

State: Arkansas **Filing Company:** Oscar Insurance Company
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
Product Name: Oscar AR 2021 Individual Rate Filing
Project Name/Number: /

Filing at a Glance

Company: Oscar Insurance Company
Product Name: Oscar AR 2021 Individual Rate Filing
State: Arkansas
TOI: H16I Individual Health - Major Medical
Sub-TOI: H16I.005A Individual - Preferred Provider (PPO)
Filing Type: Rate
Date Submitted: 06/22/2020
SERFF Tr Num: OHIN-132423511
SERFF Status: Assigned
State Tr Num: ACA ON EXCHANGE
State Status: Under Review
Co Tr Num:

Implementation: 01/01/2021
Date Requested:
Author(s): Jessica Saulo, Jacob Dority, Devan Amabile, David Brandler, Tim Cabral
Reviewer(s): Donna Lambert (primary), David Dillon, Brian Stentz
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

State: Arkansas **Filing Company:** Oscar Insurance Company
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)
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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 Individual Market Type: Individual
 Overall Rate Impact: Filing Status Changed: 06/22/2020
 State Status Changed: 06/23/2020
 Deemer Date: 07/22/2020 Created By: Tim Cabral
 Submitted By: Jessica Saulo Corresponding Filing Tracking Number:
 PPACA: Non-Grandfathered Immed Mkt Reforms
 PPACA Notes: null
 Exchange Intentions: On and Off Exchange

Filing Description:

This submission represents the 2021 NGF individual market rate filing for Oscar Insurance Company in Arkansas.

The HIOS Submission ID is: 15724-1770230943970528288

Please do not hesitate to reach out with any questions, concerns, or requests for additional information. We sincerely look forward to hearing from you.

Company and Contact

Filing Contact Information

Jessica Saulo, Associate Actuary jsaulo@hioscar.com
 75 Varick Street 917-915-8090 [Phone]
 5th Floor
 New York, NY 10013

Filing Company Information

Oscar Insurance Company CoCode: 15777 State of Domicile: Texas
 75 Varick Street Group Code: 4818 Company Type:
 6th Floor Group Name: State ID Number:
 New York, NY 10013 FEIN Number: 47-3185443
 (855) 672-2755 ext. [Phone]

Filing Fees

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

State: Arkansas **Filing Company:** Oscar Insurance Company
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Company	Amount	Date Processed	Transaction #
Oscar Insurance Company	\$50.00	06/22/2020	179840316

State Specific

All major medical rate filings must have the "Overall Rate Impact" field on the General Information tab populated with the average rate adjustment requested.: Acknowledged

If rate filing, please provide the SERFF Tracking # of last rate revision REQUEST filed regardless of Disposition.: N/A - New issuer

Is this product intended to be a QHP or SADP sold ON the Marketplace?: Yes

Is this a medical product intended to be sold ONLY OFF the Marketplace?: No

Is this a dental product intended to be a stand-alone, CERTIFIED dental plan offered OFF the Marketplace to supplement a minimum essential health benefit plan offered on or off the Marketplace?: No

Is this filing submitted to recertify or revise a plan previously certified for use as a QHP, an SADP, or dental product certified to supplement the pediatric benefit of a minimum essential health benefit plan offered on or off the Marketplace? If so, please provide the SERFF Tracking # of the previously approved filing or filings.: No

Is this filing for a non-EHB compliant "transitional" major medical product which can be extended until December 31, 2020? See CMS Bulletin titled "Insurance Standards. Bulletin Series - INFORMATION - Extension of Limited Non-Enforcement Policy through 2020" dated March 25, 2019.: No

SERFF Tracking #:

OHIN-132423511

State Tracking #:

ACA ON EXCHANGE

Company Tracking #:

State:

Arkansas

Filing Company:

Oscar Insurance Company

TOI/Sub-TOI:

H16I Individual Health - Major Medical/H16I.005A Individual - Preferred Provider (PPO)

Product Name:

Oscar AR 2021 Individual Rate Filing

Project Name/Number:

/

Rate Information

Rate data applies to filing.

