

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company First)
And Second Quarter 2017 Large Group)
EPO/PPO Rate Filing)

Docket #:
GMCB-10-16rr

MVPHIC Health Care’s Memorandum in Lieu of Hearing

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the rates as filed as recommended by its actuary, Lewis and Ellis (L&E). MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

This is the manual rate filing for the portfolio of MVPHIC’s large group PPO/EPO products. The PPO/EPO products are high-deductible health plans (HDHPs) and non-high deductible health plans (non-HDHPs). Because of the change under the Affordable Care Act and adopted by Vermont Health Connect that groups 51-100 must now purchase through the Exchange starting in 2016, this filing will only apply to groups over 100 employees that will continue to be able to purchase these products, or groups 51-100 that would have grandfathered status and be able to remain in these products. These are all experience rated plans.

The average annual rate change for both types of plans is a *decrease* of 11.1% for 1Q2017 and a *decrease* of 8.9% for 2Q2018. The proposed rate decrease is the same for all the plans except VEHD-02 and VPHD-03 which would decrease by 9.0% and 5.1%, respectively, in 1Q 2017. These plans would decrease by 6.8% and 2.8% in 2Q 2017, respectively. These rate changes include both medical and Rx components. Please see the table below.

Plan Name	1Q 2017 Annual Rate Change	2Q 2017 Annual Rate Change
VEHD-02L	-9.0%	-6.8%
VPHD-03L	-5.1%	-2.8%
All Other Plans	-11.7%	-9.5%
Total	-11.1%	-8.9%

This filing will affect 2,179 members.

L&E recommends that the rates be approved as filed. The following is a summary of L&E’s findings.

Rate Development: L&E did not recommend any changes to the proposed methodology for this filing.

Age/Gender Factor Changes: L&E found MVPHIC's factors to be reasonable and appropriate.

Medical Trend: L&E found the development of medical trend using negotiated unit cost change with providers and GMCB approved hospital budget rate changes to be reasonable and appropriate and agreed that a 0% utilization trend was reasonable.

Rx Trend: MVPHIC used Vermont specific trend factors for the first time because there is now enough Vermont specific credible data from our PBM, CVS Caremark. L&E had recommended this approach previously. L&E agreed with MVPHIC's use of the best level estimates, rather than low or high. This is because in recent years actual MVP drug trends have exceeded the high estimates. L&E found this to be reasonable and appropriate.

Administrative Expenses: L&E agreed with MVPHIC's use of 9.7% general administrative load, even though it is higher than in previous filings. This is because on a percentage basis it is consistent with the decrease in revenue. And, of note, L&E recommended that the Board NOT reduce contribution to reserves from the 2% requested in the filing. This is due to the small size of the block and to protect MVPHIC from inherent volatility. They found that the estimated federal fees were reasonable and appropriate. Overall, they found the administrative expenses to be reasonable and appropriate.

Conclusion

MVPHIC asks the Board to approve the filing as recommended by L&E. L&E opined that "the filing does not produce rates that are excessive, inadequate, or unfairly discriminatory" (L&E Actuarial Analysis, October 7, 2016, page 7). Any modifications made by the Board would not be supported by anything in the record, nor have any actuarial support.

s/ Susan Gretkowski
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October 24, 2016

Certificate of Service

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Judy Henkin, General Counsel to the Green Mountain Care Board, and Lila Richardson and Kaili Kuiper, counsel of record for the Office of the Health Care Advocate, by electronic mail this 24th day of October, 2016.

s/ Susan Gretkowski

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