Filing at a Glance

Company:	MVP Health Insurance Company
Product Name:	VT SG Grandfathered 3Q/4Q 2016
State:	VermontGMCB
TOI:	H16G Group Health - Major Medical
Sub-TOI:	H16G.003A Small Group Only - PPO
Filing Type:	GMCB Rate
Date Submitted:	02/09/2016
SERFF Tr Num:	MVPH-130435575
SERFF Status:	Pending State Action
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation Date Requested:	On Approval
Author(s):	Matt Lombardo, Eric Bachner
Reviewer(s):	Thomas Crompton (primary), David Dillon, Judith Henkin, Jacqueline Lee, Marisa Melamed
Disposition Date:	
Disposition Status:	
Implementation Date:	

State Filing Description:

State: *VermontGMCB* **Filing Company:** *MVP Health Insurance Company*
TOI/Sub-TOI: *H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO*
Product Name: *VT SG Grandfathered 3Q/4Q 2016*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer
Filing Status Changed: 03/15/2016
State Status Changed:
Created By: Eric Bachner
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small
Overall Rate Impact: 9.3%

Deemer Date:
Submitted By: Eric Bachner

PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed rates enclosed within this filing are available to Small Group Grandfathered Vermont members with contract effective dates beginning between July 1, 2016 - December 31, 2016.

Company and Contact

Filing Contact Information

Matt Lombardo,
625 State Street
Schenectady, NY 12305

mlombardo@mvphealthcare.com
518-388-2483 [Phone]

Filing Company Information

MVP Health Insurance Company
625 State Street
Schenectady, NY 12305
(518) 388-2469 ext. [Phone]

CoCode: 11125
Group Code: 1198
Group Name:
FEIN Number: 14-1827918

State of Domicile: New York
Company Type: Health Insurance
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: $150.00
Retaliatory? No
Fee Explanation:

State: *VermontGMCB* **Filing Company:** *MVP Health Insurance Company*
TOI/Sub-TOI: *H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO*
Product Name: *VT SG Grandfathered 3Q/4Q 2016*
Project Name/Number: */*

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Response	Jacqueline Lee	03/09/2016	03/09/2016
Pending Response	Jacqueline Lee	02/22/2016	02/22/2016

Response Letters

Responded By	Created On	Date Submitted
Eric Bachner	03/15/2016	03/15/2016
Eric Bachner	03/02/2016	03/02/2016

State: *VermontGMCB* **Filing Company:** *MVP Health Insurance Company*
TOI/Sub-TOI: *H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO*
Product Name: *VT SG Grandfathered 3Q/4Q 2016*
Project Name/Number: */*

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	03/09/2016
Submitted Date	03/09/2016
Respond By Date	03/16/2016

Dear Matt Lombardo,

Introduction:

Please see the attached letter.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas
Cabe W. Chadick, F.S.A.
S. Scott Gibson, F.S.A.
Glenn A. Tobleman, F.S.A., F.C.A.S.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Brian D. Rankin, F.S.A.
Bonnie S. Albritton, F.S.A.
Jacqueline B. Lee, F.S.A.
Wesley R. Campbell, F.C.A.S., F.S.A.
Xiaoxiao (Lisa) Jiang, F.S.A.
Brian C. Stentz, A.S.A.
Jennifer M. Allen, A.S.A.
Josh A. Hammerquist, A.S.A.
Johnathan L. O'Dell, A.S.A.
Clint Prater, A.S.A.
Larry Choi, A.S.A.
Kevin Ruggeberg, A.S.A.
Holly Blanchard, FLMI, MCM, AIE, AIRC

L&E Actuaries & Consultants

Kansas City
Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
Leon L. Langlitz, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher J. Merkel, F.S.A.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.
Kimberly S. Shores, F.S.A.
Michael A. Brown, F.S.A.
Naomi J. Kloeppersmith, F.S.A
Stephanie T. Crownhart, F.S.A
Mark W. Birdsall, F.S.A.

London/Kansas City
Timothy A. DeMars, F.S.A., F.I.A.
Scott E. Morrow, F.S.A., F.I.A.

Denver
Mark P. Stukowski, F.S.A.
William J. Gorski, F.S.A.

Indianapolis
Kathryn R. Koch, A.C.A.S.

Baltimore
David A. Palmer, C.F.E.

March 9, 2016

Matt Lombardo
MVP Health Insurance Company
625 State Street
Schenectady, NY 12305

Re: MVP Health Insurance Company
3Q/4Q 2016 Small Group HIC Grandfathered rate filing
SERFF Tracking #: MVPH-130435575
2nd Objection

Dear Mr. Lombardo:

Thank you for your responses. The following additional information is required for this filing.

1. Regarding prescription drug trends:
   a. In prior filings, MVP has indicated that the PBM provides not simply "Best Estimates" of drug trends, but also "High Estimates" and "Low Estimates." Do the proposed trends in this filing represent the low, best, or high trends from the PBM?

   b. In reference to the 3Q/4Q 2015 Large Group filing, (SERFF # MVPH-129877690), MVP stated that once adequate data had been accumulated, its new PBM would be providing trend forecasts that reflect MVP's utilization characteristics (rather than nationwide averages.) The PBM should now have just over a year of data. Why is this data not being used in developing trend forecasts?

   c. Provide an exhibit comparing the current PBM's past trend projections to actual observed trends for at least three years.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than March 16, 2016.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

Jacqueline Lee F.S.A., M.A.A.A.
Consulting Actuary
Lewis & Ellis, Inc.
JLee@lewisellis.com
(972) 850-0850

State: *VermontGMCB* **Filing Company:** *MVP Health Insurance Company*
TOI/Sub-TOI: *H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO*
Product Name: *VT SG Grandfathered 3Q/4Q 2016*
Project Name/Number: */*

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	02/22/2016
Submitted Date	02/22/2016
Respond By Date	03/04/2016

Dear Matt Lombardo,

Introduction:

Please see the attached letter.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas
Cabe W. Chadick, F.S.A.
S. Scott Gibson, F.S.A.
Glenn A. Tobleman, F.S.A., F.C.A.S.
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William J. Gorski, F.S.A.

Indianapolis
Kathryn R. Koch, A.C.A.S.

Baltimore
David A. Palmer, C.F.E.

February 22, 2016

Matt Lombardo
MVP Health Insurance Company
625 State Street
Schenectady, NY 12305

Re: MVP Health Insurance Company
3Q/4Q 2016 Small Group HIC Grandfathered rate filing
SERFF Tracking #: MVPH-130435575
1st Objection

Dear Mr. Lombardo:

We have been retained by the Green Mountain Care Board ("GMCB") to review the above referenced group product filing submitted on 2/9/2016. The following additional information is required for this filing. We request that your response retain the original question.

1. The experience periods used in the previous 3Q/4Q filing for this block was the twelve-month period beginning in September 2013. In this filing, the experience period is the twelve-month period beginning with November, resulting in only two months of run-out. Explain why the methodology has changed for this filing.

2. Provide quantitative support for the assumed IBNR adjustment of approximately 2%.

3. The development of the medical trend factors does not appear to be internally consistent. Given that hospital costs are projected to increase significantly relative to physician costs in 2015 and 2016, why is the assumed distribution of claims between these categories the same for all years?

4. It appears that MVP has assumed 2017 medical trend will be the same as 2016 medical trend. Justify this assumption. Are there no 2017 provider contracts negotiated at this time?

5. Do the Rx trends (e.g. 13.5% for Brand 2017 cost trend) provided by the PBM reflect MVP's Rx experience, or are they based on nationwide average projections?

6. Plan benefits are a significant driver of cost. How were changes in distribution by plan, including the retirement of plan VEHD-03S, considered in the rate development? We would anticipate that removing a plan would have an impact on PMPM costs.

7. The rate increase figure of 9.6% for 3Q16 is based on comparing to a value of $410.94 labeled 'Projected Revenue Collected at Q2 2016 Rate Level.' How was this value calculated?

    a. Is this value on a PMPM basis, or a contract basis?
    b. Does this calculation assume the experience enrollment distribution (by tier, plan, etc.) or the current snapshot?

8. The proposed rate increase of 9.6% appears not to include the entire rate increase, due to the 4.5% additional increase on plan VPHD-03. Provide the total average rate increase.

9. As noted in the actuarial memorandum, Bill H559 has been in effect since before the experience period for this filing. Why are experience period claims being adjusted for the "Impact of Bill H559"?

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than March 4, 2016.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

Jacqueline Lee F.S.A., M.A.A.A.
Consulting Actuary
Lewis & Ellis, Inc.
JLee@lewisellis.com
(972) 850-0850

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 3Q/4Q 2016
Project Name/Number: /

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	03/15/2016
Submitted Date	03/15/2016

Dear Thomas Crompton,

Introduction:

Response 1

Comments:

Please see the attached document for MVP's response to Objection #2.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to Objection Letter #2
Comments:	
Attachment(s):	Response to 3Q 2016 SG HIC VT Objection #2.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Eric Bachner

State:	VermontGMCB	**Filing Company:**	MVP Health Insurance Company
TOI/Sub-TOI:	H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO		
Product Name:	VT SG Grandfathered 3Q/4Q 2016		
Project Name/Number:	/		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	03/02/2016
Submitted Date	03/02/2016

Dear Thomas Crompton,

Introduction:

Response 1

Comments:

Please see the attached documents for MVP's response to Objection #1.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to Objection Letter #1
Comments:	
Attachment(s):	Response to 3Q 2016 SG HIC VT Objection #1.pdf Support for SG HIC Objection #1.pdf Support for SG HIC Objection #1.xlsx

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Eric Bachner

Rate Information

Rate data applies to filing.

