USAble Mutual Insurance Co. (AR Blue Cross & Blue Shield) – Individual Plan

Rate request filing SERFF Tracking #: **ARBB-132012905**

Product Name: **2020 Rate Filing Individual On & Off Exchange**

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/py2020-ind-arbb-full.pdf.

Overview

Requested average rate change: **2.89%**

Range of requested rate change:	(10.73%) – 11.70%
Effective date:	January 1, 2020
Covered lives affected:	166,139

This plan is available in the following counties:

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

Historical Approved Rate Changes

PY2019: 4.40%   **PY2018:** 14.20%   **PY2017:** 5.64%

PY2016: 5.64%   **PY2015:** 2.00%

Financial Information

Experience from January-December 2018:

Premiums written:	$903.9 million
Claims paid:	$752.3 million

Projection for January-December 2020:

Projected premium:	$943.0 million
Projected claims:	$794.8 million

Company Justification for Requested Change

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

"This request is primarily based on (1) changes in utilization and cost trends from the 2018 experience period to the 2020 plan year, (2) the Health Insurance Providers Fee being assessed in 2020, (3) benefit adjustments UMIC made for the 2020 plan year, (4) the decrease in the Federal Exchange User Fee from 3% to 2.5% and the elimination of the Arkansas Health Insurance Marketplace Exchange User Fee of 1.25% beginning January 1, 2020. Other adjustments played a minor role in the increase, such as changing demographics, morbidity assumptions, expense trend, etc."

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

"The overall financial experience of this product is based on claims experience incurred in plan year 2018 and paid as of 5/31/2019, with an additional estimate for claims incurred but not paid."

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

"The 2020 requested rate increase will allow UMIC to provide competitively priced premiums that adequately cover the financial risks associated with this type of product, as well as allowing UMIC to meet the federally mandated Minimum Loss Ratio requirement."

The request is made up of the following components:

- 8.4% of the 2.89% total request is due to Medical Utilization Changes.
- 10.8% of the 2.89% total request is due to Medical Price Changes.
- 0% of the 2.89% total request is due to Medical Benefit Changes Required by Law.
- 46.5% of the 2.89% total request is due to Medical Benefit Changes Not Required by Law.
- 17.5% of the 2.89% total request is due to Changes to Administration Costs.
- 1.1% of the 2.89% total request is due to Changes to Profit Margin.
- 15.7% of the 2.89% total request is due to Other, defined as: "The other category includes adjustments for IBNP claims, demographic factors, tobacco usage factors, morbidity factors, taxes, fees, and net risk adjustment."

my **Arkansas Insurance**
A Division of the Arkansas Insurance Department