State: *Arkansas* ***Filing Company:*** *QCA Health Plan, Inc.*
TOI/Sub-TOI: *H16I Individual Health - Major Medical/H16I.005B Individual - Point-of-Service (POS)*
Product Name: *PY2022 Ambetter from Arkansas Health & Wellness*
Project Name/Number: */*

Filing at a Glance

Company:	QCA Health Plan, Inc.
Product Name:	PY2022 Ambetter from Arkansas Health & Wellness
State:	Arkansas
TOI:	H16I Individual Health - Major Medical
Sub-TOI:	H16I.005B Individual - Point-of-Service (POS)
Filing Type:	Rate
Date Submitted:	06/18/2021
SERFF Tr Num:	QUAC-132820293
SERFF Status:	Closed-Approved
State Tr Num:	ACA QHP
State Status:	Approved-Closed
Co Tr Num:	PY 2022 AR QCA RATE
Effective Date Requested:	01/01/2022
Author(s):	Michelle Fitzpatrick, Lisa Cerven, Jennifer Smith, Sarah Friedman, Megan Houston, Ross Cowling, Zachary Harris, LaToya Johnson, Megan Currant, Alex Mitrani, Anne Mazon, Sara Gurvitz, Brittany Maglish, Matt Watters, Madhulika Jamwal, Cheryl Thompson, Jason DeLine
Reviewer(s):	Donna Lambert (primary), David Dillon
Disposition Date:	08/18/2021
Disposition Status:	Approved
Effective Date:	01/01/2022

State Filing Description:
Form Filing # QUAC-132820169

Binder Filing # QUAC-AR22-125107475

State: *Arkansas* **Filing Company:** *QCA Health Plan, Inc.*
TOI/Sub-TOI: *H16I Individual Health - Major Medical/H16I.005B Individual - Point-of-Service (POS)*
Product Name: *PY2022 Ambetter from Arkansas Health & Wellness*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact: 3.899%

Deemer Date: 08/18/2021
Submitted By: Brittany Maglish

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Individual
Individual Market Type: Individual
Filing Status Changed: 08/18/2021
State Status Changed: 08/18/2021
Created 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.: 95448
FEIN: 71-0794605

Form Filing # QUAC-132820169
Rate Filing # QUAC-132820293
Binder Filing # QUAC-AR22-125107475

The attached rates are being submitted to your Department for review and approval. We are submitting the captioned products and plans offered QCA Health Plan, 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
200 East Randolph
Suite 3600
Chicago, IL 60601

Brittany.M.Maglish@CENTENE.com
630-203-9107 [Phone]

State: *Arkansas* ***Filing Company:*** *QCA Health Plan, Inc.*
TOI/Sub-TOI: *H16I Individual Health - Major Medical/H16I.005B Individual - Point-of-Service (POS)*
Product Name: *PY2022 Ambetter from Arkansas Health & Wellness*
Project Name/Number: */*

Filing Company Information

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

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	QCA Health Plan, Inc.
SERFF tracking number	QUAC-132820293
Submission Date	08/02/2021
Product Name	2022 QCA Individual Metal Rates
Market Type	(•) Individual ( ) Small Group
Rate Filing Type	(•) Rate Increase ( ) New Filing

Scope and Range of the Increase:

The 3.9 % 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, and updated expectations regarding the impacts of COVID-19 in the rating period. Please see details on Section 1 of the Actuarial Memorandum.

This filing will impact:

# of Arkansas policyholder's 42,518 # of Arkansas covered lives 42,582

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 3.9 %
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved 1.7 %
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved 3.9 %

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 2020 and paid through March 31, 2021.

The rate increase will affect the projected financial experience of the product by:

Prior to the requested 3.9% rate increase for 2022, the projected MLR is 87.4%. The rate increase reduces the projected MLR to 84.0%.

Components of Increase

The request is made up of the following components:

Trend Increases – 8.6 % of the 3.9 % 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 4.6 % of the 3.9 % 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 4.0 % of the 3.9 % total filed increase.