Filing Method: SERFF
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 3.600%
Effective Date of Last Rate Revision: 07/01/2015
Filing Method of Last Filing: SERFF

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
MVP Health Insurance Company	Increase	9.300%	9.300%	$814,040	255	$8,762,031	14.100%	9.300%

Rate Review Detail

COMPANY:

Company Name: MVP Health Insurance Company
HHS Issuer Id: 92802

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Preferred Suite HD EPO	92802VT006	92802VT00600	1950

Trend Factors:

FORMS:

New Policy Forms:
Affected Forms:
Other Affected Forms: VT HDHP COC

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
Member Months: 25,849
Benefit Change: Increase
Percent Change Requested: Min: 9.3 Max: 14.1 Avg: 9.3

PRIOR RATE:

Total Earned Premium: 8,762,031.00
Total Incurred Claims: 7,202,389.00
Annual $: Min: 351.27 Max: 496.42 Avg: 417.99

REQUESTED RATE:

Projected Earned Premium: 9,576,071.00
Projected Incurred Claims: 7,871,530.00
Annual $: Min: 384.87 Max: 543.91 Avg: 457.97

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Impact of Membership Growth_Decline on Experience Pd Claims.pdf VT SG HIC GF Q3 & Q4 2016 Rate Filing- SERFF.pdf Rolling 12 Medical and Rx Data - SG HDHP.xlsx Rolling 12 Medical and Rx Data - SG HDHP.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx 3Q 2016 ACT MEMO HIC Small Group.pdf VT SG HIC GF Q3 & Q4 2016 Rate Filing- SERFF.xlsx
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Civil Union Rating Requirements
Comments:	MVP's certificate of coverage complies with 8 V.S.A. § 4724.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Consumer Disclosure Form
Comments:	
Attachment(s):	Consumer Disclosure Form about Rate Increases - 2016Q3 SG GF.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Certification of Compliance - VT.pdf
Item Status:	
Status Date:	

State: *VermontGMCB* **Filing Company:** *MVP Health Insurance Company*
TOI/Sub-TOI: *H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO*
Product Name: *VT SG Grandfathered 3Q/4Q 2016*
Project Name/Number: */*

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Response to Objection Letter #1
Comments:	
Attachment(s):	Response to 3Q 2016 SG HIC VT Objection #1.pdf Support for SG HIC Objection #1.pdf Support for SG HIC Objection #1.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	Response to Objection Letter #2
Comments:	
Attachment(s):	Response to 3Q 2016 SG HIC VT Objection #2.pdf
Item Status:	
Status Date:	

Attachment Rolling 12 Medical and Rx Data - SG HDHP.xlsx is not a PDF document and cannot be reproduced here.

Attachment Impact of Membership Growth_Decline on Experience Pd Claims.xlsx is not a PDF document and cannot be reproduced here.

Attachment VT SG HIC GF Q3 & Q4 2016 Rate Filing- SERFF.xlsx is not a PDF document and cannot be reproduced here.

Attachment Support for SG HIC Objection #1.xlsx is not a PDF document and cannot be reproduced here.

Small Group HDHP - Grandfathered Only

Adjustment Factors by Deductible Level

Deductible Level	Factors											
	1	2	3	4	5	6	7	8	9	10	11	12
$1,500	0.37	0.72	0.88	0.97	1.03	1.08	1.11	1.14	1.16	1.17	1.18	1.19
$2,000	0.32	0.67	0.84	0.95	1.03	1.08	1.12	1.15	1.18	1.20	1.22	1.23
$2,500	0.29	0.63	0.81	0.94	1.02	1.08	1.13	1.17	1.20	1.22	1.25	1.26
$2,600	0.29	0.63	0.81	0.93	1.02	1.08	1.13	1.17	1.20	1.23	1.25	1.27
$5,000	0.20	0.53	0.73	0.87	0.98	1.07	1.14	1.21	1.26	1.30	1.34	1.37

Percent of Total Member Months

Deductible Level	Coverage Month											
	1	2	3	4	5	6	7	8	9	10	11	12
$1,500	0.12%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	0.12%	0.12%	0.15%	0.15%
$2,000	0.05%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.06%	0.06%
$2,500	6.60%	6.54%	6.67%	6.65%	6.67%	6.77%	6.80%	6.78%	6.84%	6.96%	7.63%	7.74%
$2,600	0.39%	0.39%	0.37%	0.37%	0.37%	0.13%	0.13%	0.13%	0.13%	0.12%	0.00%	0.00%
$5,000	1.05%	1.04%	1.02%	0.97%	1.00%	1.01%	1.17%	1.18%	1.07%	1.06%	1.13%	1.13%

Avg Policy Duration Factor	1.0051
Inverse of Factor	0.9950

MVP Health Care -- Q3 & Q4 2016 SG HIC Grandfathered Rate Filing

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - December 31, 2016

Exhibit 1 -- Summary of Medical Coplans Offered

Exhibit 2a -- Pricing Trend Assumptions Q3 2016

Exhibit 2b -- Rx Trend Projection Q3 2016

Exhibit 2c -- Pricing Trend Assumptions Q4 2016

Exhibit 2d -- Rx Trend Projection Q4 2016

Exhibit 3a -- Claim Projection and Proposed Single Rate Change Q3 2016

Exhibit 3b -- Claim Projection and Proposed Single Rate Change Q4 2016

Exhibit 4 -- Conversion Factor and Tier Ratios

Exhibit 5 -- Retention Loads and Paid Claim Surcharges

Exhibit 6a -- Medical Base Rates

Exhibit 6b -- Medical Riders

Exhibit 1 -- Summary of Medical Coplans Offered

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - December 31, 2016

		In-Network Benefits										Out-of-Network Benefits			
Coplan	**Product Type**	**PCP**	**SCP**	**IP (Med/Surg)**	**ER**	**OP Surg**	**DME**	**Amb**	**Ded**	**Coins.**	**OOP Max**	**Coins**	**Ded**	**OOP Max**	**Pharmacy**
VEHD-01S	HDEPOagg	$0	$0	$0	$0	$0	0%	$0	$1,500	0%	$2,500	N/A	N/A	N/A	$10/$30/$50
VEHD-02S	HDEPOagg	$0	$0	$0	$0	$0	0%	$0	$2,500	0%	$3,500	N/A	N/A	N/A	$10/$30/$50
VEHD-07S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	$1,500	20%	$3,000	N/A	N/A	N/A	20%/20%/40%
VEHD-08S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	$2,000	20%	$4,000	N/A	N/A	N/A	20%/20%/40%
VEHD-09S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	$2,500	20%	$5,000	N/A	N/A	N/A	20%/20%/40%
VEHD-12S	HDEPOagg	10%	10%	10%	10%	10%	10%	10%	$2,500	10%	$5,000	N/A	N/A	N/A	50%
VEHD-14S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	$2,000	20%	$4,000	N/A	N/A	N/A	50%
VEHD-15S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	$2,500	20%	$5,000	N/A	N/A	N/A	50%
VEHD-17S	HDEPOagg	$30	$50	$500	$150	$200	50%	$150	$2,500	0%	$5,000	N/A	N/A	N/A	$10/$30/$50
VEHD-19	HDEPO	$0	$0	$0	$0	$0	0%	$0	$5,000	0%	$5,000	N/A	N/A	N/A	$0 after Deductible
VEHD-49	HDEPO	$0	$0	$0	$0	$0	0%	$0	$2,600	0%	$3,600	N/A	N/A	N/A	$10/$30/$50
VPHD-03S	HDEPOagg	$0	$0	$0	$0	$0	0%	$0	$5,000	0%	$5,000	20%	$10,000	$20,000	$0 after Deductible
VPHD-04S	HDEPOagg	10%	10%	10%	10%	10%	10%	10%	$1,500	10%	$3,000	30%	$3,000	$6,000	10%/10%/30%
VPHD-06S	HDEPOagg	10%	10%	10%	10%	10%	10%	10%	$2,500	10%	$5,000	30%	$5,000	$10,000	10%/10%/30%

Exhibit 2 -- Pricing Trend Assumptions

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - September 30, 2016

Experience Period:	November 1, 2014 - October 31, 2015
Rating Period:	July 1, 2016 - June 30, 2017

Medical Trend Summary

2015 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.2%	5.3%	0.0%	5.3%
OP and Other Med	50.4%	4.7%	0.0%	4.7%
PHY	32.5%	2.9%	0.0%	2.9%
Medical Total		4.2%	0.0%	**4.2%**

2016 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.2%	5.1%	0.0%	5.1%
OP and Other Med	50.4%	4.0%	0.0%	4.0%
PHY	32.5%	0.0%	0.0%	0.0%
Medical Total		2.9%	0.0%	**2.9%**

2017 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.2%	5.1%	0.0%	5.1%
OP and Other Med	50.4%	4.0%	0.0%	4.0%
PHY	32.5%	0.0%	0.0%	0.0%
Medical Total		2.9%	0.0%	**2.9%**

Leveraging Impact - Small Group HDHP Fee-For-Service Medical Claims

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	$407.89	$1.32	$0.04	$83.61	$322.92
20 Months of Trend:	1.051	1.051	1.000	1.018	1.060
Projection Period:	$428.69	$1.39	$0.04	$85.12	$342.14
Allowed Trend (Annual)	3.0%				
Paid Trend (Annual)	3.5%				
Leveraging (Annual)	**0.5%**				

*Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3 unless these adjustments are taken into account.

