

State: Arkansas
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Filing Company: QualChoice Life and Health Insurance Company, Inc.
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	01/29/2013	01/29/2013

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	12/05/2012	12/05/2012
Pending Industry Response	Rosalind Minor	11/16/2012	11/16/2012
Pending Industry Response	Rosalind Minor	10/31/2012	10/31/2012

Response Letters

Responded By	Created On	Date Submitted
Jim Couch	01/10/2013	01/15/2013
Jim Couch	12/04/2012	12/04/2012
Jim Couch	11/15/2012	11/15/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Revisions?	Note To Filer	Donna Lambert	01/16/2013	01/16/2013
Objection letter of 12/5/12	Note To Filer	Rosalind Minor	01/09/2013	01/09/2013
Objection Letter of 10/31/12 at 2:24 PM	Note To Filer	Rosalind Minor	11/01/2012	11/01/2012
Cover Letter	Note To Reviewer	Jim Couch	10/13/2012	10/26/2012
Response to conversation on 1/24/13	Reviewer Note	Rosalind Minor	01/29/2013	

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Disposition

Disposition Date: 01/29/2013

Implementation Date:

Status: Approved-Closed

HHS Status: HHS Approved

State Review: Reviewed by Actuary

Comment:

We have approved an overall rate increase of 9.900% on your submission. 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):
QualChoice Life and Health Insurance Company, Inc.	Increase	9.900%	9.900%	\$127,000	208	\$1,281,000	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 (revised)	Health - Actuarial Justification	Approved-Closed	No
Supporting Document	Health - Actuarial Justification	Replaced	No

SERFF Tracking #:

QUAC-128726905

State Tracking #:**Company Tracking #:****State:** Arkansas**Filing Company:**

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO**Product Name:** QualChoice Life and Health Small Employer Group PPO**Project Name/Number:** /

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

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	12/05/2012
Submitted Date	12/05/2012
Respond By Date	01/05/2013

Dear Jim Couch,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- Rate Summary Worksheet (Supporting Document)
- Small Group Rate Filing, [] (Rate)

Comments:

Refer to the Rate/Rule tab, the attached Exhibit 3. Item 5c (overall premium impact of proposed increase) has an average annual premium per policy of \$37,195 and a new rating period calculation of an average annual premium per policy of \$43,395. Also, the number of policies reported under c.ii is 1,379 which does not correspond with the number of policyholders reported under the Rate/Rule tab, Company Rate Information. The reported amount of policyholders is 208 with 352 covered lives.

Refer to the supporting documentation tab, Rate Summary Template. Item F reports the number of covered individuals as 14,576 which does not correspond with the amount of covered lives under the RateRule tab.

Refer to the Rate/Rule tab, Attachment for Exhibit 3, Item 3a, outline of past rate increases. The percentages and dates of the increases does not correspond with the data reported under the Rate Summary Template (supporting documentation tab), Item E.

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:** QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	11/16/2012
Submitted Date	11/16/2012
Respond By Date	12/16/2012

Dear Jim Couch,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- Small Group Rate Filing, [] (Rate)

Comments:

Please review my comments under the post submission update that I disallowed. Hopefully, they are self-explanatory. If not, give me a call and we will discuss.

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:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
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

- Small Group Rate Filing, [] (Rate)

Comments:

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

Objection 2

- Rate Summary Worksheet (Supporting Document)

Comments:

There is a discrepancy between the Rate Summary Worksheet and the Company Rate Information under the Rate/Rule tab. The worksheet reports a minimum of -4.6000% and a maximum of 24.9000% while the Company Rate Information is 3.000% minimum, 17.000% maximum and 9.900% overall.

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 send a Post Submission update reflecting the changes.

Objection 3

- Small Group Rate Filing, [] (Rate)

Comments:

As outlined under our Bulletin 7-2011 and at the discretion of the Commissioner, please attach Exhibit 2, Consumer Disclosure Form under the supporting documentation tab.

