

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company First)	Docket #:
And Second Quarter 2018 Large Group)	GMCB-11-17rr
EPO/PPO Rate Filing)	

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 an increase of 5.8% for 1Q2018 over 1Q2017 rates, and an increase of 4.7% for 2Q2018 over 2Q2017 rates. This filing will affect 11848 members who renew in either 1Q or 2Q 2018. The vast majority of members in these plans renew in the first quarter of any year.

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 and finds MVPHIC’s methodology reasonable. See L&E Actuarial Analysis Report, October 9, 2017, at 4.

Age/Gender Factor Changes: L&E found MVPHIC’s factors to be reasonable and appropriate. See L&E Report at 4.

Medical Trend: L&E found the development of medical trend using negotiated unit cost change with providers to be reasonable and appropriate and agreed that a 0.6% utilization trend was reasonable. See L&E Report at 5.

Rx Trend: MVPHIC used Vermont specific trend factors again provided by MVPHIC's PBM, CVS/Caremark. The projected annual Rx trend is 13.1%. L&E found this to be reasonable and appropriate. See L&E Report at 5.

Administrative Expenses: L&E agreed with MVPHIC's use of 9.7% general administrative load, which is the same as that used in the previous filing. MVPHIC is anticipating that enrollment in 2017 will be materially lower than in prior years and this decrease in enrollment leads to higher administrative expenses on a pmpm basis because some costs are fixed. Of note, L&E did not recommend that the Board reduce contribution to reserves from the 2% requested in the filing, but to consider the Department of Financial Regulation recommendation. And, L&E found the rate adjustment for the return of the federal Health Insurer Fee of 0.3% to be reasonable and appropriate. Overall, they found the administrative expenses to be reasonable and appropriate. See L&E Report at 5-6.

GMCB Standard of Review

The Board is required to review health insurance rate filings to ensure that rates are affordable, are not "excessive, inadequate, or unfairly discriminatory," promote quality care and access to health care, protect insurer solvency, and are not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(2), (3); GMCB Rule (Rule) 2.000, Rate Review, §§ 2.301(b), 2.401. As part of this rate filing, MVPHIC submitted a thorough actuarial analysis with supporting documentation to justify its proposed rates. The Board had its own actuarial expert, L&E, review MVPHIC's analysis. As a result of this analysis, L&E determined that the 1Q and 2Q 2018 proposed rates do not produce rates that are "excessive, inadequate or unfairly discriminatory". See L&E Report at 7.

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". See L&E Report at 7. Any modifications made by the Board would not be supported by anything in the record, nor have any actuarial support. Further modifications to the filing should not be made.

s/ Susan Gretkowski
Susan Gretkowski, Esq.
MVP Health Care
62 Merchant Row
Williston, VT 05495
802-264-6532 (office)
802-505-5058 (cell)
sgretkowski@mvphealthcare.com

October 23, 2017

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 Kaili Kuiper, counsel for the Office of the Health Care Advocate, and Eric Schulthesis, Policy Analyst, by electronic mail this 23rd day of October, 2017.

s/ Susan Gretkowski

Susan Gretkowski, Esq.

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