

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Filing at a Glance

Company: QCA Health Plan, Inc.
Product Name: QCA Health Plan Small Group Medical
State: Arkansas
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.003D Small Group Only - POS
Filing Type: Rate
Date Submitted: 10/26/2012
SERFF Tr Num: QUAC-128699864
SERFF Status: Closed-Approved-Closed
State Tr Num:
State Status: Approved-Closed
Co Tr Num:

Implementation: 01/01/2013
Date Requested:
Author(s): Jim Couch, Liz Hubbard
Reviewer(s): Rosalind Minor (primary), Donna Lambert, Bob Alexander
Disposition Date: 12/06/2012
Disposition Status: Approved-Closed
Implementation Date: 02/06/2013

State Filing Description:

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
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: Group
 Submission Type: New Submission Group Market Size: Small
 Group Market Type: Employer Overall Rate Impact: 9.9%
 Filing Status Changed: 12/06/2012
 State Status Changed: 12/06/2012 Deemer Date:
 Created By: Jim Couch Submitted By: Jim Couch
 Corresponding Filing Tracking Number:
 PPACA: Not PPACA-Related
 PPACA Notes: null
 Include Exchange Intentions: No
 Filing Description:
 Small group rate filing per Bulletin 7A-2011.

Company and Contact

Filing Contact Information

Jim Couch, VP of Compliance jim.couch@qualchoice.com
 12615 Chenal Parkway, Suite 300 501-228-7111 [Phone] 5118 [Ext]
 Little Rock, AR 72211 501-707-6729 [FAX]

Filing Company Information

QCA Health Plan, Inc. CoCode: 95448 State of Domicile: Arkansas
 12615 Chenal Parkway, Suite 300 Group Code: Company Type: Health
 Little Rock, AR 72211 Group Name: Maintenance Organization
 (501) 228-7111 ext. [Phone] FEIN Number: 71-0794605 State ID Number:

Filing Fees

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

Company	Amount	Date Processed	Transaction #
QCA Health Plan, Inc.	\$50.00	10/26/2012	64328190

SERFF Tracking #:

QUAC-128699864

State Tracking #:**Company Tracking #:****State:**

Arkansas

Filing Company:

QCA Health Plan, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003D Small Group Only - POS

Product Name:

QCA Health Plan Small Group Medical

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/

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	12/06/2012	12/06/2012

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	10/31/2012	10/31/2012
Pending Industry Response	Rosalind Minor	10/31/2012	10/31/2012

Response Letters

Responded By	Created On	Date Submitted
Jim Couch	11/05/2012	11/06/2012
Jim Couch	11/06/2012	11/06/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Objection letter of 10/31/12 at 2:11 PM	Note To Filer	Rosalind Minor	11/01/2012	11/01/2012

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
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Disposition

Disposition Date: 12/06/2012
 Implementation Date: 02/06/2013
 Status: Approved-Closed

HHS Status: HHS Approved
 State Review: Reviewed by Actuary

Comment:
 We have approved a 9.900% overall rate increase on your submission. Your submission stated that you would make the effective date 60 days after approval. As you will not, I entered 2/6/2013 as the implementation date. The approval is subject to the following conditions:

1. Rate increase will not be given prior to the first annual anniversary date of any policy.
2. After the first annual anniversary date of any policy, increases will not be given more frequently than one in a twelve (12) month period.
3. All increases in rates, other than a change in age or an individual moving to another geographical areas, must be submitted to our Department for approval.

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
QCA Health Plan, Inc.	Increase	9.900%	9.900%	\$5,148,000	8,983	\$52,001,000	17.000%	3.000%

Percent Change Approved:

Minimum: 3.000%
Maximum: 17.000%
Weighted Average: 9.900%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	Approved-Closed	No
Supporting Document	Health - Actuarial Justification	Approved-Closed	No
Supporting Document (revised)	Rate Summary Worksheet	Approved-Closed	No
Supporting Document	Rate Summary Worksheet	Replaced	No

SERFF Tracking #:

QUAC-128699864

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QCA Health Plan, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003D Small Group Only - POS

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QCA Health Plan Small Group Medical

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Consumer Disclosure Form	Approved-Closed	Yes
Supporting Document	Consumer Disclosure Form	Replaced	Yes
Rate	QualChoice Small Employer Group Rate Filing	Approved-Closed	No

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	10/31/2012
Submitted Date	10/31/2012
Respond By Date	

Dear Jim Couch,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- QualChoice Small Employer Group Rate Filing, [] (Rate)

Comments:

Please refer to the Rate Review Detail under the Rate/Rule tab. The figures report under the Requested Rate for Annual PMPM must be reported on PMPM basis.

Conclusion:

A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	10/31/2012
Submitted Date	10/31/2012
Respond By Date	11/30/2012

Dear Jim Couch,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- Rate Summary Worksheet (Supporting Document)

Comments: There is a discrepancy between the Rate Summary Worksheet, Range of Rate Increase and the Minimum & maximum report under the Rate/Rule tab, Company Rate Information: The Rate Summary Worksheet reports a Minimum of -4.6000% and a Maximum of 24.9000% while the Company Rate Information under the Rate/Rule tab reports a Minimum of 3.000%, Maximum of 17.000% and an overall of 9.900%.