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

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

QualChoice Life and Health Small Employer Group PPO

Project Name/Number:

/

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	01/10/2013
Submitted Date	01/15/2013

Dear Rosalind Minor,

Introduction:

Response 1

Comments:

Per our earlier conversations, the information previously submitted for review combined data from both QualChoice Life and Health with QCA Health Plan. This revised filing replaces the previously submitted documents to reflect QualChoice Life and Health information only.

Related Objection 1

Applies To:

- Small Group Rate Filing, [] (Rate)
- Rate Summary Worksheet (Supporting Document)

Comments:

Refer to the Rate/Rule tab, the attached Exhibit 3. Item 5c (overall premium impact of proposed increase) has an average annual premium per policy of \$37,195 and a new rating period calculation of an average annual premium per policy of \$43,395. Also, the number of policies reported under c.ii is 1,379 which does not correspond with the number of policyholders reported under the Rate/Rule tab, Company Rate Information. The reported amount of policyholders is 208 with 352 covered lives.

Refer to the supporting documentation tab, Rate Summary Template. Item F reports the number of covered individuals as 14,576 which does not correspond with the amount of covered lives under the RateRule tab.

Refer to the Rate/Rule tab, Attachment for Exhibit 3, Item 3a, outline of past rate increases. The percentages and dates of the increases does not correspond with the data reported under the Rate Summary Template (supporting documentation tab), Item E.

Changed Items:

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State: Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Supporting Document Schedule Item Changes

Satisfied - Item: Health - Actuarial Justification

Comments:

Attachment(s):

Actuarial Memorandum 2013 Group QLH.pdf

*Previous Version**Satisfied - Item: Health - Actuarial Justification**Comments:**Attachment(s):**QCLHIC Small Group Actuarial Memorandum 2013.pdf*

Satisfied - Item: Rate Summary Worksheet

Comments:

Attachment(s):

201301 Pricing Summary QC Life & Health, Inc.pdf

Copy of Exh1 RateSummaryTemplate V20121019 QLH.xls

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

Satisfied - Item: Consumer Disclosure Form

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

QualChoice Life and Health Small Employer Group PPO

Project Name/Number:

/

Supporting Document Schedule Item Changes

Comments:

Attachment(s):

Exh2L20121226QLH.pdf

Previous Version

Satisfied - Item:

Consumer Disclosure Form

Comments:

Attachment(s):

QCLHIC Small Group Exh2L20120901.pdf

Previous Version

Bypassed - Item:

Consumer Disclosure Form

Bypass Reason:

Instructions indicate to by pass at initial submission.

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State: Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Supporting Document Schedule Item Changes

Satisfied - Item: Health - Actuarial Justification

Comments:

Attachment(s):

Actuarial Memorandum 2013 Group QLH.pdf

*Previous Version**Satisfied - Item: Health - Actuarial Justification**Comments:**Attachment(s):**QCLHIC Small Group Actuarial Memorandum 2013.pdf*

Satisfied - Item: Rate Summary Worksheet

Comments:

Attachment(s):

201301 Pricing Summary QC Life & Health, Inc.pdf

Copy of Exh1 RateSummaryTemplate V20121019 QLH.xls

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

Satisfied - Item: Consumer Disclosure Form

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

QualChoice Life and Health Small Employer Group PPO

Project Name/Number:

/

Supporting Document Schedule Item Changes

Comments:

Attachment(s):

Exh2L20121226QLH.pdf

Previous Version

Satisfied - Item:

Consumer Disclosure Form

Comments:

Attachment(s):

QCLHIC Small Group Exh2L20120901.pdf

Previous Version

Bypassed - Item:

Consumer Disclosure Form

Bypass Reason:

Instructions indicate to by pass at initial submission.

