (formerly known as, Private Option)
- State-based Marketplace (i.e., "On Exchange")
- Commercial members in metallic plans outside of the Marketplace (i.e., "Off Exchange")

<REDACTED> Understanding the potential volatility of the 2020 projection, and that the results for 2019 may not reflect the 2021 risk pool appropriately, <REDACTED>

9. NON-BENEFIT EXPENSES AND PROFIT & RISK

As part of the general cost of business operations, administrative expenses, taxes, fees, and surplus contribution is a necessary consideration for premium development. The following sections outline key provisions included in the non-benefit load considerations.

Administrative Expense Load

General administrative costs represent the cost of business and the provision of benefits to members.

Common groupings of administrative costs include:

<REDACTED>

Profit (or Contribution to Surplus) & Risk Margin

<REDACTED>

Taxes and Fees

Taxes, licenses and fees are the amounts paid to government entities. Examples of fees include, but are not limited to, premium tax with offsets, real estate taxes, payroll taxes, and other fees imposed by government related to normal business operations.

<REDACTED>

PROJECTED LOSS RATIO

The 2021 loss ratio is projected to be <REDACTED> per the ACA definition.

APPLICATION OF MARKET REFORM RATING RULES

10. SINGLE RISK POOL

The single risk pool for the experience period reflects all covered lives for all individual metallic, and Arkansas Works policies.

The single risk pool for the projection period reflects all covered lives for all individual, non-grandfathered metallic and Arkansas Works members. The single risk pool for the projection period excludes grandfathered individual plans, transitional policies, and temporary insurance coverage.

11. INDEX RATE

Please note that the Index Rate reflects no cost sharing and represents the allowable costs associated with provision of the EHBs to members in the single risk pool.

As reflected in Worksheet 1 of the URRT, the Index Rate for <REDACTED> per member per month. The projected Index Rate is the result of adjusting the projected manual EHB allowed claims for those enrollment differences previously described.

MARKET ADJUSTED INDEX RATE

The Market Adjusted Index Rate was derived from the Index Rate with recognition of risk adjustment and the marketplace user fee allocation.

<REDACTED>

PLAN ADJUSTED INDEX RATES

Plan Adjusted Index Rates were derived from the Market Adjusted Index Rate. The average metallic level actuarial value was determined from the assumed projected distribution of members and ultimate pricing of the products. The Pricing Actuarial Values are based on those provided by Celtic Insurance Company, and not the CCIIO Actuarial Value Calculator.

The Plan Adjusted Index Rate was adjusted to reflect consideration for administrative expense, taxes and fees, and margin.

<REDACTED>

CALIBRATION

Age Curve Calibration

<REDACTED>

The average age is based on the distribution of members reflected in the manual rate, as previously discussed, and the standard federal age slope. The calculation of the average age and age curve calibration is compliant with the rating rules, as defined by 45 CFR §147.102.

Geographic Factor Calibration

<REDACTED>

Tobacco Calibration

<REDACTED>

CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

The Consumer Adjusted Premium Rate is the Plan Adjusted Index Rate calibrated, with all allowable rating factors applied, to the standard federal age curve, the aforementioned geographic factors, and the tobacco factor.

For an illustrative example of a premium calculation for a 21 year old member, please refer to Appendix 1.

12. AV METAL VALUES

<REDACTED>

13. AV PRICING VALUES

<REDACTED>

14. MEMBERSHIP PROJECTIONS

The 2021 enrollment projection is based on Celtic management's expectations of future retention and growth.

<REDACTED>

15. TERMINATED PRODUCTS/PLANS

<REDACTED>

16. PLAN TYPE

The plan type options reflected in the URRT adequately represent products in the projection period. Therefore, this is not applicable.

17. WARNING ALERTS

There are no warnings with respect to the URRT.

MISCELLANEOUS INSTRUCTIONS

18. RELIANCE

The certifying actuary relied on elements of Celtic Insurance Company's 2021 Arkansas Individual filing including projection period claims, geographic factors, and plan rating factors. In addition, the actuary relied on data and information provided by QualChoice on its own population for the purposes of developing this rate filing.

19. ACTUARIAL CERTIFICATION

I, <REDACTED>, am an Associate in the Society of Actuaries and Member of the American Academy of Actuaries in good standing. I meet the qualification standards established by the American Academy of Actuaries and comply with the applicable Actuarial Standards of Practice.

With respect to the projected index rate, I hereby certify the following statements:

- The projected index rate was calculated within compliance of all applicable State Statutes, Federal Statutes, and Regulations 45 CFR 156.80 and 45 CFR 147.102;
- The projected index rate calculations conform to all applicable Actuarial Standards of Practice;
- The projected index rate is reasonable for the projected population and covered benefits;
- The projected index rate is neither excessive nor deficient;
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates;
- The percent of total premium that represents Essential Health Benefits included on Worksheet 2, Sections III and IV, of the URRT was calculated in accordance of applicable Actuarial Standards of Practice;

<REDACTED>

- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area; and
- The filing was prepared in good faith and based upon all Actuarial Standards of Practice as defined by the Actuarial Standards Board.

The Part I Unified Rate Review Template does not demonstrate the process used to develop the rates. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for state based marketplaces and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

The results are actuarial projections. Actual experience is likely to differ from these projections for a number of reasons, including population changes, claims experience, and random deviations from assumptions. It is certain that actual experience will not conform exactly to all of the assumptions underlying the analysis.

At a minimum, the following Actuarial Standards of Practice (“ASOPs”) are applicable:

- ASOP No. 5, *Incurred Health and Disability Claims*
- ASOP No. 8, *Regulatory Filings for Health Plan Entities*
- ASOP No. 12, *Risk Classification*
- ASOP No. 23, *Data Quality*
- ASOP No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property Casualty Coverages*
- ASOP No. 26, *Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans*
- ASOP No. 41, *Actuarial Communications*
- ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*

<REDACTED>

Actuary

Celtic Insurance Company

<REDACTED>