Rx Trend Summary

	2015 Trend		2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	4.3%	3.4%	3.0%	2.2%	3.0%	2.4%
Brand	13.5%	-11.4%	13.5%	-4.4%	13.5%	-6.0%
Specialty	16.0%	5.0%	12.0%	6.0%	12.0%	4.0%

Exhibit 2b -- Rx Trend Development - HDHP

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - September 30, 2016

Experience Period: November 1, 2014 - October 31, 2015
Member Months: 25,849

Rx Claim Information	Generic	Brand	Specialty	Total
Experience Period Scripts / 1000	7,805	767	88	8,659
Experience Period Allowed Cost per Script	$20.27	$192.64	$2,993.25	$65.66
Experience Period Allowed PMPM	$13.18	$12.31	$21.89	$47.38
Experience Period Deductible PMPM	$5.99	$4.07	$1.50	$11.56
Experience Period Copay PMPM	$1.10	$0.66	$0.06	$1.82
Experience Period Coinsurance PMPM	$0.08	$0.32	$0.12	$0.53
Experience Period Cost Sharing PMPM	$7.17	$5.05	$1.69	$13.91
Experience Period Paid PMPM	$6.01	$7.26	$20.20	$33.47
Annual Util Trend	1.024	0.944	1.053	1.017
Annual Unit Cost Trend	1.031	1.135	1.124	1.101
Annual Deductible Trend	1.011	1.011	1.011	1.011
Annual Paid Trend	1.104	1.116	1.196	1.163
Months of Trend to Q3 2016*	20	20	20	20
Projected Scripts / 1000 as of Q3 2016	8,113	697	96	8,905
Projected Allowed Cost per Script as of Q3 2016	$21.34	$237.90	$3,636.75	$77.10
Projected Allowed PMPM as of Q3 2016	$14.42	$13.82	$28.98	$57.22
Projected Deductible PMPM	$6.10	$4.14	$1.53	$11.77
Projected Copay PMPM	$1.14	$0.60	$0.07	$1.81
Projected Coinsurance PMPM	$0.09	$0.36	$0.16	$0.61
Projected Cost Sharing PMPM as of Q3 2016	$7.33	$5.10	$1.76	$14.20
Projected Paid PMPM as of Q3 2016	$7.10	$8.71	$27.22	$43.02

Exhibit 2c -- Pricing Trend Assumptions 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between October 1, 2016 - December 31, 2016

Experience Period:	November 1, 2014 - October 31, 2015
Rating Period^:	October 1, 2016 - September 30, 2017

^ Reflects Q4 2016 rating period

Medical Trend Summary

2015 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.2%	5.3%	0.0%	5.3%
OP and Other Med	50.4%	4.7%	0.0%	4.7%
PHY	32.5%	2.9%	0.0%	2.9%
Medical Total		4.2%	0.0%	**4.2%**

2016 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.2%	5.1%	0.0%	5.1%
OP and Other Med	50.4%	4.0%	0.0%	4.0%
PHY	32.5%	0.0%	0.0%	0.0%
Medical Total		2.9%	0.0%	**2.9%**

2017 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.2%	5.1%	0.0%	5.1%
OP and Other Med	50.4%	4.0%	0.0%	4.0%
PHY	32.5%	0.0%	0.0%	0.0%
Medical Total		2.9%	0.0%	**2.9%**

Leveraging Impact - Small Group HDHP Fee-For-Service Medical Claims

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	$407.89	$1.32	$0.04	$83.61	$322.92
23 Months of Trend:	1.059	1.059	1.000	1.021	1.068
Projection Period:	$431.77	$1.40	$0.04	$85.36	$344.97
Allowed Trend (Annual)	3.0%				
Paid Trend (Annual)	3.5%				
Leveraging (Annual)	**0.5%**				

*Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3 unless these adjustments are taken into account.

Rx Trend Summary

	2015 Trend		2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	4.3%	3.4%	3.0%	2.2%	3.0%	2.4%
Brand	13.5%	-11.4%	13.5%	-4.4%	13.5%	-6.0%
Specialty	16.0%	5.0%	12.0%	6.0%	12.0%	4.0%

Exhibit 2b -- Rx Trend Development - HDHP 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between October 1, 2016 - December 31, 2016

Experience Period: November 1, 2014 - October 31, 2015
Member Months: 25,849

Rx Claim Information	Generic	Brand	Specialty	Total
Experience Period Scripts / 1000	7,805	767	88	8,659
Experience Period Allowed Cost per Script	$20.27	$192.64	$2,993.25	$65.66
Experience Period Allowed PMPM	$13.18	$12.31	$21.89	$47.38
Experience Period Deductible PMPM	$5.99	$4.07	$1.50	$11.56
Experience Period Copay PMPM	$1.10	$0.66	$0.06	$1.82
Experience Period Coinsurance PMPM	$0.08	$0.32	$0.12	$0.53
Experience Period Cost Sharing PMPM	$7.17	$5.05	$1.69	$13.91
Experience Period Paid PMPM	$6.01	$7.26	$20.20	$33.47
Annual Util Trend	1.024	0.944	1.051	1.017
Annual Unit Cost Trend	1.031	1.135	1.123	1.100
Annual Deductible Trend	1.011	1.011	1.011	1.011
Annual Paid Trend	1.104	1.114	1.193	1.161
Months of Trend to Q4 2016*	23	23	23	23
Projected Scripts / 1000 as of Q4 2016	8,161	686	97	8,944
Projected Allowed Cost per Script as of Q4 2016	$21.49	$245.56	$3,741.26	$78.85
Projected Allowed PMPM as of Q4 2016	$14.62	$14.04	$30.11	$58.77
Projected Deductible PMPM	$6.12	$4.15	$1.54	$11.80
Projected Copay PMPM	$1.15	$0.59	$0.07	$1.81
Projected Coinsurance PMPM	$0.09	$0.37	$0.17	$0.63
Projected Cost Sharing PMPM as of Q4 2016	$7.35	$5.11	$1.77	$14.24
Projected Paid PMPM as of Q4 2016	$7.26	$8.93	$28.33	$44.53

Exhibit 3a -- Claim Projection & Proposed Rate Change

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - September 30, 2016

SG HIC HDHP Projection of Claims and Proposed Rate Change

	Experience Period:	November 1, 2014 - October 31, 2015
	Completed Through:	December 31, 2015
	Experience Period Member Months	25,849
1)	Experience Period Medical Claims PMPM	$316.68
1a)	Claims in Excess of $100k over Experience Period	$46.49
1b)	Pooling Charge	1.160
2)	IBNR Factor	1.020
3)	Experience Period Incurred Medical Claims *= [1) - 1a)] * 1b) * 2)*	$319.71
4)	Annual Medical Trend *Includes Paid Leveraging*	1.035
5)	Months of Trend to Q3 2016*	20
6a)	Capitations and Non-FFS Claim Expenses	$5.03
6b)	NY State HCRA Surcharge	0.25%
7)	Trended Incurred Medical Claims PMPM as of Q3 2016 *= [[3) * 4) ^ [5) / 12] + 6a)] * [1 + 6b)]*	$344.63
8)	Experience Period Rx Claims PMPM	$33.47
8a)	Claims in Excess of $100k over Experience Period	$4.82
8b)	Pooling Charge	1.160
9)	Annual Rx Trend *Includes Paid Leveraging*	1.163
10)	Months of Trend to Q3 2016*	20
11)	Trended Gross Rx Claims PMPM as of Q3 2016 *= [8) - 8a)] * 8b) * 9) ^ [10) / 12]*	$42.74
11a)	Impact of Bill H559	$2.31
11b)	Rx Rebates	($7.77)
12)	Trended Net Rx Claims PMPM as of Q3 2016 *= 11) + 11a) + 11b)*	$37.27
13)	Total Net Claims PMPM as of Q3 2016 *= 7) + 12)*	$381.91
14)	Impact of Membership Growth/Decline on Experience Pd Claims	0.995
15)	PMPM Taxes/Assessments for Q3 2016 *See Exhibit 5*	$0.87
16)	% of Paid Claims Taxes/Assessments for Q3 2016 *See Exhibit 5*	0.999%
17)	% of Premium Taxes/Assessments for Q3 2016 *See Exhibit 5*	3.10%
18)	% of Premium Retention Components for Q3 2016 *See Exhibit 5*	10.25%
19)	Impact of Change in Single Conversion Factor for Q3 2016 *See Exhibit 4*	0.41%
20)	Impact of Change in HHS Age Factor for Q3 2016	1.02%
21)	Gross Claim Cost for Q3 2016 *= [13) + 15)] *14)* [1 + 16)] * [1 + 19)] * [1 + 20)] / [1 - 17) - 18)]*	**$450.25**
22)	Projected Revenue Collected at Q2 2016 Rate Level	**$410.94**
23)	Q3 2016 Required Rate Action *= 21) / 22) - 1*	**9.6%**

Exhibit 3b -- Claim Projection & Proposed Rate Change 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between October 1, 2016 - December 31, 2016

SG HIC HDHP Projection of Claims and Proposed Rate Change

	Experience Period:	November 1, 2014 - October 31, 2015
	Completed Through:	December 31, 2015
	Experience Period Member Months	25,849
1)	Experience Period Medical Claims PMPM	$316.68
1a)	Claims in Excess of $100k over Experience Period	$46.49
1b)	Pooling Charge	1.160
2)	IBNR Factor	1.020
3)	Experience Period Incurred Medical Claims *= [1) - 1a)] * 1b) * 2)*	$319.71
4)	Annual Medical Trend *Includes Paid Leveraging*	1.035
5)	Months of Trend to Q4 2016*	23
6a)	Capitations and Non-FFS Claim Expenses	$5.03
6b)	NY State HCRA Surcharge	0.25%
7)	Trended Incurred Medical Claims PMPM as of Q4 2016 *= [[3) * 4) ^ [5) / 12] + 6a)] * [1 + 6b)]*	$347.44
8)	Experience Period Rx Claims PMPM	$33.47
8a)	Claims in Excess of $100k over Experience Period	$4.82
8b)	Pooling Charge	1.160
9)	Annual Rx Trend *Includes Paid Leveraging*	1.161
10)	Months of Trend to Q4 2016*	23
11)	Trended Gross Rx Claims PMPM as of *= [8) - 8a)] * 8b) * 9) ^ [10) / 12]*	$44.23
11a)	Impact of Bill H559	$2.31
11b)	Rx Rebates	($7.77)
12)	Trended Net Rx Claims PMPM as of Q4 2016 *= 11) + 11a) + 11b)*	$38.77
13)	Total Net Claims PMPM as of Q4 2016 *= 7) + 12)*	$386.21
14)	Impact of Membership Growth/Decline on Experience Pd Claims	0.995
15)	PMPM Taxes/Assessments for Q4 2016 *See Exhibit 5*	$0.31
16)	% of Paid Claims Taxes/Assessments for Q4 2016 *See Exhibit 5*	0.999%
17)	% of Premium Taxes/Assessments for Q4 2016 *See Exhibit 5*	2.60%
18)	% of Premium Retention Components for Q4 2016 *See Exhibit 5*	10.25%
19)	Impact of Change in Single Conversion Factor for Q4 2016 *See Exhibit 4*	0.41%
20)	Impact of Change in HHS Age Factor for Q4 2016 *See Exhibit 4*	1.02%
21)	Gross Claim Cost for Q4 2016 *= [13) + 15)] * 14) * [1 + 16)] * [1 + 19)] * [1 + 20)] / [1 - 17) - 18)]*	**$452.06**
22)	Projected Revenue Collected at Q3 2016 Rate Level	**$450.25**
23)	Q4 2016 Required Rate Action Relative to Proposed Q3 2016 Rates *= 21) / 22) - 1*	**0.4%**