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State: Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Supporting Document Schedule Item Changes

Satisfied - Item: Health - Actuarial Justification

Comments:

Attachment(s):

Actuarial Memorandum 2013 Group QLH.pdf

*Previous Version**Satisfied - Item: Health - Actuarial Justification**Comments:**Attachment(s):**QCLHIC Small Group Actuarial Memorandum 2013.pdf*

Satisfied - Item: Rate Summary Worksheet

Comments:

Attachment(s):

201301 Pricing Summary QC Life & Health, Inc.pdf

Copy of Exh1 RateSummaryTemplate V20121019 QLH.xls

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

Satisfied - Item: Consumer Disclosure Form

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State: Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Supporting Document Schedule Item Changes

Comments:

Attachment(s):

Exh2L20121226QLH.pdf

Previous Version

Satisfied - Item:

Consumer Disclosure Form

Comments:

Attachment(s):

QCLHIC Small Group Exh2L20120901.pdf

Previous Version

Bypassed - Item:

Consumer Disclosure Form

Bypass Reason:

Instructions indicate to by pass at initial submission.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Item No.	Document Name	Affected Form Numbers	Rate Action	Rate Action Information	Attachments	Date Submitted
1	Small Group Rate Filing		New		Exh3L20121226QLH.pdf,	By:
<i>Previous Version</i>						
1	Small Group Rate Filing		New		QCLHIC Small Group Exh3L20120901.pdf,	10/26/2012 By: Jim Couch

Conclusion:Sincerely,
Jim Couch

State: Arkansas Filing Company: QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/04/2012
Submitted Date	12/04/2012

Dear Rosalind Minor,

Introduction:

Response 1

Comments:

You were correct. The calculation was wrong. We have now reflected the correct \$ amounts.

Related Objection 1

Applies To:

- Small Group Rate Filing, [] (Rate)

Comments:

Please review my comments under the post submission update that I disallowed. Hopefully, they are self-explanatory. If not, give me a call and we will discuss.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

*Sincerely,
Jim Couch*

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

QualChoice Life and Health Small Employer Group PPO

Project Name/Number:

/

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/15/2012
Submitted Date	11/15/2012

Dear Rosalind Minor,

Introduction:

Response 1

Comments:

The rate review detail has been changed to reflect a PMPM.

Related Objection 1

Applies To:

- Small Group Rate Filing, [] (Rate)

Comments:

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

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

The rate summary work sheet has been updated.

Related Objection 2

Applies To:

- Rate Summary Worksheet (Supporting Document)

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Comments:

There is a discrepancy between the Rate Summary Worksheet and the Company Rate Information under the Rate/Rule tab. The worksheet reports a minimum of -4.6000% and a maximum of 24.9000% while the Company Rate Information is 3.000% minimum, 17.000% maximum and 9.900% overall.

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 send a Post Submission update reflecting the changes.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Rate Summary Worksheet
Comments:	
Attachment(s):	
201301 Pricing Summary QC Life & Health, Inc.pdf RateSummaryTemplate.xls	
<i>Previous Version</i>	
Satisfied - Item:	Rate Summary Worksheet
Comments:	
Attachment(s):	
RateSummaryTemplate.xls 201301 Pricing Summary QC Life & Health, Inc.pdf	

No Form Schedule items changed.
No Rate/Rule Schedule items changed.

Response 3

Comments:

This explanation has been added to the supporting documentation tab.

Related Objection 3

Applies To:

- Small Group Rate Filing, [] (Rate)

Comments:

As outlined under our Bulletin 7-2011 and at the discretion of the Commissioner, please attach Exhibit 2, Consumer Disclosure Form under the supporting documentation tab.

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

QualChoice Life and Health Small Employer Group PPO

Project Name/Number:

/

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Consumer Disclosure Form
Comments:	
Attachment(s):	
QCLHIC Small Group Exh2L20120901.pdf	
<i>Previous Version</i>	
<i>Bypassed - Item:</i>	<i>Consumer Disclosure Form</i>
<i>Bypass Reason:</i>	<i>Instructions indicate to by pass at initial submission.</i>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Jim Couch

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Note To Filer

Created By:

Donna Lambert on 01/16/2013 12:51 PM

Last Edited By:

Rosalind Minor

Submitted On:

01/29/2013 08:34 AM

Subject:

Revisions?

