



## USable Mutual Insurance Co. (AR BCBS – Ind.) – Individual Plans (Non-CSR)

Rate request filing SERFF Tracking #: **ARBB-131163741**

Product Name: **2018 QHP Rate Filing – Ind Exchange On/Off**

*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. For further information on this filing, visit: <https://www.insurance.arkansas.gov/uploads/pages/py2018-ind-arbbind-n-full.pdf>.*

### Overview

**Requested average rate change:**

**14.20%**

Range of requested rate change:

(11.00%) – 134.40%

Effective date:

January 1, 2018

Covered lives affected:

202,005

This plan is available in the following:

Service Area	Counties
<b>Central</b>	Cleburne, Conway, Faulkner, Grant, Lonoke, Perry, Pope, Prairie, Pulaski, Saline, Van Buren, White, Yell
<b>Northeast</b>	Clay, Craighead, Crittenden, Cross, Fulton, Greene, Independence, Izard, Jackson, Lawrence, Mississippi, Poinsett, Randolph, Sharp, St. Francis, Stone, Woodruff
<b>Northwest</b>	Baxter, Benton, Boone, Carroll, Madison, Marion, Newton, Searcy, Washington
<b>South Central</b>	Clark, Garland, Hot Spring, Montgomery, Pike
<b>Southeast</b>	Arkansas, Ashley, Bradley, Chicot, Cleveland, Dallas, Desha, Drew, Jefferson, Lee, Lincoln, Monroe, Phillips
<b>Southwest</b>	Calhoun, Columbia, Hempstead, Howard, Lafayette, Little River, Miller, Nevada, Ouachita, Sevier, Union
<b>West Central</b>	Crawford, Franklin, Johnson, Logan, Polk, Sebastian, Scott

### Financial information

**Experience from January-December 2016:**

Premiums written: \$1,011M  
Claims paid: \$1,171M

**Projection for January-December 2018:**

Projected premium: \$1,232M  
Projected claims: \$1,043M

### Company justification for requested change

According to the company's filing, the following components make up its rate request:

"In general, the factors that drove the proposed 14.2% rate change has been in large part the utilization and cost trend of this block of business which was determined to be 8.64% of allowed claims overall annually. Also, the actual experience for 2016 came in higher than what was expected. We had projected a loss ratio for 2016 of 83.34%, whereas actual experience resulted in a loss ratio of 96.62%. This worse-than-expected experience lead to higher projected claims for 2017 and 2018. In addition, the Federal Cost Sharing Reduction is no longer receiving funding from the Federal Government, therefore we are will be incurring additional claims expenses."

- 10% of the 14.20% total request is due to Medical Utilization Changes.
- 6% of the 14.20% total request is due to Medical Price Changes.
- 0% of the 14.20% total request is due to Medical Benefit Changes Required by Law.
- 22% of the 14.20% total request is due to Medical Benefit Changes Not Required by Law.
- 0% of the 14.20% total request is due to Changes to Administration Costs.
- 10% of the 14.20% total request is due to Changes to Profit Margin.
- 52% of the 14.20% total request is due to Other, defined as: "Included is the increased cost due to any Taxes and Fees (including the reintroduction of the Insurer's Fees), impact of changes in demographic makeup, any enhanced benefits, and the loss of Cost Sharing Reduction subsidies."