Filing Method:

SERFF

Rate Change Type:

%

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

n/a

SERFF Tracking Number of Last Filing:

n/a

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Oscar Insurance Company	New Product	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

State: Arkansas **Filing Company:** Oscar Insurance Company
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Rate Review Detail

COMPANY:

Company Name: Oscar Insurance Company
 HHS Issuer Id: 15724

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Oscar Individual PPO	15724AR001		10353

Trend Factors:

FORMS:

New Policy Forms: OSC-AR-IVL-EOC-2021-HIX
 Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 114,125
 Benefit Change: None
 Percent Change Requested: Min: 0.0 Max: 0.0 Avg: 0.0

PRIOR RATE:

Total Earned Premium: 0.00
 Total Incurred Claims: 0.00
 Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

REQUESTED RATE:

Projected Earned Premium: 57,977,864.00
 Projected Incurred Claims: 49,456,185.00
 Annual \$: Min: 335.73 Max: 627.84 Avg: 508.02

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 Oscar Insurance Company
 SERFF tracking number OHIN-132423511
 Submission Date 6/22/2020
 Product Name Oscar Individual PPO
 Market Type Individual Small Group
 Rate Filing Type Rate Increase New Filing

Scope and Range of the Increase:

The N/A % increase is requested because:

Oscar is a newly licensed health plan in Arkansas, entering the individual market for the first time in 2021. As such, the 2021 proposed premium rates do not reflect a rate change over a prior set of rates.

This filing will impact:

of Arkansas policyholder's 0 # of Arkansas covered lives 0

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

Individuals within the group may vary from the aggregate of the above increase components as a result of:

N/A

Financial Experience of Product

The overall financial experience of the product includes:

N/A

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

N/A

Components of Increase

The request is made up of the following components:

Trend Increases – N/A % of the N/A % 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 N/A % of the N/A % 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 N/A % of the N/A % total filed increase.

Other Increases – N/A % of the N/A % 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 N/A % of the N/A % 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 N/A % of the N/A % 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 N/A % of the N/A % 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 N/A % of the N/A % total filed increase.

5. Other – Defined as:

N/A

This component is N/A % of the N/A % total filed increase.



Part III Actuarial Memorandum (REDACTED)

Oscar Insurance Company Arkansas Individual On- and Off-Exchange Plans 2021 Premium Rates

Prepared for:
Oscar Insurance Company

Prepared by:
Andrew Bochner, FSA, MAAA
Milliman, Inc., New York

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19th Floor
New York, NY 10018 USA

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ATTACHMENTS

- Attachment A (REDACTED)
- Attachment B Printouts of AV Calculator Screenshots
- Attachment C (REDACTED)
- Attachment D (REDACTED)

GENERAL INFORMATION

DOCUMENT OVERVIEW

The document contains the Part III Actuarial Memorandum for Oscar Insurance Company's (Oscar) individual block of business, effective January 1, 2021. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template (URRT).

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I URRT, which support compliance with the market rating rules and reasonableness of applicable rates. This information may not be appropriate for other purposes.

This information is intended for use by the Arkansas Insurance Department (AID), the Center for Consumer Information and Insurance Oversight (CCIO), and their subcontractors to assist in the review of Oscar's individual rate filing. However, I recognize that this certification may become a public document. Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this actuarial memorandum prepared for Oscar by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

As prescribed by the AID, the premium rates developed and supported by this Actuarial Memorandum assume that Cost Sharing Reduction (CSR) subsidies will not be funded (for members above 138% of the federal poverty level) and will be calculated as described in current regulations and guidance. Subsidies will be funded for Arkansas Works members at or below 138% of the federal poverty level. Future modifications in legislation, regulation and/or court decisions regarding the funding of CSR payments may affect the extent to which the premium rates are neither excessive nor deficient.

At the time of this rate filing submission, we acknowledge there is substantial uncertainty regarding the impact of the COVID-19 pandemic on setting premium rates, including whether the pandemic will increase or decrease costs in 2021. In response to this uncertainty, we have incorporated various premium rate adjustments to reflect the estimated financial impact of the pandemic. These adjustments were developed by Oscar and premised on assumptions of the spread of the disease, including assumptions as to how many people are infected in a population, how severe those infections are across the population, and others.

Scientific knowledge of these items is incomplete and new data on the spread of COVID-19 in the United States is still emerging. In addition, actions taken by governmental authorities and the healthcare system related to the COVID-19 pandemic are rapidly changing. Consequently, the estimated adjustments will evolve as new information becomes available and new actions are taken by the authorities and other stakeholders. Due to the limited information available on the pandemic, any analysis is subject to a substantially greater than usual level of uncertainty. If subsequent information becomes available that would materially affect this rate filing submission, we would like to work with the AID to update our pricing assumptions regarding the impact of COVID-19 and resubmit this rate filing.

Future regulatory changes may affect the extent to which the rates presented herein are neither excessive nor deficient.