Comments:

What revisions were made to the post-submission update received today? The form is identical to the one received with the initial filing.

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Note To Filer

Created By:

Rosalind Minor on 01/09/2013 02:12 PM

Last Edited By:

Rosalind Minor

Submitted On:

01/29/2013 08:34 AM

Subject:

Objection letter of 12/5/12

Comments:

Do you have any idea as to when you will be able to respond to the above objection letter?

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Note To Filer

Created By:

Rosalind Minor on 11/01/2012 08:57 AM

Last Edited By:

Rosalind Minor

Submitted On:

01/29/2013 08:34 AM

Subject:

Objection Letter of 10/31/12 at 2:24 PM

Comments:

Objection 1 should read: Please refer to the Rate Review Detail under the Rate/Rule tab. The figures reported under the Requested Rate and Prior Rate for Annual PMPM must be reported on a PMPM basis.

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Note To Reviewer

Created By:

Jim Couch on 10/13/2012 10:41 AM

Last Edited By:

Rosalind Minor

Submitted On:

01/29/2013 08:34 AM

Subject:

Cover Letter

Comments:

Please see attached cover letter from in-house actuary, Ed Goral.

September 24, 2012

Ms. Rosalind Minor
Senior Certified Rate and Form Analyst
Life and Health Division
Arkansas Department of Insurance
1200 West Third Street
Little Rock, AR 72201-1904

Subject: QualChoice Life and Health Insurance Company, Inc. Small Employer Group Health Rate Filing

Dear Ms. Minor:

Enclosed please find Rate Pages, Exhibit 1, Exhibit 2, Exhibit 3, and an Actuarial Memorandum in connection with filing of small employer health rates, pursuant to AID Bulletin 7-2011.

If you have any questions, please feel free to contact me.

Sincerely,

Edgar J. Goral
Director of Actuarial Services
(501) 219-5149

Enclosures

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: QualChoice Life and Health Small Employer Group PPO

Project Name/Number: /

Reviewer Note

Created By:

Rosalind Minor on 01/29/2013 08:27 AM

Last Edited By:

Rosalind Minor

Submitted On:

01/29/2013 08:34 AM

Subject:

Response to conversation on 1/24/13

Comments:

Jim Couch visited our office on 1/24/13.

We discussed the number of policyholders and the overall premium impact of proposed increase. Below are the comments from the company:

In the SERFF filing the "# of Policy Holders Affected for this Program" column, the "208" number is correct. We interpreted that to ask how many subscribers, i.e., employees, whose employers have this product are affected. There are 208 employees of employer groups with this product who will be affected by the requested rate increase.

Also, in chart "c" titled "Overall Premium Impact of Proposed Increase" you asked about the numbers reflected in the "Policies" column. Those numbers are correct. For the "Experience Period" there were 33 employer groups. If you divide the "Earned Premium" column with the "Policies" column, you get the "Average Annual Premium per Policy" amount. So for the Experience Period, the total "Earned Premium" was \$1.2 Million. Divide that \$1.2 Million by the number of policies --- 33 -- and you get the average annual, i.e., full 12 months of premium, for those policies is \$37,365.

The company believes that the numbers are correct.

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 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
 Product Name: QualChoice Life and Health Small Employer Group PPO
 Project Name/Number: /

Post Submission Update Request Processed On 11/06/2012

Status: Disallowed
 Created By: Jim Couch
 Processed By: Rosalind Minor
 Comments: It is my understanding that you populated the wrong numbers; therefore, I am disallowing.

Company Rate Information:

Company Name:QualChoice Life and Health Insurance Company, Inc.