Other Increases – -4.7 % of the 3.9 % 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 3.9 % 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 3.9 % 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 1.0 % of the 3.9 % 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 3.9 % total filed increase.

5. Other – Defined as:
   Morbidity & Risk Adjustment changes

   This component is -5.7 % of the 3.9 % total filed increase.

GENERAL INFORMATION

Company Identifying Information

Company Legal Name:	QCA Health Plan, Inc.
NAIC Company Code:	95448
SERFF Customer Filing Number:	30387
State:	Arkansas
HIOS ID:	70525
Market:	Individual
Effective Date:	January 1, 2022 to December 31, 2022
Form Numbers:	QUAC-132820293

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. ("QualChoice") and QualChoice Life and Health Insurance Company, Inc. 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>

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, 2020 and December 31, 2020, with run-out and incurred but not reported ("IBNR") claim calculations as of <REDACTED>.

Calendar Year 2020 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 2021 data is shown in the URRT.

Paid Through Date

The experience period paid through date is <REDACTED>.

Premiums in Experience Period

The premiums reflected on Worksheet 1 of the URRT are consistent with the 2020 financials.

Allowed and Incurred Claims Incurred During the Experience Period

The Allowed and Incurred Claims are reconciled against financial information. The data extracts represent claims incurred during 2020 and paid as of <REDACTED>.

<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 2020 experience, projection factors are necessary to properly account for the anticipated risk of the 2022 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

There are no material benefit changes.

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>

Adjustments Made to the Data

<REDACTED>

6. Credibility of Experience

<REDACTED>

7. Paid to Allowed Ratio

<REDACTED>

8. Risk Adjustment and Reinsurance

For 2020, the State of Arkansas' single risk pool includes a wide spectrum of populations. The populations included in the single risk pool are:

- ARHOME 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")

QualChoice reviewed data provided by Wakely Consulting Company based on data through April 2021, with completion applied, and the interim Risk Adjustment results published by CMS for 2020. Understanding the potential volatility of the 2021 projection, and that the results for 2020 may not reflect the 2022 risk pool appropriately, QualChoice <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.

The assumptions reflected in the 2022 premiums are based on historical levels and the additional taxes related to the ACA.

<REDACTED>

PROJECTED LOSS RATIO

The 2022 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 ARHOME policies.

The single risk pool for the projection period reflects all covered lives for all individual, non-grandfathered metallic and ARHOME 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 the 2022 projection period is <REDACTED>.

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.

<REDACTED>

CALIBRATION

Age Curve Calibration

<REDACTED>

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 projected membership for 2022, as reflected in the URRT, is <REDACTED> member months.

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

<REDACTED>

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;
- The final 2022 AV Calculator, with appropriate adjustments, was used to calculate the AV Metal Values reflected in Worksheet 2 of the Part 1 URRT for all plans;
- 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.

The 2022 plan year premium rates in this actuarial memorandum are contingent upon the status of the ACA statutes and regulations including any regulatory guidance, court decisions, or otherwise. Changes have the potential to greatly impact the 2022 plan year premium rates provided in this Actuarial Memorandum and the alignment of these premium rates with incurred costs. Changes include, but are not limited to, any legislative or regulatory amendment, court decision, 1332 waivers bringing reinsurance or other such programs to a state; or a decision by Congress, the Health and Human Services Secretary, or the Centers for Medicare and Medicaid Services director to fund cost-sharing reduction subsidies, alter Advance Premium Tax Credits (APTCs), or further modify the individual mandate requirement and penalty. In the event that a material provision is impacted, a revision to the rates will be needed. In particular, rates were developed assuming steady funding of APTCs and no funding of federal cost-sharing reduction (CSR) subsidy payments for members

enrolling through the exchange and full funding for ARHOME members. The continuity of this funding approach will impact whether rates are sufficient and not excessive.

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. 42, *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*
- ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies*
- ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*
- ASOP No. 56, *Modeling*

<REDACTED>
Actuary
Celtic Insurance Company

<REDACTED>