

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: BCBSVT 2017 Vermont Health Connect)
Rate Filing) GMCB-08-17-rr
)
)

HCA EXPERT WITNESS DISCLOSURE

The Office of the Health Care Advocate (HCA) presents the following information on the qualifications and compensation of Peter Horman of Horman Mathematical & Actuarial Solutions, our expert witness in the above captioned case:

Peter Horman's attached Curriculum Vitae supplies his qualifications as an expert witness, including publications he authored in the last ten years and each instance where he has provided expert opinion and testimony in the past four years.

The source of Peter Horman's expert compensation for review, opinion, and testimony on the current filing is the HCA's contracts with the Vermont Agency of Administration (for bills incurred July 1, 2016-June 30, 2017) and the Vermont Agency of Human Services (for bills incurred July 1, 2017-June 30, 2018).

The amount of compensation for the expert, Peter Horman, is \$325 per hour. Mr. Horman works with an actuarial assistant whose work is billed at \$125 per hour, and a peer reviewer whose work is billed at \$250 per hour. As of the date of this disclosure, Horman Mathematical & Actuarial Solutions has billed the HCA \$19,737.50 for its work on GMCB 08-17rr.

Dated at Montpelier, Vermont this 6th day of July, 2017.

/s/ Kaili Kuiper
Kaili Kuiper
Office of the Health Care Advocate
7 Court Street
P.O. Box 606
Montpelier, Vt. 05601
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CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Expert Witness Qualifications and Compensation Disclosure on Judith Henkin, General Counsel to the Green Mountain Care Board, Noel Hudson, Health Policy Director of the Green Mountain Care Board, and Jacqueline Hughes, representative of Blue Cross Blue Shield of Vermont, by electronic mail, return receipt requested, this 6th day of July, 2017.

/s/ Kaili Kuiper

Kaili Kuiper
Office of the Health Care Advocate

Peter J. Horman, FSA MAAA
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Summary

Peter Horman has close to 20 years of experience in the actuarial and healthcare field with both insurers and provider groups as well as an MS degree in Mathematics from Colorado State University. Peter has expertise in actuarial rate development, including having led development of exchange rate filings on behalf of health insurers while acting as Chief Actuary each year since the inception of the Affordable Care Act (ACA).

In 2015, Peter started Horman Mathematical and Actuarial Solutions, Inc. (HMA Solutions). HMA Solutions is a consulting firm committed to applying complex mathematical, actuarial, and data techniques to solve problems in the healthcare industry. Prior to founding HMA Solutions, Peter was the Chief Actuary of Neighborhood Health Plan, a Partners affiliate, where he was responsible for leading the company through the financial challenges of the ACA transition. At Neighborhood Health Plan, Peter led all actuarial and underwriting functions, including financial forecasting, risk based capital planning, and design of provider risk contracts.

Peter has been active in the Massachusetts health insurance market since 2004 when he started at Harvard Pilgrim Health Care (HPHC). As one of the initial members of the post-receivership HPHC actuarial staff, Peter helped build new actuarial systems, data reporting systems, and the actuarial team. His final role at HPHC was as Corporate Actuary in which he was responsible for provider-facing roles, financial forecasting, and HPHC's Medicare lines of business. Prior to his work with HPHC Peter worked for CIGNA and Milliman, and very early in his career he spent six years in a hospital setting.

Experience

Horman Mathematical & Actuarial Solutions, Needham MA June 2015 to Present
Owner & Consulting Chief Actuary

- Owner and founder of actuarial consulting firm focused on practical and sustainable solutions for some of the healthcare industry's most complex problems
- Developed a unique market solution to help ACOs understand potential adverse results of their risk contracts and satisfy a new Massachusetts law requiring risk-bearing provider organizations to perform financial simulations of reserve adequacy
- Developed ACA risk transfer model to assist large insurer in understanding and forecasting federal risk transfer models
- As consulting interim Chief Actuary for Neighborhood Health Plan, led core actuarial functions including rating, reserving, financial forecasting, and acted on clients' behalf in external-facing roles with customers, regulators, and provider groups

Neighborhood Health Plan, Boston, MA June 2013 to May 2015
Chief Actuary (stayed on as Interim Chief Actuary on consulting basis Jun 15 to Oct 16)

- Chief Actuary of regional provider-owned health plan with close to \$2 billion of annual premium revenue in Medicaid and Commercial business lines
- Developed financial, cash, and capital planning through ACA growth transition
- Built Actuarial and Underwriting functional processes including rating, reserving, forecasting, trend, underwriting, and analytic reporting capabilities