Exhibit 4 -- Conversion Factor and Tier Ratios

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - December 31, 2016

VT Small Group AR42 Subscriber and Membership Summary -- January 2016 Membership

HDHP Data

Tier	Contract Type	Subscriber Months	Member Months	Avg Contract Size	Load Factor
2	Single	70	70	1.000	1.000
2	Family	40	160	4.000	2.500
3	Single	599	599	1.000	1.000
3	Double	142	284	2.000	2.000
3	Family	205	812	3.961	2.600
4	Single	10	10	1.000	1.000
4	Double	3	6	2.000	2.000
4	Parent/Child(ren)	3	9	3.000	1.900
4	Family	0	0	n/a	2.800

Proposed Conversion Factor	**1.213**
Current Conversion Factor	**1.208**
% Change in Conversion Factor	**0.41%**

Exhibit 5 -- Retention Loads, Taxes/Assessments, and Paid Claim Surcharges

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - December 31, 2016

% of Premium Retention Components	
	HDHP
General Administrative Load	8.00%
Broker Load	0.00%
Bad Debt	0.25%
Contribution to Reserves	2.00%
Total % of Premium Retention Components	10.25%

% of Premium Taxes and Assessments	
	HDHP
Premium Tax	2.00%
VT Vaccine Pilot	0.50%
ACA Insurer Tax (3Q Renewals)	0.60%
ACA Insurer Tax (4Q Renewals)	0.10%
Total % of Premium Taxes/Assessments (3Q Renewals)	3.10%
Total % of Premium Taxes/Assessments (4Q Renewals)	2.60%

% of Paid Claim Taxes and Assessments	
	HDHP
Vermont Paid Claim Surcharge	0.999%
New York State HCRA Surcharge	0.250%
Total % of Paid Claim Taxes/Assessments	1.249%

PMPM Taxes and Assessments	
Average 3Q Renewal Month:	8.33
Average 4Q Renewal Month:	11.29
Q3 2016 Contract Effective Dates	**HDHP**
Fed Reinsurance Assessment (2016)	$2.25
Fed Reinsurance Assessment (2017)	$0.00
Comparative Eff Research Tax	$0.18
Total PMPM Taxes/Assessments	$0.87
Q4 2016 Contract Effective Dates	**HDHP**
Fed Reinsurance Assessment (2016)	$2.25
Fed Reinsurance Assessment (2017)	$0.00
Comparative Eff Research Tax	$0.18
Total PMPM Taxes/Assessments	$0.31

Exhibit 6a -- Medical Base Rates (Q3 2016)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - September 30, 2016

Coplan	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Annual Rate Change
VEHD-01S	HDEPOagg	$659.76	$1,319.52	$1,253.54	$1,649.40	$1,715.38	$1,847.33	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-02S	HDEPOagg	$556.72	$1,113.44	$1,057.77	$1,391.80	$1,447.47	$1,558.82	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-07S	HDEPOagg	$593.92	$1,187.84	$1,128.45	$1,484.80	$1,544.19	$1,662.98	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-08S	HDEPOagg	$531.69	$1,063.38	$1,010.21	$1,329.23	$1,382.39	$1,488.73	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-09S	HDEPOagg	$491.00	$982.00	$932.90	$1,227.50	$1,276.60	$1,374.80	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-12S	HDEPOagg	$504.23	$1,008.46	$958.04	$1,260.58	$1,311.00	$1,411.84	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-14S	HDEPOagg	$524.15	$1,048.30	$995.89	$1,310.38	$1,362.79	$1,467.62	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-15S	HDEPOagg	$484.08	$968.16	$919.75	$1,210.20	$1,258.61	$1,355.42	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-17S	HDEPOagg	$510.57	$1,021.14	$970.08	$1,276.43	$1,327.48	$1,429.60	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-19	HDEPO	$466.85	$933.70	$887.02	$1,167.13	$1,213.81	$1,307.18	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VEHD-49	HDEPO	$586.86	$1,173.72	$1,115.03	$1,467.15	$1,525.84	$1,643.21	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VPHD-03S	HDEPOagg	$469.08	$938.15	$891.24	$1,172.69	$1,219.60	$1,313.41	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.1%
VPHD-04S	HDEPOagg	$640.62	$1,281.24	$1,217.18	$1,601.55	$1,665.61	$1,793.74	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VPHD-06S	HDEPOagg	$522.76	$1,045.52	$993.24	$1,306.90	$1,359.18	$1,463.73	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%

Exhibit 6a -- Medical Base Rates (Q4 2016)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between October 1, 2016 - December 31, 2016

Coplan	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD-01S	HDEPOagg	$662.42	$1,324.84	$1,258.60	$1,656.05	$1,722.29	$1,854.78	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-02S	HDEPOagg	$558.96	$1,117.92	$1,062.02	$1,397.40	$1,453.30	$1,565.09	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-07S	HDEPOagg	$596.31	$1,192.62	$1,132.99	$1,490.78	$1,550.41	$1,669.67	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-08S	HDEPOagg	$533.83	$1,067.66	$1,014.28	$1,334.58	$1,387.96	$1,494.72	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-09S	HDEPOagg	$492.98	$985.96	$936.66	$1,232.45	$1,281.75	$1,380.34	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-12S	HDEPOagg	$506.26	$1,012.52	$961.89	$1,265.65	$1,316.28	$1,417.53	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-14S	HDEPOagg	$526.26	$1,052.52	$999.89	$1,315.65	$1,368.28	$1,473.53	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-15S	HDEPOagg	$486.03	$972.06	$923.46	$1,215.08	$1,263.68	$1,360.88	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-17S	HDEPOagg	$512.63	$1,025.26	$974.00	$1,281.58	$1,332.84	$1,435.36	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-19	HDEPO	$468.73	$937.46	$890.59	$1,171.83	$1,218.70	$1,312.44	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VEHD-49	HDEPO	$589.22	$1,178.44	$1,119.52	$1,473.05	$1,531.97	$1,649.82	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VPHD-03S	HDEPOagg	$470.96	$941.92	$894.82	$1,177.40	$1,224.50	$1,318.69	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	12.7%
VPHD-04S	HDEPOagg	$643.20	$1,286.40	$1,222.08	$1,608.00	$1,672.32	$1,800.96	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VPHD-06S	HDEPOagg	$524.87	$1,049.74	$997.25	$1,312.18	$1,364.66	$1,469.64	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%

Exhibit 6b -- Medical Riders (Q3 2016)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - September 30, 2016

Rider	Description	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD 312b	Exam & Hardware, attaches to $1500 INN Ded	HDEPO	$4.62	$9.24	$8.78	$11.55	$12.01	$12.94	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.0%
VEHD 312c	Exam & Hardware, attaches to $2000 INN Ded	HDEPO	$3.83	$7.66	$7.28	$9.58	$9.96	$10.72	9.4%	9.4%	9.5%	9.5%	9.5%	9.4%	9.1%
VEHD 312d	Exam & Hardware, attaches to $2500 INN Ded	HDEPO	$3.23	$6.46	$6.14	$8.08	$8.40	$9.04	9.5%	9.5%	9.4%	9.5%	9.5%	9.4%	9.1%
VEHD 312g	Exam & Hardware, attaches to $5000 INN Ded	HDEPO	$1.71	$3.42	$3.25	$4.28	$4.45	$4.79	9.6%	9.6%	9.8%	9.7%	9.6%	9.6%	9.6%
VPHD 312b	Exam & Hardware, attaches to $1500 INN Ded	HDPPO	$4.62	$9.24	$8.78	$11.55	$12.01	$12.94	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.0%
VPHD 312d	Exam & Hardware, attaches to $2500 INN Ded	HDPPO	$3.23	$6.46	$6.14	$8.08	$8.40	$9.04	9.5%	9.5%	9.4%	9.5%	9.5%	9.4%	9.1%
VPHD 312g	Exam & Hardware, attaches to $5000 INN Ded	HDPPO	$1.71	$3.42	$3.25	$4.28	$4.45	$4.79	9.6%	9.6%	9.8%	9.7%	9.6%	9.6%	9.6%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Co	HDHP	$6.64	$13.28	$12.62	$16.60	$17.26	$18.59	9.6%	9.6%	9.6%	9.6%	9.5%	9.5%	9.2%
VHD307	Exclusion For Elective Abortions	HDHP	($0.22)	($0.44)	($0.42)	($0.55)	($0.57)	($0.62)	10.0%	10.0%	10.5%	10.0%	9.6%	10.7%	4.8%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	$3.25	$6.50	$6.18	$8.13	$8.45	$9.10	9.4%	9.4%	9.6%	9.4%	9.5%	9.4%	9.1%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	$6.33	$12.66	$12.03	$15.83	$16.46	$17.72	9.5%	9.5%	9.6%	9.6%	9.5%	9.5%	9.3%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	$6.79	$13.58	$12.90	$16.98	$17.65	$19.01	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.2%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	$3.07	$6.14	$5.83	$7.68	$7.98	$8.60	9.6%	9.6%	9.6%	9.7%	9.6%	9.7%	9.6%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	$4.38	$8.76	$8.32	$10.95	$11.39	$12.26	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.2%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	$2.83	$5.66	$5.38	$7.08	$7.36	$7.92	9.7%	9.7%	9.8%	9.8%	9.7%	9.7%	9.3%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	$4.23	$8.46	$8.04	$10.58	$11.00	$11.84	9.6%	9.6%	9.7%	9.6%	9.6%	9.5%	9.3%
VHD510-i	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-09)	HDHP	$4.04	$8.08	$7.68	$10.10	$10.50	$11.31	9.5%	9.5%	9.6%	9.4%	9.5%	9.5%	9.2%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	$4.22	$8.44	$8.02	$10.55	$10.97	$11.82	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.3%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	$3.22	$6.44	$6.12	$8.05	$8.37	$9.02	9.5%	9.5%	9.5%	9.5%	9.6%	9.6%	9.2%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	$3.83	$7.66	$7.28	$9.58	$9.96	$10.72	9.4%	9.4%	9.5%	9.5%	9.5%	9.4%	9.1%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	$4.35	$8.70	$8.27	$10.88	$11.31	$12.18	9.6%	9.6%	9.7%	9.6%	9.6%	9.5%	9.3%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	$6.31	$12.62	$11.99	$15.78	$16.41	$17.67	9.5%	9.5%	9.6%	9.6%	9.5%	9.5%	9.4%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	$7.05	$14.10	$13.40	$17.63	$18.33	$19.74	9.6%	9.6%	9.7%	9.6%	9.6%	9.7%	9.3%
VHD316	Disposable Medical Supplies	HDHP	$0.94	$1.88	$1.79	$2.35	$2.44	$2.63	9.3%	9.3%	9.8%	9.3%	8.9%	9.1%	8.0%
VHDC317	Changes Contract Yr To Calendar Year	HDHP	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHDC343	Gym Membership Reimbursement - $300 Maximum per Subscriber	HDHP	$3.83	$7.66	$7.28	$9.58	$9.96	$10.72	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - $300 Maximum per Subscriber	HDHP	$0.98	$1.96	$1.86	$2.45	$2.55	$2.74	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - $100 Maximum per Subscriber	HDHP	$0.31	$0.62	$0.59	$0.78	$0.81	$0.87	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Exhibit 6b -- Medical Riders (Q4 2016)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between October 1, 2016 - December 31, 2016