COMPANY IDENTIFYING INFORMATION

Company legal name: Oscar Insurance Company

State: Arkansas

HIOS Issuer ID: 15724

Market: Individual

Effective Date: January 1, 2021

COMPANY CONTACT INFORMATION

Primary Contact Name: Jessica Saulo

Primary Contact Telephone Number: (917) 915-8090

Primary Contact E-mail Address: jsaulo@hioscar.com

PROPOSED RATE CHANGES (REDACTED)

EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

Not applicable. Oscar is a newly licensed commercial insurer in Arkansas. Therefore, the premium rates presented are 100% manually rated.

BENEFIT CATEGORIES

The benefit categories are based on the algorithm used by Milliman's HCGs. The HCG grouper uses a combination of Diagnosis-Related Groups (DRGs), Current Procedural Terminology Codes – Fourth Edition (CPT-4 codes), Healthcare Common Procedural Coding System codes (HCPCS), and revenue codes to allocate detailed claims into roughly 60 benefit categories. Service classification may also be dependent on criteria such as site of service, physician specialty and procedure code modifier (e.g., anesthesia modifier). The HCG grouper is updated annually to incorporate any new codes so the classification methodology remains current.

Manual utilization and cost data was assigned to benefit categories as shown in Worksheet 1, Section I of the Part 1 URRT based on place and type of service using a detailed claims mapping algorithm summarized as follows:

INPATIENT HOSPITAL

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

OUTPATIENT HOSPITAL

Includes non-capitated facility services for surgery, emergency room, laboratory, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.

PROFESSIONAL

Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.

OTHER MEDICAL

Includes non-capitated ambulance, home health care, durable medical equipment (DME), prosthetics, supplies, vision exams, dental services and other services. The measurement units for utilization used in this category are a mix of visits, cases, procedures, etc.

CAPITATION

Includes the amount for any services that are provided on a capitated basis.

PRESCRIPTION DRUG

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

PROJECTION FACTORS (REDACTED)

MANUAL RATE ADJUSTMENTS (REDACTED)

CREDIBILITY OF EXPERIENCE

Not applicable. Oscar does not have experience in the base period to use in rate development; therefore, the 2021 rate development is based solely on manual rates.

ESTABLISHING THE INDEX RATE

As Oscar will be a new commercial health insurer in Arkansas in 2021, it has no claims experience. Therefore, it does not have an experience period index rate.

The Index Rate for the projection period is a measurement of the average allowed claims PMPM for EHB benefits. The projected index rate reflects the projected 2021 mixture of area factors, mix of catastrophic/non-catastrophic enrollment and the projected mix of risk morbidity in the Arkansas individual market Single Risk Pool. Note that there are no additional benefits offered beyond the EHB benefits. The Projection Period Index Rate has not been adjusted for payments and charges under the risk adjustment program or for Exchange user fees.

The Projection Period Index Rate, shown in Table 2 below, is equal to the projected total allowed claims PMPM minus the total non-EHB allowed claims PMPM.

DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE (REDACTED)

PLAN ADJUSTED INDEX RATES (REDACTED)

CALIBRATION (REDACTED)

CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT (REDACTED)

PROJECTED LOSS RATIO

Oscar’s projected loss ratio calculated consistently with the Medical Loss Ratio (MLR) methodology as prescribed by 45 CFR 158 is 90.4%. The following table demonstrates Oscar’s premium development and MLR calculation using rounded values.

Table 12	
Oscar Insurance Company	
Projected Federal Loss Ratio Exhibit	
	All Business
Projected Member Months	(REDACTED)
Paid Claims PMPM	\$433.35
Claim-Related Retention (QI/Health IT) PMPM	\$11.27
Transitional Recoveries (Received)	\$0.00
Risk Adjustment Paid (Received)	\$0.00
Risk Corridors Paid (Received)	\$0.00
MLR Numerator	\$444.62
Premium PMPM	\$508.02
Premium-Related Retention (Taxes/Fees) PMPM	\$16.32
MLR Denominator	\$491.70
Projected Loss Ratio	90.4%

AV METAL VALUES

The AV Metal Values included in Worksheet 2 of the Part I URRT were based on the HHS Actuarial Value Calculator.

Copies of the Actuarial Value Calculator pages for all plans are provided as Attachment B to this memorandum.

