MVP HEALTH CARE
625 State Street, PO Box 2207
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June 17, 2016

Mr. Kevin Ruggeberg, ASA, MAAA
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 2017 Vermont Exchange Rate Filing
Response to Objection Letter #3
SERFF Tracking #: MVPH-130558905

Dear Mr. Ruggeberg:

This letter is in response to your correspondence dated 06/14/16 regarding the above mentioned rate filing. The verbal responses to your questions are provided below and any numerical examples are included in the attached excel workbook with tabs corresponding to each numbered question.

1. Please provide an exhibit in spreadsheet format tying the following values from the URRT to values found in rate filing Exhibits 3 and/or 6:

a. Paid to Allowed Average Factor in Projection Period of 0.775
b. Projected Incurred Claims PMPM of $422.23
c. Index Rate for Projection Period of $506.60

Response: MVP developed the proposed premium rates based on experience period membership and incurred claims. Allowed claims and projection period membership is not included in MVP's rate filing. Therefore, items A and C above cannot be found in the rate filing. The paragraphs below and supporting excel file outline MVP's derivation of these values.

The projected incurred claims PMPM was determined by taking the Net Claim Cost PMPM for each plan (this can be found on Exhibit 6 of the rate filing, column I) and weighting based on the projected 2017 membership found in the URRT. This calculation results in a Projected Incurred Claims PMPM of $421.95. Please see this calculation performed on the tab "Question #1b" in the attached excel file.

Because the amount above includes a Risk Adjustment Payment that would artificially inflate the paid to allowed ratio, the URRT removes this payment. MVP applied a similar adjustment in calculating their projection period paid to allowed ratio, which results in an adjusted Incurred Claims PMPM of $392.40. MVP then took this adjusted claim amount and divided by MVP's calculated Projected Allowed Experience Claims PMPM of $506.63. This calculation results in a projection period paid to allowed ratio of approximately 77.45% which can be found on the tab "Question #1a" in the attached excel file. The URRT requires the user to enter a paid to allowed ratio rounded to 3 decimal places (i.e. 77.5%). Due to rounding requirements in the URRT, there is a $0.28 PMPM discrepancy between the projected incurred claims PMPM displayed in the URRT and the calculation explained above.

According to the URRT instructions, the Index Rate for Projection Period is "simply projected allowed claims PMPM for EHBs only". MVP calculated a value of $506.60 by taking its internal Projected Allowed Experience Claims PMPM of $506.63 (discussed above) and removed non-EHB claims of approximately $0.03 PMPM. This results in an Index Rate for Projection Period of $506.60 as shown on URRT Wksh 1. Note that MVP did not use the URRT to develop premium rates and therefore any future adjustments made to the URRT should not impact premium rates.

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If you have any questions or require any additional information, please contact me at 518-388-2483.

Sincerely,

Matthew Lombardo, FSA, MAAA
Associate Director, Actuarial Services
MVP Health Care