Rider	Description	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD 312b	Exam & Hardware, attaches to $1500 INN Ded	HDEPO	$4.64	$9.28	$8.82	$11.60	$12.06	$12.99	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	7.7%
VEHD 312c	Exam & Hardware, attaches to $2000 INN Ded	HDEPO	$3.85	$7.70	$7.32	$9.63	$10.01	$10.78	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	7.8%
VEHD 312d	Exam & Hardware, attaches to $2500 INN Ded	HDEPO	$3.24	$6.48	$6.16	$8.10	$8.42	$9.07	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%	7.6%
VEHD 312g	Exam & Hardware, attaches to $5000 INN Ded	HDEPO	$1.72	$3.44	$3.27	$4.30	$4.47	$4.82	0.6%	0.6%	0.6%	0.5%	0.4%	0.6%	8.2%
VPHD 312b	Exam & Hardware, attaches to $1500 INN Ded	HDPPO	$4.64	$9.28	$8.82	$11.60	$12.06	$12.99	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	7.7%
VPHD 312d	Exam & Hardware, attaches to $2500 INN Ded	HDPPO	$3.24	$6.48	$6.16	$8.10	$8.42	$9.07	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%	7.6%
VPHD 312g	Exam & Hardware, attaches to $5000 INN Ded	HDPPO	$1.72	$3.44	$3.27	$4.30	$4.47	$4.82	0.6%	0.6%	0.6%	0.5%	0.4%	0.6%	8.2%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C	HDHP	$6.67	$13.34	$12.67	$16.68	$17.34	$18.68	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%	7.9%
VHD307	Exclusion For Elective Abortions	HDHP	($0.22)	($0.44)	($0.42)	($0.55)	($0.57)	($0.62)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	$3.26	$6.52	$6.19	$8.15	$8.48	$9.13	0.3%	0.3%	0.2%	0.2%	0.4%	0.3%	7.6%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	$6.36	$12.72	$12.08	$15.90	$16.54	$17.81	0.5%	0.5%	0.4%	0.4%	0.5%	0.5%	8.0%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	$6.82	$13.64	$12.96	$17.05	$17.73	$19.10	0.4%	0.4%	0.5%	0.4%	0.5%	0.5%	7.7%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	$3.08	$6.16	$5.85	$7.70	$8.01	$8.62	0.3%	0.3%	0.3%	0.3%	0.4%	0.2%	8.1%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	$4.40	$8.80	$8.36	$11.00	$11.44	$12.32	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%	7.8%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	$2.84	$5.68	$5.40	$7.10	$7.38	$7.95	0.4%	0.4%	0.4%	0.3%	0.3%	0.4%	8.0%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	$4.25	$8.50	$8.08	$10.63	$11.05	$11.90	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	7.9%
VHD510-i	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-09)	HDHP	$4.06	$8.12	$7.71	$10.15	$10.56	$11.37	0.5%	0.5%	0.4%	0.5%	0.6%	0.5%	8.0%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	$4.24	$8.48	$8.06	$10.60	$11.02	$11.87	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	7.9%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	$3.23	$6.46	$6.14	$8.08	$8.40	$9.04	0.3%	0.3%	0.3%	0.4%	0.4%	0.2%	7.7%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	$3.85	$7.70	$7.32	$9.63	$10.01	$10.78	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	7.8%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	$4.37	$8.74	$8.30	$10.93	$11.36	$12.24	0.5%	0.5%	0.4%	0.5%	0.4%	0.5%	7.9%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	$6.34	$12.68	$12.05	$15.85	$16.48	$17.75	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	8.0%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	$7.08	$14.16	$13.45	$17.70	$18.41	$19.82	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	7.9%
VHD316	Disposable Medical Supplies	HDHP	$0.94	$1.88	$1.79	$2.35	$2.44	$2.63	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.8%
VHDC317	Changes Contract Yr To Calendar Year	HDHP	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHDC343	Gym Membership Reimbursement - $300 Maximum per Subscriber	HDHP	$3.83	$7.66	$7.28	$9.58	$9.96	$10.72	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - $300 Maximum per Subscriber	HDHP	$0.98	$1.96	$1.86	$2.45	$2.55	$2.74	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - $100 Maximum per Subscriber	HDHP	$0.31	$0.62	$0.59	$0.78	$0.81	$0.87	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Small Group Historical Medical & Rx Claims Summary - HDHP Grandfathered Only

Rolling 12 End Date	Medical + Rx Claim Expense > $100k PMPM	Medical Claim Expense PMPM	Rx Claim Expense PMPM	Medical Allowed - COB PMPM	Rx Allowed PMPM	Member Months	Claims > $100k as % of Claims < $100k	Rolling 12 Medical Claim Expense Trend	Rolling 12 Rx Claim Expense Trend	Rolling 12 Paid Trend Removing High Cost Claims	Rolling 12 Medical Allowed - COB Trend	Rolling 12 Rx Allowed Trend	Rolling 12 Membership Change	Paid To Allowed Ratio
201312	$36.31	$263.50	$19.61	$340.36	$34.48	52,834	14.7%	N/A	N/A	N/A	N/A	N/A	N/A	75.5%
201401	$37.34	$267.49	$19.95	$342.66	$34.54	51,290	14.9%	N/A	N/A	N/A	N/A	N/A	N/A	76.2%
201402	$31.79	$261.11	$20.38	$336.35	$34.73	49,797	12.7%	N/A	N/A	N/A	N/A	N/A	N/A	75.9%
201403	$32.22	$265.61	$20.62	$339.82	$34.74	48,284	12.7%	N/A	N/A	N/A	N/A	N/A	N/A	76.4%
201404	$32.86	$268.69	$20.76	$341.92	$34.70	46,699	12.8%	N/A	N/A	N/A	N/A	N/A	N/A	76.9%
201405	$39.12	$279.99	$21.35	$354.63	$35.27	45,050	14.9%	N/A	N/A	N/A	N/A	N/A	N/A	77.3%
201406	$41.91	$285.19	$21.73	$360.26	$35.67	43,430	15.8%	N/A	N/A	N/A	N/A	N/A	N/A	77.5%
201407	$42.75	$289.90	$21.84	$365.64	$35.72	41,868	15.9%	N/A	N/A	N/A	N/A	N/A	N/A	77.7%
201408	$34.42	$286.15	$21.86	$362.78	$35.67	40,335	12.6%	N/A	N/A	N/A	N/A	N/A	N/A	77.3%
201409	$40.73	$293.48	$22.75	$370.74	$36.52	38,455	14.8%	N/A	N/A	N/A	N/A	N/A	N/A	77.6%
201410	$44.51	$297.71	$23.51	$375.49	$36.93	36,561	16.1%	N/A	N/A	N/A	N/A	N/A	N/A	77.9%
201411	$43.07	$289.19	$24.67	$368.03	$37.84	34,683	15.9%	N/A	N/A	N/A	N/A	N/A	N/A	77.3%
201412	$42.57	$292.12	$24.92	$373.12	$38.10	32,829	15.5%	10.9%	27.0%	11.2%	9.6%	10.5%	-37.9%	77.1%
201501	$43.74	$292.59	$25.39	$373.34	$38.41	31,894	15.9%	9.4%	27.3%	9.7%	9.0%	11.2%	-37.8%	77.2%
201502	$43.31	$298.95	$26.22	$379.94	$39.53	30,974	15.4%	14.5%	28.7%	12.9%	13.0%	13.8%	-37.8%	77.5%
201503	$45.26	$301.94	$27.07	$384.38	$40.42	30,094	16.0%	13.7%	31.3%	11.7%	13.1%	16.4%	-37.7%	77.4%
201504	$54.31	$310.70	$27.83	$393.82	$41.39	29,304	19.1%	15.6%	34.0%	10.8%	15.2%	19.3%	-37.2%	77.8%
201505	$52.16	$304.76	$28.16	$387.00	$41.85	28,600	18.6%	8.8%	31.9%	7.1%	9.1%	18.7%	-36.5%	77.6%
201506	$52.31	$307.17	$29.94	$390.75	$43.72	27,901	18.4%	7.7%	37.8%	7.5%	8.5%	22.6%	-35.8%	77.6%
201507	$60.39	$314.91	$30.90	$398.42	$44.55	27,206	21.2%	8.6%	41.5%	6.1%	9.0%	24.7%	-35.0%	78.1%
201508	$59.55	$317.86	$32.22	$402.67	$46.03	26,477	20.5%	11.1%	47.4%	6.2%	11.0%	29.0%	-34.4%	78.0%
201509	$53.05	$323.44	$32.66	$408.94	$46.53	26,151	17.5%	10.2%	43.6%	10.0%	10.3%	27.4%	-32.0%	78.2%
201510	$52.23	$322.92	$33.47	$407.89	$47.38	25,849	17.2%	8.5%	42.4%	9.9%	8.6%	28.3%	-29.3%	78.3%

