

In the following bullets, please find information released from the Arkansas Insurance Department on premium rates for individuals on the Arkansas Health Insurance Marketplace. As stated in the press release, the rates submitted by the insurance companies were below the expectations of the Insurance Commissioner (25%) and the Society of Actuaries (10%). The release of these rates is a big step forward as we move toward the open enrollment period, which begins October 1, 2013.

Below, please find the press release issued by Arkansas Insurance Commissioner Jay Bradford.

LITTLE ROCK, ARKANSAS (September 23, 2013) Arkansas Insurance Commissioner Jay Bradford today announced premium rates for the 71 qualified health insurance plans that will be sold on the individual market in the new Health Insurance Marketplace. The Qualified Health Plan issuers offering plans are Celtic Insurance Company d/b/a Arkansas Health and Wellness Solutions, Arkansas Blue Cross and Blue Shield, Blue Cross and Blue Shield Multi-State, and QCA Health Plans, Inc. d/b/a QualChoice Health Insurance of Arkansas. Enrollment begins Oct. 1. Rates and coverage will go into effect Jan. 1, 2014.

After careful review of the proposed rates and plan designs submitted by insurance companies, Bradford announced approved premiums at levels as much as 25% below what had initially been requested for the individual market.

“The plans that will be offered in the Health Insurance Marketplace are new insurance products,” said Commissioner Bradford. He stated, “All plans meet the requirement that health insurance coverage be offered to everyone, even those with pre-existing medical conditions. The plans cover the 10 essential health benefits, have no annual or lifetime limits and have no ratings on health factors.”

Bradford said because of the new tax credits available for premium assistance, few Arkansans will pay the total premium amount.

“Over the last few months, the Arkansas Insurance Department carefully evaluated the reasonableness of the premium rates submitted for plans to be sold on the Health Insurance Marketplace,” said actuary David Dillon. He said the resultant change in premiums is generally lower than what was expected by independent forecasters.

“The average approved rate in the individual market is approximately 10% below what was projected by the Society of Actuaries,” stated Dillon. Dillon stated this comparison includes adjustments to account for the fact that the State of Arkansas was the only state that created a “Private Option” for those Arkansans newly eligible for Medicaid.

Insurance premiums for all individuals will vary only by age, geography, family size, and tobacco use. Pre-existing conditions are no longer factored into premium costs. Three levels of plans – bronze, silver, and gold – will be available. Bronze plans are likely to have lower premiums but higher out-of-pocket costs if medical services are provided. In addition, plans with high deductibles are available for young adults under age 30 and certain other eligible individuals.

For a 30-year-old individual in Arkansas, the average base premium of plans to be sold in the Marketplace will be \$284.74 a month. Here are examples of how that premium will be divided depending on annual income of the individual:

- \$17,235 income: Monthly tax credit, \$227.29; Monthly consumer payment, \$57.45.
- \$22,980 income: Monthly tax credit, \$164.10; Monthly consumer payment, \$120.65.
- \$28,725 income: Monthly tax credit, \$92.04; Monthly consumer payment, \$192.70.

For two 40-year-old adults with two children, the average base premium of plans to be sold in the Marketplace will be \$948.82. Here are examples of how that premium will be divided depending on the annual household income:

- \$35,325 income: Monthly tax credit, \$831.07; Monthly consumer payment, \$117.75.
- \$47,100 income: Monthly tax credit, \$701.55; Monthly consumer payment, \$247.28.
- \$58,875 income: Monthly tax credit, \$553.87; Monthly consumer payment, \$394.95.

An Arkansas family of four with an average income of \$55,444 is expected to see their out-of-pocket premiums decrease by more than 20% after the implementation of all health reforms.

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