If the Rate summary Worksheet needs to be updated, please do so and replace the existing worksheet. If the Company Rate Information needs to be adjusted, please sent a Post-submission update reflecting the changes.

Also, as outlined under our Bulletin 7-2011, please attach Exhibit 2 of the preliminary justification under Consumer disclosure Form (Supporting Document).

Thank you.

Conclusion:

A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

State: Arkansas Filing Company: QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/05/2012
Submitted Date 11/06/2012

Dear Rosalind Minor,

Introduction:

Response 1

Comments:

We modified and have resubmitted.

Related Objection 1

Applies To:

- QualChoice Small Employer Group Rate Filing, [] (Rate)

Comments:

Please refer to the Rate Review Detail under the Rate/Rule tab. The figures report under the Requested Rate for Annual PMPM must be reported on PMPM basis.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Jim Couch

SERFF Tracking #:

QUAC-128699864

State Tracking #:

Company Tracking #:

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/06/2012
Submitted Date	11/06/2012

Dear Rosalind Minor,

Introduction:

Response 1

Comments:

We have modified the rate summary worksheet and have attached it per your request. We have also attached the consumer disclosure form in the supporting documentation.

Related Objection 1

Applies To:

- Rate Summary Worksheet (Supporting Document)

Comments: There is a discrepancy between the Rate Summary Worksheet, Range of Rate Increase and the Minimum & maximum report under the Rate/Rule tab, Company Rate Information: The Rate Summary Worksheet reports a Minimum of -4.6000% and a Maximum of 24.9000% while the Company Rate Information under the Rate/Rule tab reports a Minimum of 3.000%, Maximum of 17.000% and an overall of 9.900%.

If the Rate summary Worksheet needs to be updated, please do so and replace the existing worksheet. If the Company Rate Information needs to be adjusted, please sent a Post-submission update reflecting the changes.

Also, as outlined under our Bulletin 7-2011, please attach Exhibit 2 of the preliminary justification under Consumer disclosure Form (Supporting Document).

Thank you.

Changed Items:

SERFF Tracking #:

QUAC-128699864

State Tracking #:**Company Tracking #:****State:**

Arkansas

Filing Company:

QCA Health Plan, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003D Small Group Only - POS

Product Name:

QCA Health Plan Small Group Medical

Project Name/Number:

/

Supporting Document Schedule Item Changes

Satisfied - Item:

Rate Summary Worksheet

Comments:

Attachment(s):

201301 Pricing Summary QCA Health Plan, Inc.pdf

RateSummaryTemplate.xls

*Previous Version**Satisfied - Item:**Rate Summary Worksheet**Comments:**Attachment(s):**RateSummaryTemplate.xls**201301 Pricing Summary QCA Health Plan, Inc.pdf*

Satisfied - Item:

Consumer Disclosure Form

Comments:

Attachment(s):

QCA Small Group Exh2L20120901.pdf

*Previous Version**Bypassed - Item:**Consumer Disclosure Form**Bypass Reason:**Per instructions above to bypass at initial submission.*

SERFF Tracking #:

QUAC-128699864

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QCA Health Plan, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003D Small Group Only - POS

Product Name:

QCA Health Plan Small Group Medical

Project Name/Number:

/

Supporting Document Schedule Item Changes

Satisfied - Item:

Rate Summary Worksheet

Comments:

Attachment(s):

201301 Pricing Summary QCA Health Plan, Inc.pdf

RateSummaryTemplate.xls

Previous Version

Satisfied - Item:

Rate Summary Worksheet

Comments:

Attachment(s):

RateSummaryTemplate.xls

201301 Pricing Summary QCA Health Plan, Inc.pdf

Satisfied - Item:

Consumer Disclosure Form

Comments:

Attachment(s):

QCA Small Group Exh2L20120901.pdf

Previous Version

Bypassed - Item:

Consumer Disclosure Form

Bypass Reason:

Per instructions above to bypass at initial submission.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Jim Couch

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003D Small Group Only - POS
Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Note To Filer

Created By:

Rosalind Minor on 11/01/2012 08:50 AM

Last Edited By:

Rosalind Minor

Submitted On:

12/06/2012 11:52 AM

Subject:

Objection letter of 10/31/12 at 2:11 PM

Comments:

I should have included in addition to re Requested Rate also the Prior Rate figures should be reported on a PMPM basis.

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
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Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Post Submission Update Request Processed On 11/08/2012

Status: Allowed
Created By: Jim Couch
Processed By: Rosalind Minor
Comments:

Company Rate Information:

Company Name:QCA Health Plan, Inc.