Table 13
Oscar Insurance Company
On and Off Exchange Actuarial Values

Plan	Actuarial Value	Actuarial Value Source	Exchange Status
Oscar Silver \$1500 Ded	70.6%	Federal AV Calculator	Off Exchange
Oscar Silver Classic Next Off-Ex	67.7%	Federal AV Calculator	Off Exchange
Oscar Silver HDHP	67.2%	Federal AV Calculator	Off Exchange
Oscar Bronze Classic PCP Copay	64.7%	Federal AV Calculator	On/Off Exchange
Oscar Bronze Classic	63.3%	Federal AV Calculator	On/Off Exchange
Oscar Gold Classic	76.2%	Federal AV Calculator	On/Off Exchange
Oscar Silver Classic \$0 Ded	69.2%	Federal AV Calculator	On/Off Exchange
Oscar Silver Classic Next	67.7%	Federal AV Calculator	On/Off Exchange
Oscar Silver Classic Copay	67.2%	Federal AV Calculator	On/Off Exchange
Oscar Bronze HDHP	64.9%	Federal AV Calculator	On/Off Exchange
Oscar Silver Saver 2	66.5%	Federal AV Calculator	On/Off Exchange
Oscar Secure	n/a*	n/a*	On/Off Exchange

* This is a catastrophic plan and therefore does not have a metallic actuarial value by definition.

MEMBERSHIP PROJECTIONS (REDACTED)

TERMINATED PRODUCTS

Not applicable.

PLAN TYPE

There are no differences between Oscar plans and the plan type selected in the drop-down box in Worksheet 2, Section I of the Part I URRT.

EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL) (REDACTED)

DATA RELIANCE AND CAVEATS

In performing this analysis, I relied on data and other information provided by Oscar Insurance Company I have not audited or verified this data and other information other than reviewing it for general reasonableness. If the underlying data or information is inaccurate, incomplete, or misleading, the results of our analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

The claims costs suggested were developed from assumptions that have been established based on the available data and other information provided by Oscar Insurance Company. If more relevant data becomes available, the assumptions should be revised. A revision to these might change the results and possibly, the related conclusions. The claims costs provided are projected; actual experience will vary from projected.

This Actuarial Memorandum has been prepared by me on behalf of Oscar and provided to insurance regulators in the Arkansas Insurance Department (AID), and the Department of Health and Human Services for their internal use in accordance with established regulatory procedures.

Actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this memorandum. Any reader of this report must possess a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the assumptions used in the analysis, and the impact of the assumptions on the illustrated results.

ACTUARIAL CERTIFICATION

I, Andrew Bochner, am a Consulting Actuary with the firm of Milliman, Inc. Oscar Insurance Company engaged me to provide the opinion contained herein.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

I certify that to the best of my knowledge and judgment:

- The projected index rate is:
 - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 147.102 and 156.80)
 - Developed in compliance with the applicable Actuarial Standards of Practice, including but not limited to:
 - 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. 41, Actuarial Communications
 - ASOP No. 42, Determining Health and Disability Liabilities other than Liabilities for Incurred Claims
 - ASOP No. 45, The Use of Health Status Based Risk Adjustment Methodologies
 - ASOP No. 50, Determining Actuarial Value and Minimum Value under the ACA
 - Reasonable in relation to the benefits provided and the population anticipated to be covered
 - Neither excessive nor deficient based on my best estimates of the 2021 individual market though future regulatory changes may affect the extent to which the 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 geographic rating factors used reflect only differences in the cost of delivery, and do not include differences for population morbidity by geographic area.


-
- The CMS Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the Part I Unified Rate Review Template for all plans.
 - The rates in this filing do not incorporate any EHB substitutions and, as such, the requirements of 45 CFR 156.115(b) are not applicable.
 - The proposed premium rates are in compliance with applicable laws, rules and guidelines of the State of Arkansas.
 - The proposed premium rates are not excessive, inadequate nor unfairly discriminatory and comply with applicable federal and state requirements.

The Part 1 Unified Rate Review Template does not demonstrate the process used by Oscar to develop the rates presented in this actuarial memorandum. Rather they represent information required by Federal and State regulation to be provided in support of the review of rate increases, for certification of qualified health plans and for certification that the index rate is developed in accordance with Federal and State regulation and used consistently and only adjusted by the allowable modifiers.

The 2021 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 necessary 2021 plan year premium rates provided in this Actuarial Memorandum. Changes include, but are not limited to, any legislative or regulatory amendment, court decision, or a decision by Congress, the Health and Human Services Secretary or the Centers for Medicare and Medicaid Services director.

The information provided in this actuarial memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify that rates were developed in accordance with applicable regulations, as noted.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. Furthermore, due to the substantial uncertainty regarding the impact of the COVID-19 pandemic, we believe some of the assumptions related to the pandemic's financial impact will exhibit a substantially greater divergence from expectations.

Signed: 

Title: Consulting Actuary

Date: June 22, 2020