Field Name	Requested Change	Prior Value
PRIOR RATE:		
Min:	63.000	1,114.000
Max:	462.000	8,085.000
Wighted Avg.:	150.000	3,582.000
REQUESTED RATE:		
Min:	69.000	1,273.000
Max:	508.000	8,549.000
Weighted Avg.:	165.000	3,895.000

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Post Submission Update Request Processed On 11/16/2012

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

My calculations are not in agreement with the figures that you are reporting. For Example: The amount of PMPM report for prior rate, weighted average is \$143.00. My calculations come to \$298.60(total earned premiums divided by member months). Also, please check the other figures for accuracy. If you wish to discuss, please call me at (501)371-2767.

Company Rate Information:

Company Name:QualChoice Life and Health Insurance Company, Inc.

Field Name	Requested Change	Prior Value
PRIOR RATE:		
Min:	120.000	1,114.000
Max:	174.000	8,085.000
Wighted Avg.:	143.000	3,582.000
REQUESTED RATE:		
Min:	126.000	1,273.000
Max:	182.000	8,549.000
Weighted Avg.:	150.000	3,895.000

State: Arkansas Filing Company: QualChoice Life and Health Insurance Company, Inc.
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
 Product Name: QualChoice Life and Health Small Employer Group PPO
 Project Name/Number: /

Post Submission Update Request Processed On 12/05/2012

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

Company Rate Information:

Company Name:QualChoice Life and Health Insurance Company, Inc.

Field Name	Requested Change	Prior Value
PRIOR RATE:		
Min:	93.000	1,114.000
Max:	674.000	8,085.000
Wighted Avg.:	299.000	3,582.000
REQUESTED RATE:		
Min:	106.000	1,273.000
Max:	712.000	8,549.000
Weighted Avg.:	325.000	3,895.000

State: Arkansas **Filing Company:** QualChoice Life and Health Insurance Company, Inc.
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: QualChoice Life and Health Small Employer Group PPO
Project Name/Number: /

Post Submission Update Request Processed On 01/16/2013

Status: Allowed
Created By: Jim Couch
Processed By: Donna Lambert
Comments: Roz will be in and out of the office for the next two weeks. If you need to contact someone in her absence, please email me. - Donna
 donna.lambert@arkansas.gov

Company Rate Information:

Company Name:QualChoice Life and Health Insurance Company, Inc.

Field Name	Requested Change	Prior Value
PRIOR RATE:		
Total Incurred Claims:	1,058,000.000	1,039,000.000
Min:	94.000	93.000
Max:	683.000	674.000
Wighted Avg.:	303.000	299.000
REQUESTED RATE:		
Projected Incurred Claims:	1,088,000.000	1,069,000.000
Min:	108.000	106.000
Max:	723.000	712.000
Weighted Avg.:	330.000	325.000

SERFF Tracking #:

QUAC-128726905

State Tracking #:

Company Tracking #:

State:

Arkansas

Filing Company:

QualChoice Life and Health Insurance Company, Inc.

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

QualChoice Life and Health Small Employer Group PPO

Project Name/Number:

/

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Consumer Disclosure Form	Approved-Closed	01/29/2013
Comments:			
Attachment(s):			
Exh2L20121226QLH.pdf			

QualChoice

Small Employer Group Rate Filing

Filing Date September 1, 2012, resubmitted January 3, 2013

Exhibit 2

Non-Technical Justification for Rate Increase

For QualChoice Life and Health Insurance Company, Inc. (NAIC Company Code 70998)

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 361. 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 17% 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 QualChoice Life and Health Insurance Company only.

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	\$0	\$0	\$0	\$0	
2009	\$0	\$0	\$0	\$0	
2010	\$0	\$0	\$0	\$0	
2011	\$1,233,040	\$20,222	\$1,027,462	\$8,307	85.4%
2012	\$1,280,857	\$20,494	\$1,057,602	\$8,630	84.6%
2013	\$1,392,741	\$45,960	\$1,088,247	\$8,630	81.5%

	% Admin.	% Profit
2008		
2009		
2010		
2011	14.4%	0.6%
2012	14.7%	1.1%
2013	15.0%	3.4%

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 at or above 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.