ACTUARIAL MEMORANDUM

3Q and 4Q 2016 Small Group Grandfathered AR42 Filing

Purpose and Scope of Filing

The purpose of this filing is to demonstrate the development of premium rates in support of MVP Health Insurance Company's Small Group High Deductible EPO/PPO grandfathered product portfolio and seek approval of the premium rates. The premium rates included in this filing are for group effective dates between 7/1/2016 and 12/31/2016. The rates are effective for 12 months. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

This is a closed block of business and as of January 2016, there were 1,950 members enrolled in plans impacted by this rate filing. Of those 1,950 members, 134 members have 3Q contract effective dates and 233 have 4Q contract effective dates. MVP is proposing a quarterly rate increase of 9.6% over the approved 2Q 2016 rates and annual rate increases of 9.3% and 7.9% for 3Q and 4Q 2016 renewals, respectively.

Derivation of Annual Rate Increases Based on Quarterly Rate Changes

	4Q '15 / 3Q '15	1Q '16 / 4Q '15	2Q '16 / 1Q '16	3Q '16 / 2Q '16	4Q '16 / 3Q '16	3Q '16 Annual Increase	4Q '16 Annual Increase
HDHP	1.7%	-2.9%	1.0%	9.6%	0.4%	9.3%	7.9%

Experience Period Claims

Small group grandfathered AR42 high deductible claims incurred between November 2014 and October 2015, paid through December 2015 was the basis of MVP's rate analysis. Fee-for-service (FFS) medical and pharmacy claims were projected to the 3Q 2016 rating period by applying 20 months of trend to the experience period data. The capitation and non-FFS costs included in the rate development represent MVP's best estimate of these costs during the rating period.

In addition, we also performed rating analyses removing groups that are not currently in the book of business as of January 2016. Of the 25,849 total member months for this block during the experience period, 2,737 would have been excluded from the rating pool. If we were to rate based upon this updated member pool, the rate increase would have been approximately 3.4% higher.

Please note that $123,017 in Rx paid claims were removed from the experience period data (approximately $31,000 per month for July – October 2015). These claims are associated with one member's utilization of the Hepatitis C drug Harvoni. Because the treatment lasts a limited amount of time (which does not flow into the rating period), MVP feels it is reasonable to remove the claims from the data. MVP recognizes the risk of other members within this block utilizing this drug, but because it is a closed block and Hepatitis C treatments have been approved by the FDA for over two years at this point, the risk of more members within this pool utilizing this drug is significantly less likely than if this were an open block of business. Including these claims in our data would result in a rate increase that is 2.2% higher than what is being proposed.

Pooling Charge

To account for volatility in high cost claims, medical and Rx claims in excess of $100,000 are being removed from the claim projection and being replaced by a pooling charge. The pooling charge of 16.0% represents the arithmetic average cost of claims in excess of $100,000 for the grandfathered small group high deductible block over rolling 12 month time periods with ending dates between December 2013 and October 2015. A summary of the high cost claim ratio can be found in the attached file, "Rolling 12 Medical and Rx Data - SG HDHP". Had MVP used the pooling charge for active groups only, the charge would have increased to 19.3%.

Note that over the experience period, the high cost claim ratio was 17.2% which means that without pooling the rate increase would be approximately 1.0% higher.

Development of Base Premium Rates

Exhibit 3a demonstrates the development of the proposed 3rd quarter rate action. Claims adjusted with the pooling charge described above and completed with IBNR are projected to the rating period. Non-FFS claim expenses, capitation expenses, and New York's paid claim surcharge expense (HCRA) are added to the claim projection. Please see the table below for a summary of non-FFS and capitation expenses reflected in MVP's rate development for this filing. Note the Medical Home and PCP Incentive reflects MVP's expected liability in 2016 based on Craig Jones' June 2015 presentation to the Green Mountain Care Board (GMCB).

Summary of Capitations and Non-FRDM Claim Expenses	
Other Medical Expense not in warehouse	$2.08
ASH Cap	$0.28
Net Reinsurance Expense	$0.21
Medical Home and PCP Incentive	$2.46
Total	**$5.03**

The expected non-FFS medical expenses added to the claim projection reflect costs associated with net reinsurance expense, PCP incentive payments and Medical Home, and other miscellaneous MVP claim expenses not included in the historical experience period data such as manual checks and Massachusetts surcharges.

Experience period Rx claims are adjusted for pooling and projected to the rating period. Rx claims are adjusted for the impact of Bill H559, which is not fully reflected in the experience period data. Rebates are removed from the projected claim cost.

Bill H559 was effective beginning with October 2012 renewals. Included in this regulation is an out of pocket maximum for prescription drug expenses. All of the claim adjustments attributable to Bill H559 are not being processed within MVP's claim system during the experience period for this rate filing. Therefore, an adjustment to the experience period claims is needed. To quantify the impact of this mandate, MVP analyzed member level drug claims over the 10 month period January – October 2015 for members with a January renewal month (11,303 member months). MVP captured amounts paid by members in excess of the Rx OOP maximum to be in effect for 3Q 2016, or $1,300. The PMPM amount of Rx claims in excess of $13000 was used to quantify the impact of this mandate on drug claim expenses in 2016/2017.

MVP has received updated Rx rebate information from our pharmacy benefit manager for 2016. The data provided is an average rebate per script for brand and specialty drugs. These amounts were applied to MVP's projection period brand and specialty script utilization to obtain a PMPM estimate of the rebates in the projection period and equals $7.77 PMPM for both 3Q and 4Q 2016.

The claim projection is then being adjusted to account for the impact of membership not representing a full 12-month contract over the experience period. Because deductibles are present in all of these products, paid claims are suppressed in the early months of a member's contract and are higher than average in later contract months. Therefore, if the experience period membership is not evenly distributed by contract month, an adjustment to the claim costs should be made to reflect the expected claim costs for a 12-month contract period.

To determine the adjustment factor for the experience period claims cost, MVP used deductible suppression factors which were developed by analyzing commercial claims for members with 12 months of medical and Rx benefit coverage. MVP assumed that allowed claims were uniformly distributed by month and determined the expected paid claim cost for a given month relative to the average paid amount for 12 months. Factors were developed for a number of different deductible levels, and MVP split its experience period membership by these deductible levels to compute the appropriate adjustment factors. This adjustment factor equals 0.995 and can be found in Exhibit 3a. A quantitative derivation of this factor can be found in the file, "Impact of Membership Growth_Decline on Experience Pd Claims".

To arrive at the required rate change for 3Q 2016, projected net claims are converted to a gross claims cost. This is achieved by accounting for taxes/assessments being charged in 3Q 2016, making an adjustment for changes to the single conversion factor and HHS age factor, and other retention items. Other retention items include administrative costs, contribution to reserves, and bad debt. The projected rating period required gross premium is compared to the prior rating period gross premium to indicate the suggested quarterly rate change.

Please note that we have changed our methodology to compute the change in the single conversion factor. Previously, the experience period membership mix was being used to determine the change in the single conversion factor. MVP has updated its methodology and is now using January 2016 membership to determine the single conversion factor for the rating period. Because the experience period data represents a different set of membership than the current snapshot, an additional adjustment is being made to the claim projection to account for changes in the average HHS age factor between the experience period and the current snapshot.

HHS Age Factor Change- Exp. Pd. To Rating Pd.

Block	Time Period	Average Age	HHS Age Fx
HDHP GF Only	Experience Period	38.8	1.558
HDHP GF Only	Current Snapshot	39.0	1.574
		Change in Factor	1.02%

MVP has also developed 4Q 2016 premium rates for this rate filing. Please see Exhibit 3b which is identical to Exhibit 3a except for the fact that one more quarter of trend has been applied to the experience period claims and changes in taxes/fees between 3Q and 4Q 2016 contract effective dates is also being captured. The required quarterly rate change for 4Q 2016 is calculated by comparing the required rate change for 4Q 2016 to the proposed 3Q 2016 gross premium rates.

Medical Trend Factors

The development of annual medical paid claim trend factors for 3Q 2016 is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its data. Regression analysis has been performed on MVP's utilization data in the past, and it was concluded that the predictive ability of the historical utilization trends was weak and not reliable. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network.

In addition to the medical cost inflation rate assumed from the historical experience period to the rating period, an adjustment is needed to reflect the impact of cost share leveraging on the carrier's share of the medical cost. Leveraging is a result of the fixed nature of deductibles and copays in health benefit plans. When there are fixed member deductibles and copays, the carrier bears a greater portion of the cost of medical inflation. Therefore, an additional factor adjustment is made to the trend assumption to capture this cost.

The trend applied to the deductible portion of the experience period was derived using the distribution of claims for MVP's VT book of business. Claims below the average deductible amount over the experience period were trended at the applicable allowed trend rate while claims greater than the deductible were held flat.

Also included in this filing is a paid trend development exhibit for 4Q 2016. Please see Exhibit 2c which is identical to Exhibit 2a except there is one more quarter of 2017 trend reflected in the calculation.

Rx Trend Factors

Annual Rx trend factors split by generic, brand and specialty drugs are illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy benefit manager (PBM) and reflect their best estimate of expected changes to pharmacy costs and drug utilization. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends for 3Q 2016 can be found in Exhibit 2b.

