

SERFF Tracking Number: AMCM-126289989 State: Arkansas
 Filing Company: American Community Mutual Insurance Company State Tracking Number: 43681
 Company Tracking Number: FLEXRT201001AR
 TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005A Individual - Preferred Provider (PPO)
 Product Name: Community Flex
 Project Name/Number: /

Filing at a Glance

Company: American Community Mutual Insurance Company

Product Name: Community Flex SERFF Tr Num: AMCM-126289989 State: Arkansas
 TOI: H16I Individual Health - Major Medical SERFF Status: Closed- Disapproved State Tr Num: 43681
 Sub-TOI: H16I.005A Individual - Preferred Provider (PPO) Co Tr Num: FLEXRT201001AR State Status: Disapproved-Closed
 Filing Type: Rate Reviewer(s): Rosalind Minor
 Authors: Kim Zaugg, Jason Potvin, Deon Lozon, Ashley Frazier, Eric Mullarky
 Date Submitted: 10/06/2009 Disposition Status: Disapproved
 Implementation Date Requested: 01/01/2010 Implementation Date:

State Filing Description:

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 Group Market Size:
 Overall Rate Impact: 20% Group Market Type:
 Filing Status Changed: 10/06/2009 Explanation for Other Group Market Type:
 State Status Changed: 10/06/2009

Deemer Date: Created By: Ashley Frazier
 Submitted By: Kim Zaugg Corresponding Filing Tracking Number:

Filing Description:

The purpose of this filing is to request a 20% base rate increase for in force business on Policy Form IND09 and to continue new business quarterly trending.

Company and Contact

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Filing Contact Information

Kim Zaugg, Senior Actuarial Analyst kzaugg@american-community.com
 39201 Seven Mile Road 734-591-8098 [Phone]
 Livonia, MI 48152-1094 734-853-3165 [FAX]

Filing Company Information

American Community Mutual Insurance CoCode: 60305 State of Domicile: Michigan
 Company
 39201 Seven Mile Road Group Code: Company Type:
 Livonia, MI 48152 Group Name: State ID Number:
 (800) 991-2642 ext. [Phone] FEIN Number: 38-1290976

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: 1 rate increase filing for January 2010

ACMIC USE ONLY account #6200030

Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Community Mutual Insurance Company	\$50.00	10/06/2009	31074538

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Disapproved	Rosalind Minor	10/06/2009	10/06/2009

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Disposition

Disposition Date: 10/06/2009

Implementation Date:

Status: Disapproved

Comment:

Once the rates are established on a new product, our Department does not consider a rate increase unless the experience justifies an increases.

Our Bulletin 4-79 (e) states...."If the propoed rate is a rate revision for a policy or contract form currently approved, data must be provided that includes a description of the latest three calendar years experience on an earned premium to incurred claim basis for the policy or contract form.

The 20% increase is not justified at this time.

You may continue the new business quarterly trending.

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Disapproved	No
Supporting Document	Mental Health Parity	Disapproved	No
Rate	Rate Sheet FLEXRT201009AR	Disapproved	Yes

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Mental Health Parity	Disapproved	10/06/2009
Comments:		
Attachment: AR_mentalhealthparity_201001.pdf		

EXHIBIT A

**American Community Mutual Insurance Company
Arkansas Mental Health Parity Rider Pricing**

All highlighted values from 2005 Milliman Health Cost Guidelines Basic Tables and Commercial Area Factors

Benefit	Nationwide Utilization per 1,000			Nationwide Average Charge		Level of Healthcare Management 25%			Arkansas Area Factors Adjustments		Arkansas Adjusted Net PMPM Net Claim Cost
	Loosely Managed	Well Managed		Loosely Managed	Well Managed	Net Nationwide Per Member Per Month Net Claim Cost		Utilization Adjustment	Charge Adjustment		
						Loosely Managed	Well Managed			Weighted	
Hospital Inpatient - Non-Maternity Psychiatric	26.0	6.8	days	\$1,366.51	\$1,384.06	\$2.96	\$0.78	\$2.42	1.21	0.75	\$2.19
Inpatient Visits Psychiatric	34.0	13.0	visits	\$194.04	\$217.09	\$0.55	\$0.24	\$0.47	1.21	0.89	\$0.51
Other Physician Services Outpatient Psychiatric	349.0	209.0	visits	\$135.51	\$136.57	\$3.94	\$2.38	\$3.55	0.88	0.89	\$2.78
Current plan covers outpatient Mental Health Care up to \$1,000 max, so an adjustment needs to be made to include portion not covered*											0.374
											\$1.04
											Unadjusted PMPM \$3.74

Adjustments

Trend Adjustment (at 14% annually from 2005 to a projection period of 1/1/10 - 12/31/10)	1.925
Cost Sharing Adjustment** (most popular PPO plan; \$1,000 deductible, 80% benefit, \$10,000 stop-loss)	0.626
Average State Network Discount (assumes 90% in-network utilization / 10% out-of-network with 5% discount)	0.672
Selection Adjustment (assume this would be a highly selected against benefit if it is optional)	2.000
Adjusted PMPM	\$6.05

* Adjustment calculated using Claim Probability Distribution Table 15 (Psychiatric and Alcohol & Drug Abuse) from 2005 Milliman Health Cost Guidelines

** Cost Sharing Adjustment calculated using Claim Probability Distribution Tables 17B (Other than Maternity) and 15 (Psychiatric and Alcohol & Drug Abuse) from 2005 Milliman Health Cost Guidelines

Monthly Rate Calculation for Male Age 40 in Little Rock (Pulaski County) on most popular plan:

Base Rate (1/1/2009)	129.71
Trend to midpoint of projection period	1.1961
State factor	0.77
Product factor (OLYM)	1.00
Deductible factor (\$1,000)	1.15
Benefit % Factor (80%)	1.00
Coinsurance Maximum (\$10,000)	1.00
Age factor (male age 40)	1.40
Non-smoker factor	1.00
County factor (Pulaski county)	1.05
Network factor (FH, Pulaski county)	0.64
Total Monthly Rate	129.25

Rider as a percentage of rate 4.7% ◀ greater than a 1.5% increase