



QualChoice Life and Health Insurance Company – Small Group Plan

Rate request filing SERFF Tracking #: QUAC-132467424

Product Name: **QCLH Small Group Metal Rates 2021**

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.

Overview

Requested average rate change:	0.04%	Range of requested rate change: -12.2% — 10.2%
		Effective date: January 1, 2021
		Covered lives affected: 3,670

This plan is available in the following counties: Statewide

Historical Approved Rate Changes

PY2020: 20.47% **PY2019:** (0.54%)

Financial Information

Experience from January-December 2019:

Premiums written: \$19.1 million
Claims paid: \$15.2 million

Projection for January-December 2021:

Projected premium: \$19.4 million
Projected claims: \$17.1 million

Company Justification for Requested Change

According to the company's filing, its request is made because:

"Price Inflation - the cost per service is increasing;
Utilization Trend - the number of and distribution of services utilized by members is increasing plan sponsor costs;
Morbidity - the anticipated average risk profile of projected membership in 2021; and Administrative Expenses."

According to the company's filing, its financial experience has been:

"A historical review of 2019 financials and emerging 2020 experience indicates a rate adjustment is necessary."

According to the company's filing, the rate request will affect the financial experience by:

"Ensuring the overall financial sustainability of the product and QualChoice."

The request is made up of the following components:

- 245.2% of the 0.04% total request is due to Medical Utilization Changes.
- -2512.3% of the 0.04% total request is due to Medical Price Changes.
- 0.0% of the 0.04% total request is due to Medical Benefit Changes Required by Law.
- 0.0% of the 0.04% total request is due to Medical Benefit Changes Not Required by Law.
- 1926.6% of the 0.04% total request is due to Changes to Administration Costs.
- -1250.0% of the 0.04% total request is due to Changes to Profit Margin.
- 1691% of the 0.04% total request is due to Other, defined as: "Morbidity, Risk Adjustment, Taxes, and Benefit Pricing."

