

## QCC Insurance Company – Small Group Plans

Rate request filing ID # INAC- 130539936 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

### Overview

Requested average rate change:	4.35%
Range of requested rate change:	3.6% - 11.2%
Effective date:	January 1, 2017
People impacted:	74,616
Available in:	Rating Area 8

### Key information

#### Jan. 2015-Dec. 2015 financial experience

Premiums	\$437,196,684
Claims	\$390,342,631
Administrative expenses	\$75,330,956
Company made (before taxes)	<b>-\$28,476,903</b>

The company expects its annual medical costs to increase **8%**.

#### How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2017:

Claims:	83%
Administrative:	10%
Taxes & fees:	5%
Profit:	2%

### Explanation of requested rate change

Scope and Range of the Rate Increase:

QCC Insurance Company ("QCC") is increasing premium rates for the Pennsylvania Consumer ACA compliant products by an average of 4.35%.

This rate action is effective from January 1, 2017. The actual impact to premium for a specific customer may be different. About 75,000 members will be affected. Rates for two plans are increasing by more than 10%, affecting about 5,400 members.

Financial Experience of the Product:

QCC is required by federal law to pay out a minimum of 80% percent of premium dollars for medical claims—this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than 80%.

Changes in Medical Service Costs:

Premium rates for health care insurance are increasing as the cost of health care service rise. Health care service costs increase as health care providers increase their fees, members use more health care services and supplies, and the types of health care services and supplies change, among other factors.

Nearly half of the change in health care service costs is driven by changes to health care provider fees.

#### Changes in Benefits:

Some plan benefits are mandated by federal and state law. Benefit changes for some plans were also made. All changes in benefits are in compliance with the uniform modifications rules stipulated by the Federal government.

#### Administrative Costs:

The premium rates presented in this filing include a 1% contribution to surplus. Furthermore, the Affordable Care Act (ACA) imposes taxes and other levies.