MVP has revised its 2016 trend forecast since the 1Q 2016 version of this rate filing to reflect updated information from our PBM; the 2015 Rx trend forecast has not changed. MVP has also been supplied with 2017 trends from our PBM. The trend forecast provided by MVP's PBM accounts for drugs coming off patent, changes in average wholesale price, new drugs being released to the market, and price competitiveness amongst generic and brand drug manufacturers. Because the Rx market is constantly changing and the items listed above are not reflected in historical trends, MVP does not feel that historical Rx trends have relevance for projecting future increases in Rx costs. The recent and continued explosion of high cost specialty drugs is causing significant increases in expected Rx costs.

Rx Trends Used in 3Q 2016 MVP VT Small Group Grandfathered Filing

	2015 Trend		2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	4.30%	3.40%	3.00%	2.20%	3.00%	2.40%
Brand	13.50%	-11.40%	13.50%	-4.40%	13.50%	-6.00%
Specialty	16.00%	5.00%	12.00%	6.00%	12.00%	4.00%

Rx Trends Used in 1Q 2016 MVP VT Small Group Grandfathered Filing

	2015 Trend		2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	4.30%	3.40%	3.30%	2.10%	N/A	N/A
Brand	13.50%	-11.40%	13.50%	-4.50%	N/A	N/A
Specialty	16.00%	5.00%	14.00%	6.00%	N/A	N/A

Please see the attached file, "Rolling 12 Medical and Rx Data – SG HDHP" which contains a rolling 12 month summary of total Rx claim costs as well as Rx data broken out by Generic, Brand, and Specialty. This block's Rx allowed PMPM has increased at an annualized rate of 29.9% from the prior experience period (after removal of the Harvoni claims discussed previously), far outpacing trends that were built into previous filings.

Also included in this filing is a paid trend development exhibit for 4Q 2016. Please see Exhibit 2d which is identical to Exhibit 2b except there is one more quarter of 2017 trend reflected in the calculation.

Retention Expenses

Exhibit 5 in the rate filing illustrates the non-claim expense loads included in the proposed premium rates. This portion of the premium rates is intended to cover MVP's general administrative expenses, taxes/assessments, bad debt expense, and a contribution to surplus.

MVP has worked towards reducing administrative expenses, and the proposed premium rates reflect an administrative charge equal 8.0% of premium for this filing. This is unchanged from the previous SG AR42 filing. Please see the table below for a summary of MVP's administrative expenses from 2011 – 2014 for Small Group business in Vermont:

Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit

	Small Group - AR42 & AR44			
	Member Months	Premium PMPM	Admin PMPM	Expense Ratio
2011	209,126	$348.79	$34.17	9.8%
2012	190,795	$365.29	$37.24	10.2%
2013	178,794	$394.67	$46.56	11.8%
2014	87,545	$410.60	$38.11	9.3%

Admin PMPM reflects the following lines from Part I of the SHCE: 6.6, 8.3, 10.1, and 10.4

A summary of the taxes/assessments included in the premium rates are provided below:

Temporary Individual Reinsurance Pool

Carriers are being assessed a fee to fund the Temporary Reinsurance Pool which supports the individual reinsurance program both in and out of the exchange from 2014 through 2016. For 2016, the fee is $2.25 PMPM, and there is no fee in 2017. To determine the PMPM load to reflect in premium rates, MVP is weighting this fee based on the average renewal month for 1Q and 2Q policies. Please see Exhibit 5 for a detailed calculation.

ACA Insurer Tax

Since 2014, carriers have been taxed based on earned premium, but there will be a one year moratorium on this fee for 2017. MVP estimates this tax will be approximately 2.0% of premium for 2016 dates of service and 0.0% for 2017 dates of service. MVP is weighting this percentage based on the average renewal month for 3Q and 4Q policies. These percentages by renewal quarter can be found on Exhibit 5.

Paid Claim Taxes

In addition to the State of Vermont 0.999% tax on paid claims, MVP is subject to New York HCRA taxes which are based on paid medical claims. The New York HCRA tax is based only on claims paid for services performed by New York hospitals. The New York HCRA load equals 0.25% and is based on historical HCRA fees incurred by Vermont members.

Comparative Effectiveness Research Fee

This is a prescribed Federal fee equal to $0.18 PMPM to fund the Federal Research Fund. MVP has increased this fee by $0.01 PMPM over the last filing to reflect an increase in the tax, which is indexed to inflation in National Health Expenditures.

VT Vaccine Pilot
This is a Vermont state assessment based on plan premiums which is used to fund immunizations provided by the state. This assessment has been reduced from 0.6% of premium used in the 1Q 2016 filing to 0.5% of premium for this filing based on 4Q 2015 assessments from the State of Vermont for the Kids Vax program.

Loss Ratio Information
The traditional target loss ratio (claims cost / premium) for the rates proposed in this rate filing is 86.5%. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal target loss ratio for the rates proposed in this filing is 90.2%. Please see the table below for more detail:

Target Loss Ratio for SG HDHP in 3Q 2016

	Small Group AR42 HDHP
A) Claims Expense	$389.27
B) Taxes/Assessments	$14.83
C) Quality Improvement	$3.60
D) Premium	$450.25
E) Traditional Loss Ratio *= A) / D)*	**86.5%**
F) Federal Loss Ratio *= [A) + C)] / [D) - B)]*	**90.2%**

Please note that the traditional target loss ratio has increased from 83.8% in the 1Q 2016 filing to 86.5% for this filing. This is due to the phasing out of the temporary reinsurance pool fee and decreasing the ACA Insurer Tax and VT Vaccine Pilot.

Over the experience period, the actual loss ratio for these products is 95.0%. MVP will not be rebating customers for its Small Group AR42 VT block in 2015. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal loss ratio used to determine if this block is in a rebating situation for 2015 is 98.3%.

Supplemental Exhibits
Also included with this filing is a historical claim and membership summary for the past 34 months grouped into rolling 12 month periods. Incurred claims from January 2013 – October 2015 completed through December 2015 are reflected in the data.

Retired Products
Base coplan VEHD-03S is being retired from the Small Group Grandfathered portfolio effective July 1, 2016. This plan was initially filed as an aggregate deductible and out-of-pocket maximum, but due to HHS' single member out-of-pocket regulation changes in 2015, MVP modified this plan to have an embedded out-of-pocket maximum. Since this plan has an aggregate deductible of $5,000 with an embedded out-of-pocket of $5,000, the plan effectively now has an embedded deductible and out-of-pocket maximum. MVP already offers a $5,000 embedded/embedded HDHP and it is plan VEHD-19.

MVP is also retiring the following riders as there are no longer base coplans these riders can attach to: VEHD 312a, VEHD 312e, VEHD 312f, VEHD 312h, VPHD 312a, VPHD 312c, VPHD 312e, VPHD 312f, VPHD 312h.

Rate Increase for Plan VPHD-03

Base coplan VPHD-03 is increasing by an additional 4.5% over the book of business average rate increase. This is because the plan was initially filed as an aggregate/aggregate (deductible/out-of-pocket maximum) plan, but due to HHS' single member out-of-pocket maximum regulation, the plan is now an embedded/embedded plan. Please see the "Retired Products" section above for more detail.

Plan VPHD-03 is identical to plan VEHD-03 except plan VPHD-03 provides out of network coverage as well. The 4.5% increase was determined by comparing the 2Q 2016 premium spread between plans VEHD-19 and plan VEHD-03 since VEHD-19 is the embedded/embedded version of plan VEHD-03; note the 2Q 2016 premium rates for plans VEHD-03 and VPHD-03 still assumed these plans had an aggregate/aggregate plan design. The difference between plan VEHD-19 and VEHD-03's 2Q 2016 premium rates represents the value of an embedded/embedded plan design relative to an aggregate/aggregate plan design for this deductible/out-of-pocket level.

Calculation of Plan VPHD-03 3Q 2016 Quarterly Rate Increase

Coplan	Product Type	Rate Quarter	Single Rate
VEHD-03S	HDEPOagg	2Q 2016	$407.90
VEHD-19	HDEPO	2Q 2016	$426.09
		Rate Spread Due to Embedded Plan Design	1.045
		3Q 2016 Proposed Block Quarterly Increase	1.096
		Proposed Rate Increase for Plan VPHD-03	1.145

Actuarial Certification

I, Matthew Lombardo, am a Member of the American Academy of Actuaries. I have examined the assumptions and methods used in determining MVP's requested rates. Based on my review and examination, it is my opinion that the proposed premium rates are reasonable in relation to the benefits provided and that they are not excessive, inadequate, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.

02/08/2016

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

Date

Consumer Disclosure about Proposed Health Insurance Rate Increase

VT 2016 3Q/4Q SG Grandfathered Rate Filing

MVP Health Insurance Co. is a health care payer operating in Vermont and New York. MVP's mission is to provide high quality and affordable health care with a focus on wellness to our members.

MVP must obtain approval from the Green Mountain Care Board for the health insurance premium rates charged. MVP files annual premium rates for the Exchange which are guaranteed for 12 months. This rate filing seeks approval of MVP's 2016 Small Group Grandfathered rates (effective dates of coverage beginning between July 1, 2016 and December 31, 2016).

The premium rates filed reflect MVP's current estimate of the cost to provide health insurance for that coverage period. The filed premium rates may be higher or lower than the previously filed premium rates; however, premium rates generally increase over time. Increases in premium rates are driven by many factors including increases in use of medical services by the insured population, increases in hospital and physician required charges for medical care, increases in prescription drug costs, expanded covered services due to government mandates, fees and assessments charged by the government to insurers, and the exit of healthier individuals from the insurance marketplace as the cost of insurance increases.

The proposed rates reflect an average rate adjustment to prior rates of 9.3% for policies renewing in the third quarter of 2016 and 7.9% for policies renewing in the fourth quarter of 2016. The increases range from 9.3% to 14.1% in the third quarter and from 7.9% to 12.7% in the fourth quarter. There are 255 policyholders, 1,072 subscribers and 1,950 members impacted by this rate filing.

