



## QualChoice Life and Health Insurance Company, Inc. – Individual Plans (Non-CSR) (Updated)

Rate request filing SERFF Tracking #: **QUAC-131159516**

Product Name: **2018 QCLH Individual Rate Filing Assuming No CSR**

*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-qclh-n-full-2.pdf>.*

### Overview

|                                       |                 |
|---------------------------------------|-----------------|
| <b>Requested average rate change:</b> | <b>24.78%</b>   |
| Range of requested rate change:       | 9.88% – 24.79%  |
| Effective date:                       | January 1, 2018 |
| Covered lives affected:               | 20,101          |

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   |

### Financial information

**Experience from January-December 2016:**

|                   |         |
|-------------------|---------|
| Premiums written: | \$99.2M |
| Claims paid:      | \$89.7M |

**Projection for January-December 2018:**

|                    |          |
|--------------------|----------|
| Projected premium: | \$107.9M |
| Projected claims:  | \$95.8M  |

### Company justification for requested change

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

"Price Inflation - the cost per service is increasing; CSR Funding - the federal government will no longer provide reimbursement for CSR; Utilization Trend - the number of and distribution of services utilized by members is increasing plan sponsor costs; Change in Morbidity - the anticipated average risk profile of enrolled membership relative to the baseline experience in Calendar Year 2016; and Administrative Expenses."

- 8.0% of the 24.78% total request is due to Medical Utilization Changes.
- 5.4% of the 24.78% total request is due to Medical Price Changes.
- 0% of the 24.78% total request is due to Medical Benefit Changes Required by Law.
- 0% of the 24.78% total request is due to Medical Benefit Changes Not Required by Law.
- 18.5% of the 24.78% total request is due to Changes to Administration Costs.
- - 3.8% of the 24.78% total request is due to Changes to Profit Margin.
- 71.9% of the 24.78% total request is due to Other, defined as: "Morbidity, Risk Adjustment changes, and lack of CSR Funding."