- Demonstrated ability to hire, develop, and retain top actuarial and analytical talent
- Appointed Actuary for signing NAIC annual statements
- Developed communications and exhibits to explain complex actuarial principles to senior management, board of directors, and corporate parent
- Developed new and innovative provider payment models to help lead NHP in its transition to risk contracts

Harvard Pilgrim Health Care, Wellesley, MA

August 2004 to May 2013

Corporate Actuary

July 2010 to May 2013

- Directed staff of 11 actuaries/professionals and managed a \$2 million annual department budget
- Led rebuild of trend forecast process to improve responsiveness, reflect clinical insight, improve accuracy, and meet regulatory requirements
- Forecasted medical cost trend used in setting approximately \$3 billion of revenue in HPHC's commercial rating segments across 3 states
- Managed \$100 million block of individual and group supplemental Medicare coverage
- Key executive lead in launch of Medicare Advantage product, including network development, product design, and financial projections
- Qualified actuary responsible for development of claims and premium reserves
- Implemented new actuarial team responsible for corporate forecasting and monitoring responsibilities including supporting senior management in expense, growth, and profit planning
- Responsible for provider education and development of risk contracts

Actuarial Pricing & Modeling Manager

Sept 2007 to July 2010

- Managed team of four professionals, responsible for supporting rating area in product pricing and rating strategies
- Actively involved in corporate IT strategy including product data management system and new enterprise data warehouse integration
- Led initial product strategy for tiered and limited network plan designs

Actuarial Associate/Analyst

August 2004 to August 2007

- Built actuarial cost and utilization reporting application which became the foundation of plan pricing, trend development, Medicare pricing, and rate development

Colorado State University, Fort Collins, CO

Fall 2003 & Spring 2004

Mathematics Instructor & Tutor

- Independently taught a Matrices and Linear Equations course which included relevant pricing topics such as regression and Markov Chains

Milliman USA Denver Health, Denver, CO

March 2001 to August 2003

Actuarial Assistant

- Supported clients with actuarial rating, reserving, and trends analysis for government bids and new products
- Team member in building of large commercial carrier rating and pricing system
- Team member in developing Medical Underwriting guidelines which were one of the earliest forms of risk adjustment
- Responsible for understanding and analyzing Medicare and other provider fee schedules

CIGNA, Hartford, CT

June 1999 to February 2001

Consulting Actuary, Actuarial Development Program

- Employee benefits consultant and actuarial data analyst supporting actuaries and clients in pension and retiree medical plans
- Member of system conversion team which converted a legacy pension system to a more modern system designed to support web-enabled access

Education & Memberships

Colorado State University, M.S. Mathematics 2004

Thesis: Monte Carlo Integration-Convergence, Computing, & Improving

University of Connecticut, B.S. Actuarial Science 1999

Honors: 1999 New England Scholar and graduated cum laude

Fellow of the Society of Actuaries since 2008

Member of the American Academy of Actuaries since 2006

AHIP Executive Leader (Completed June 2013)

Publications

SOA Health Watch:

Articles can be found at <https://www.soa.org/sections/health/health-newsletter/>

May 2015, Issue 78, pg. 1: "A Modern Approach to Traditional Reserving"

May 2009, Issue 61, pg. 6: "Design and Pricing of Tiered Network Health Plans"*

**Previously Included on Society of Actuaries exam syllabus*

Presentations

- Society of Actuaries, Health Meeting, June 2015, "Technical Approaches to ACO Risk"
- Society of Actuaries, Health Meeting, June 2015, "Revisiting Actuarial Opinions" (repeated in August 2015 at Society of Actuaries Valuation Symposium)
- Society of Actuaries, Health Meeting, June 2011, "Provider Network Strategy"

Recent Participation in Public Rate Hearings

Jan 11, 2016 Massachusetts Rate Hearing: Participated as the Chief Actuary on behalf of Neighborhood Health Plan. Testified before the Massachusetts Division of Insurance. The link below is to the hearing notice and proposed schedule.

- <http://www.mass.gov/ocabr/docs/doi/healthcare-2016-informational-hearing.pdf>

Sept 24, 2012 Public Hearing Concerning Premium Rates In Health Insurance

Market: Participated as the Corporate Actuary on behalf of Harvard Pilgrim. Testified before the New Hampshire Insurance Department. The hearing was focused on items driving premium rate increases. The link below is to a transcript of the hearing.

- https://www.nh.gov/insurance/consumers/documents/2012_rate_hearing.pdf