Certification of Compliance	
I hereby certify that I have reviewed the applicable filing requirements for this filing and the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.	
Print Name: Karla Austen Title: Chief Financial Officer & Executive Vice President	
Signature:	Date: 02/05/16

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March 2, 2016

Ms. Jacqueline Lee, F.S.A., M.A.A.A
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 3Q/4Q 2016 Small Group HIC Grandfathered rate filing
SERFF Tracking #: MVPH-130435575

Dear Ms. Lee:

This letter is in response to your correspondence received 02/22/16 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. The experience periods used in the previous 3Q/4Q filing for this block was the twelve-month period beginning in September 2013. In this filing, the experience period is the twelve-month period beginning with November, resulting in only two months of run-out. Explain why the methodology has changed for this filing.

Response: MVP prefers to use its most current data available to set premium rates, and the FFS medical claims for the experience period are 98.0% complete with two months of run-out which indicates there should be minimal fluctuation in the claim estimate if additional run-out were added. Because MVP anticipates minimal fluctuation in the incurred estimate with additional months of run-out added, we chose to use an experience period data set with only two months of run-out rather than three months of run-out which were used in the 3Q 2015 filing.

2. Provide quantitative support for the assumed IBNR adjustment of approximately 2%.
Response: Please see the following table which reflects paid and incurred claims by month over the experience period taken from MVP's December 2015 VT AR42 IBNR Model. Note that MVP's INBR model for VT AR42 business is not broken out by Small Group vs Large Group. As a result, the paid and incurred claims shown will not validate to the paid and incurred claims shown in the rate filing.

Incurred Month	Paid Claims	Incurred Claims	IBNR Factor
201510	$1,696,340	$1,886,213	1.112
201509	$2,055,488	$2,147,714	1.045
201508	$1,936,821	$1,999,338	1.032
201507	$1,937,213	$1,980,241	1.022
201506	$1,559,478	$1,583,332	1.015
201505	$1,482,907	$1,498,605	1.011
201504	$1,531,224	$1,542,477	1.007
201503	$1,823,645	$1,832,562	1.005
201502	$1,696,270	$1,701,081	1.003
201501	$1,835,827	$1,838,680	1.002
201412	$2,965,053	$2,968,041	1.001
201411	$2,778,684	$2,780,299	1.001
Total	$23,298,950	$23,758,581	1.020

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3. The development of the medical trend factors does not appear to be internally consistent. Given that hospital costs are projected to increase significantly relative to physician costs in 2015 and 2016, why is the assumed distribution of claims between these categories the same for all years?

Response: MVP agrees with L&E's proposed methodology and will use this approach in subsequent filings. Please see the attached excel file which recalculates the annualized medical trend using revised service category weightings. MVP estimates that using the revised methodology would result in a $0.46 PMPM increase to the Gross Claim Cost PMPM on Exhibit 3a of the rate filing.

4. It appears that MVP has assumed 2017 medical trend will be the same as 2016 medical trend. Justify this assumption. Are there no 2017 provider contracts negotiated at this time?

Response: When MVP began the rate filing process for this block, the actuarial department reached out to the contracting department to obtain any details on 2017 contracts. As of the date filed, there were no updates on 2017 contracts and the trend in 2017 reflects our best estimate of contracts for 2017. MVP expects to have updated 2017 contract details for the Exchange filing.

5. Do the Rx trends (e.g. 13.5% for Brand 2017 cost trend) provided by the PBM reflect MVP's Rx experience, or are they based on nationwide average projections?

Response: MVP continues to work with its PBM to obtain MVP-specific Rx trends. The trends in the rate filing continue to be nationwide average projections. We expect to have trends reflecting MVP's actual experience for the Exchange filing in May.

6. Plan benefits are a significant driver of cost. How were changes in distribution by plan, including the retirement of plan VEHD-03S, considered in the rate development? We would anticipate that removing a plan would have an impact on PMPM costs.

Response: MVP does not remove retired plans from its experience period data and also does not reflect changes in enrollment distribution by plan when deriving premium rate changes. Removing plans would decrease the credibility of the block, and because the premium rate change is derived by comparing the projected gross claims to the current revenue on file, there is no need to make an adjustment for plans retiring. It is expected that claims and premium for members transitioning out of plan VEHD-03S would move in tandem as we are comfortable with the current premium rate slope.

7. The rate increase figure of 9.6% for 3Q16 is based on comparing to a value of $410.94 labeled 'Projected Revenue Collected at Q2 2016 Rate Level.' How was this value calculated?

a. Is this value on a PMPM basis, or a contract basis?

b. Does this calculation assume the experience enrollment distribution (by tier, plan, etc.) or the current snapshot?

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Response:
The "Projected Revenue Collected at the Q2 2016 Rate Level" is computed on a PMPM basis and reflects the gross claim cost for each benefit from the Q2 2016 rate filing weighted by experience period membership. Experience period enrollment is used for weighting purposes because the claim projection reflects the same enrollment and benefit mix as the revenue projection. A PMPM is being computed because the claim projection is also on a PMPM basis. Using the experience period enrollment/benefit mix and the projected revenue at the current rate level on a PMPM basis creates an apples-to-apples comparison of the claim projection to the projected revenue to derive the required rate change.

8. The proposed rate increase of 9.6% appears not to include the entire rate increase, due to the 4.5% additional increase on plan VPHD-03. Provide the total average rate increase.

Response: Over the experience period, only 0.6% of MVP's membership was enrolled in plan VPHD-03S. Due to how few members were enrolled in this plan over the experience period, the proposed rate increase does not change after accounting for the additional 4.5% when rounded to 3 decimal places. Note there are only 9 members enrolled in this plan as of January 2016 and the current snapshot rate increase is also unchanged when rounded to 3 decimal places.

9. As noted in the actuarial memorandum, Bill H559 has been in effect since before the experience period for this filing. Why are experience period claims being adjusted for the "Impact of Bill H559"?

Response: MVP and its PBM are still having issues administering Bill H559, particularly for HDHPs where the deductible and OOP accumulators need to be synced between MVP and the PBM. Over the experience period, there were members with cost sharing exceeding $1,300 and MVP is making manual check payments to these members. Because MVP is still reimbursing members outside of our claim system for these anomalies, it is necessary to reflect the payments in our rates.

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

Comparison of Allowed Trends Using Updated Methodology

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between July 1, 2016 - September 30, 2016

Experience Period:	November 1, 2014 - October 31, 2015
Rating Period:	July 1, 2016 - June 30, 2017

	2015	2016	2017	Total
Months of Trend	2	12	6	**20**

Medical Trend Summary

2015 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total	Actual Trend
IP	17.2%	5.3%	0.0%	5.3%	1.009
OP and Other Med	50.4%	4.7%	0.0%	4.7%	1.008
PHY	32.5%	2.9%	0.0%	2.9%	1.005
Medical Total		4.2%	0.0%	**4.2%**	

2016 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total	Actual Trend
IP	17.2%	5.1%	0.0%	5.1%	1.051
OP and Other Med	50.4%	4.0%	0.0%	4.0%	1.040
PHY	32.4%	0.0%	0.0%	0.0%	1.000
Medical Total		2.9%	0.0%	**2.9%**	

2017 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	17.6%	5.1%	0.0%	5.1%
OP and Other Med	51.0%	4.0%	0.0%	4.0%
PHY	31.5%	0.0%	0.0%	0.0%
Medical Total		2.9%	0.0%	**3.0%**

Rate Filing Annualized Trend	3.0%
Updated Annualized Trend	3.1%
Change in Annualized Trend	0.03%

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March 15, 2016

Ms. Jacqueline Lee, F.S.A., M.A.A.A
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 3Q/4Q 2016 Small Group HIC Grandfathered rate filing
SERFF Tracking #: MVPH-130435575

Dear Ms. Lee:

This letter is in response to your correspondence received 03/09/16 regarding the above mentioned rate filing. The verbal responses to your questions are provided below.

1. Regarding prescription drug trends:

a. *In prior filings, MVP has indicated that the PBM provides not simply "Best Estimates" of drug trends, but also "High Estimates" and "Low Estimates". Do the proposed trends in this filing represent the low, best, or high trends from the PBM?*

Response: MVP used the low estimate from the PBM for all years projected in the filing.

b. *In reference to the 3Q/4Q 2015 Large Group filing, (SERFF # MVPH-129877690), MVP stated that once adequate data had been accumulated, its new PBM would be providing trend forecasts that reflect MVP's utilization characteristics (rather than nationwide averages.) The PBM should now have just over a year of data. Why is this data not being used in developing trend forecasts?*

Response: MVP's discussions with the PBM regarding line of business specific trends are currently ongoing. As stated in the previous objection, MVP intends to have these trends available for the 2017 Exchange filing.

c. *Provide an exhibit comparing the current PBM's past trend projections to actual observed trends for at least three years.*

Response: Please see the following table, which represents the PBM's most recent trend projections (in low-med-high format) by Rx category since MVP's contract with the current PBM began (for the 2015 filings).

PBM Projected Trends by Rx Category

Time Period	Generic	Brand	Specialty
2014/2013	8.7%-9.7%-10.2%	1.5%-2.3%-3.2%	27.6%-29.3%-33.8%
2015/2014	7.8%-9.3%-11.0%	0.6%-3.3%-6.6%	21.8%-28.0%-33.9%
2016/2015	5.2%-7.1%-9.1%	8.5%-10.9%-13.8%	18.7%-25.2%-26.4%

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The next table shows year-over-year trends for MVP's small group Vermont HIC HDHP grandfathered block of business, split by Rx category. Please note that this data is through December 2015, so the 2015/2014 trends will not tie out to the Rolling 12 exhibits provided with the rate filing. Note that because MVP only has projected trends from its PBM back to 2014, there are two years of actual to observed Rx trends provided.

MVP Small Group VT HDHP Actual Trends

Time Period	Generic	Brand	Specialty
2014/2013	-1.8%	-3.8%	38.7%
2015/2014	12.1%	9.4%	78.6%

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