Field Name	Requested Change	Prior Value
PRIOR RATE:		
Min:	93.000	1,119.000
Max:	677.000	8,121.000
Wighted Avg.:	300.000	3,598.000
REQUESTED RATE:		
Min:	107.000	1,279.000
Max:	716.000	8,587.000
Weighted Avg.:	326.000	3,912.000

SERFF Tracking #:

QUAC-128699864

State Tracking #:

Company Tracking #:

State: Arkansas **Filing Company:** QCA Health Plan, Inc.
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Product Name: QCA Health Plan Small Group Medical
Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 9.900%

Effective Date of Last Rate Revision: 01/01/2011

Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
QCA Health Plan, Inc.	Increase	9.900%	9.900%	\$5,148,000	8,983	\$52,001,000	17.000%	3.000%

Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:				14,224				
Policy Holders:				8,983				

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Company Tracking #:

State:

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H16G Group Health - Major Medical/H16G.003D Small Group Only - POS

Product Name:

QCA Health Plan Small Group Medical

Project Name/Number:

/

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Consumer Disclosure Form	Approved-Closed	12/06/2012
Comments:			
Attachment(s):			
QCA Small Group Exh2L20120901.pdf			

QualChoice

Small Employer Group Rate Filing

Filing Date September 1, 2012

Exhibit 2

Non-Technical Justification for Rate Increase

For QCA Health Plan, Inc. (NAIC Company Code 95448)

According to Arkansas Insurance Bulletin 7-2011, filing of rates and methodology and reporting of experience is performed for groups with at least 2 but no more than 50 employees. This filing is in conformance with this requirement, stated as item number 11 in the bulletin. This filing does not apply to any other types of coverage or any other types of groups.

Scope and Range of the Rate Increase.

The rate increase applies to all small employer group products. The number of individuals impacted by the rate increase is 13,762. Small employer group products are given an increase based on a medical cost trend increase and a pharmacy cost trend increase. Due to benefit leveraging, some plans may receive an increase slightly above or below the increase given to other plans.

Included in this filing is change in the age/gender factors. Under current law, in 2014 health insurance will be required to be rated identically for both sexes, with an additional 3:1 maximum to minimum age factor. This filing brings the employee plus spouse and the family rates on a unisex basis. It also raises the young male rates by up to 15% and young female rates by up to 10% for a smoother transition to the 2014 rating requirement. Overall, the age/gender factor change is designed to be revenue neutral.

Included in this filing is the provision for the Federal Research tax of nine cents per member per month beginning in 2013. This tax is imposed by the federal health care reform law.

Included in this filing is a 1.7% increase to pay for the federal excise tax on health insurance premiums in 2014. This tax is calculated on 2013 premiums, and must be accrued in 2013. Again, this tax is imposed by the federal health care reform law.

In addition to increases in premium resulting from federal legislation, increases in medical cost and utilization have necessitated a premium increase. The overall increase in medical costs have been 5.3% and the overall increase in utilization of services has been 2.2%. QualChoice is expecting slightly lower increases in the future.

Financial Experience of the Product

Experience is shown for both companies combined. QualChoice Life and Health Insurance Company has only had health business in force since 2010. Using the federally prescribed definition of MLR to all years of experience for plans with 2-50 eligible employees:

	Earned Premium	Eligible Taxes	Incurred Claims	Quality Improvement	Loss Ratio
2008	\$35,562,178	\$224,042	\$29,813,173	\$241,487	85.0%
2009	\$43,480,834	\$273,929	\$36,034,999	\$291,883	84.1%
2010	\$49,257,256	\$310,321	\$40,695,463	\$394,746	84.0%
2011	\$51,292,621	\$841,199	\$41,992,269	\$339,504	83.1%
2012	\$53,281,747	\$852,508	\$43,224,099	\$352,709	83.1%
2013	\$57,935,940	\$1,911,886	\$44,476,561	\$362,929	80.0%

	% Admin.	% Profit
2008	14.6%	0.9%
2009	13.9%	2.6%
2010	13.4%	3.4%
2011	14.4%	2.1%
2012	14.7%	2.6%
2013	15.0%	4.9%

The rate increase is needed to pay for the expected escalation in future claims as well as taxes. The plans are priced to produce an expected loss ratio of 80%.

Changes in Medical Service Costs

The costs of medical services continue to increase.

As is standard practice in the industry, many contracts that QualChoice has with health care providers have provisions that set fees according to the Medicare rates, and as the federal government increases those rates, our rates necessarily increase as well.

Utilization of certain services increases as well. Certain diagnostic tests, specialty drugs, and tailored treatments according to genetic profiles are very expensive. These expensive medical treatments are being performed with an increasing frequency.

As a result of the healthcare reform law and ensuing regulations, more services must be provided at no cost sharing. These have included preventive screenings, and now include contraceptives. This has a significant cost increase because medical expenses which used to be applied

to a deductible are now covered (including the administrative costs and tax payments). This also has a significant utilization increase as more lab tests are requested for no listed diagnosis.

Administrative Costs and Anticipated Profits

Administrative costs include marketing, claims, compliance, accounting, and policyholder services. The cost of compliance is expected to increase more significantly than other areas. The historical profit has been 2.3%. Expected profit is at the modest level of about 2% of premium.

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Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
09/24/2012	Replaced 12/06/2012	Supporting Document	Consumer Disclosure Form	11/05/2012	