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April 30, 2018

Eric Bachner
MVP Health Insurance Company
625 State Street
Schenectady, NY 12305

Re: MVP Health Plan, Inc.
2018 3Q/4Q Large Group HMO Rate Filing
SERFF Tracking #: MVPH-131435335
Objection #3

Dear Mr. Bachner:

The following additional information is required for this filing.

1. Your prior response indicated that the change in the Target Loss Ratio for 3Q 2018 is -4.2%. Please provide additional support on what is driving this change.
2. The actuarial memorandum references a utilization trend study performed on combined MVPHIC/MVPHIP data, which may be distorted by the membership growth in other blocks. Please provide a summary of the results of that study.

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

To ensure that the review of your filing is completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than May 4th, 2018.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Ruggeberg', written over a horizontal line.

Kevin Ruggeberg, ASA, MAAA
Associate Actuary
Lewis & Ellis, Inc.
KRuggeberg@LewisEllis.com
(972)-850-0850



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphhealthcare.com

May 4, 2018

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

Re: 3Q/4Q 2018 Vermont Large Group HMO Rate Filing
SERFF Tracking #: MVPH-131435335

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 04/30/18 regarding the above mentioned rate filing. The response to your question is provided below.

1. Your prior response indicated that the change in the Target Loss Ratio for 3Q 2018 is -4.2%. Please provide additional support on what is driving this change.

Response: Note that while MVP did file products on MVPHP in 2Q 2018, all manual rate and revenue changes are assuming that groups would be on MVPHIC in 2Q 2018 and MVPHP in 3Q 2018. While this is not a possible combination from a quarterly perspective, this was done so we could measure the actual annual change to revenue for a group who purchased products on MVPHIC in 3Q 2017 and would be renewing in 3Q 2018.

The target loss ratio on MVPHIC in 2Q 2018 was 81.2% while the target loss ratio on MVPHP in 3Q 2018 was 84.8%. This was driven by two changes: state of Vermont premium tax and federal 9010 ACA insurer tax.

Because MVPHP does not have to pay state premium tax in Vermont, the 2.0% of premium assumed on MVPHIC in 2Q 2018 is reduced to 0.0% in this filing.

The federal ACA insurer tax assumption on MVPHIC in 2Q 2018 was 2.0% of premium. At the time of that filing, it was still assumed to be in place for 2019 coverage dates, so a full 2.0% was reflected. The assumption on MVPHP in 3Q 2018 is 0.4% and the reasons for the change are twofold: MVPHP assumed a reduced liability for 2018 coverage dates to 1.0% of premium (since a portion of the premium on non-profit companies is excluded from the tax formula) and the suspension of the tax for 2019 coverage dates.

The formula for calculating the revenue change associated with a change in the target loss ratio is $\left[\frac{\text{Claim Cost}}{\text{New TLR}} \right] / \left[\frac{\text{Claim Cost}}{\text{Old TLR}} \right]$. This simplifies to $\left[\frac{\text{Old TLR}}{\text{New TLR}} \right]$, and 84.8% divided by 81.2% is equal to 0.95754, or a reduction of -4.2%.



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2. *The actuarial memorandum references a utilization trend study performed on combined MVPHIC/MVPHP data, which may be distorted by the membership growth in other blocks. Please provide a summary of the results of that study.*

Response: Please see the attached document which provides historical utilization data (normalized for age/gender changes) for all of MVP's Vermont data from January 2015 to November 2017 (paid through and completed with IBNR as of January 2018). There are separate tabs for MVP's HIC (non-Exchange) data and HP (Exchange) data as well as a combined tab.

Based on the R-squared values of the best fit lines on the MVPHIC tab, the MVPHIC data alone does not hold predictive value to the level MVP desires. This led MVP to look at the combined data for all Vermont members. As you can see on the MVPHIC tab, however, MVP's non-Exchange membership has dwindled from about 8,500 members in 2015 to under 4,000 at the end of 2017. Simultaneously, the membership on MVPHP gone from under 6,000 to over 11,500 in the same time period. MVPHIC's portion of the total Vermont membership went from 57.9% in January 2015 to just 23.9% as of November 2017.

While MVP did attempt to normalize the data for age/gender differences, there are still large decreases in the MVPHP utilization over the time period. This is likely due to MVP's changing risk position relative to the market over time. MVPHP has increasingly paid into the federal risk adjustment program which is not reflected in the utilization data. Therefore, using MVPHP data to derive a utilization trend would reflect changes in the risk profile of the membership over time and not the underlying utilization patterns of the entire population.

If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Bachner".

Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care

Raw Utilization Data					
Month	IP	OP	PHY	Member Months	A/G Normalized MM
201501	83.0	1310.0	6396.0	14,116	15,371
201502	65.0	1325.0	5724.0	14,058	15,288
201503	56.0	1441.0	6819.0	13,934	15,179
201504	34.0	1268.0	6387.0	13,743	15,023
201505	40.0	1184.0	5988.0	13,642	14,921
201506	52.0	1165.0	6308.0	13,365	14,646
201507	62.0	1228.0	6187.0	13,335	14,630
201508	58.0	1274.0	5627.0	13,275	14,557
201509	69.0	1269.0	6157.0	13,151	14,433
201510	55.0	1336.0	6253.0	13,067	14,352
201511	50.0	1286.0	5395.0	12,610	13,839
201512	43.0	1352.0	5766.0	12,498	13,745
201601	30.0	988.0	4877.0	11,349	12,529
201602	47.0	1016.0	5110.0	11,440	12,629
201603	33.0	1184.0	5816.0	11,831	13,060
201604	47.0	1170.0	5331.1	11,787	13,060
201605	57.0	1174.0	5484.2	11,894	13,196
201606	49.0	1197.1	5573.4	12,060	13,397
201607	56.0	1224.2	4896.6	12,148	13,500
201608	61.0	1417.5	5671.0	12,148	13,532
201609	35.0	1199.6	5295.5	12,247	13,673
201610	50.1	1179.9	5505.5	12,228	13,697
201611	58.1	1181.2	5628.0	12,287	13,795
201612	46.2	1168.9	5372.2	11,886	13,381
201701	61.3	1366.2	6606.6	13,834	15,339
201702	37.2	1223.1	5679.0	14,380	15,894
201703	58.4	1422.4	7079.9	15,309	16,839
201704	46.4	1389.7	6502.6	15,380	16,944
201705	58.8	1455.3	7328.7	15,095	16,692
201706	71.2	1403.9	6817.9	14,988	16,586
201707	48.1	1198.7	6084.2	15,179	16,809
201708	48.9	1366.7	6985.3	15,290	16,921
201709	36.7	1464.3	6680.1	15,323	17,011
201710	36.7	1697.0	7523.6	15,375	17,087
201711	80.1	1660.7	7512.8	15,273	17,029

Utilization/1000 Member Months				Normalized Age Factor	Age/Gender Normalized Util/1000		
Rolling 12 End Date	IP	OP	PHY		IP	OP	PHY
201512	49.8	1152.1	5448.5	1.000	49.8	1152.1	5448.5
201601	46.6	1147.9	5428.5	1.001	46.6	1146.6	5422.7
201602	46.0	1143.3	5472.6	1.002	45.9	1140.7	5460.0
201603	44.9	1138.9	5469.1	1.003	44.7	1135.0	5450.5
201604	46.5	1145.8	5456.1	1.005	46.3	1140.7	5431.4
201605	48.4	1158.4	5479.4	1.006	48.1	1151.8	5448.1
201606	48.6	1171.2	5468.2	1.007	48.2	1163.2	5430.8
201607	48.5	1180.4	5407.1	1.008	48.1	1171.0	5364.1
201608	49.1	1201.3	5452.4	1.009	48.6	1190.1	5401.8
201609	46.6	1203.0	5415.2	1.011	46.1	1190.1	5356.9
201610	46.4	1197.0	5384.5	1.013	45.9	1182.1	5317.5
201611	47.2	1191.0	5416.0	1.015	46.5	1173.9	5338.1
201612	47.7	1180.7	5406.1	1.017	46.9	1161.5	5317.9
201701	49.4	1191.7	5456.4	1.017	48.6	1172.0	5365.8
201702	47.7	1184.9	5394.4	1.017	46.9	1165.3	5305.1
201703	48.6	1157.6	5370.8	1.016	47.8	1157.6	5284.7
201704	47.4	1166.4	5337.2	1.016	46.7	1148.4	5255.0
201705	46.6	1164.1	5368.9	1.015	45.9	1146.6	5288.1
201706	47.4	1158.4	5364.1	1.015	46.7	1141.4	5285.2
201707	46.0	1135.3	5351.9	1.015	45.3	1119.0	5274.9
201708	44.2	1110.4	5345.7	1.014	43.6	1095.1	5271.6
201709	43.6	1109.0	5346.7	1.014	43.0	1094.1	5274.7
201710	41.9	1124.6	5389.1	1.013	41.3	1110.1	5319.3
201711	42.6	1138.1	5425.9	1.013	42.1	1123.8	5357.7

	IP	OP	PHY
Value of Best Fit Line, Experience Period	45.2	1142.0	5294.6
Value of Best Fit Line, Rating Period	44.4	1137.0	5251.8
Total Utilization Trend	0.983	0.996	0.992
Annualized Utilization Trend	0.990	0.997	0.995

Raw Utilization Data				A/G	
Month	IP	OP	PHY	Member Months	Normalized MM
201501	52.0	768.0	3648.0	8,169	8,675
201502	42.0	807.0	3305.0	8,136	8,628
201503	31.0	878.0	3961.0	8,091	8,587
201504	20.0	765.0	3709.0	8,037	8,543
201505	23.0	671.0	3576.0	8,064	8,556
201506	30.0	645.0	3620.0	7,874	8,363
201507	34.0	693.0	3568.0	7,880	8,366
201508	36.0	735.0	3321.0	7,869	8,341
201509	43.0	734.0	3582.0	7,786	8,250
201510	26.0	787.0	3641.0	7,772	8,241
201511	30.0	795.0	3104.0	7,369	7,776
201512	25.0	747.0	3265.0	7,275	7,677
201601	15.0	485.0	2364.0	5,532	5,845
201602	11.0	510.0	2413.0	5,442	5,751
201603	16.0	546.0	2650.0	5,340	5,668
201604	21.0	534.0	2384.0	5,117	5,461
201605	29.0	461.0	2461.1	5,016	5,354
201606	22.0	461.0	2327.2	5,027	5,374
201607	18.0	413.1	1988.2	5,042	5,393
201608	26.0	527.2	2363.4	5,014	5,374
201609	15.0	451.2	2213.6	5,045	5,411
201610	16.0	458.4	2405.1	5,021	5,392
201611	25.1	421.4	2411.7	5,043	5,427
201612	13.0	397.7	2055.0	4,427	4,710
201701	19.1	385.9	1949.8	4,065	4,272
201702	4.0	334.1	1622.7	4,087	4,291
201703	24.2	314.4	1998.7	4,064	4,267
201704	9.1	367.3	1800.5	4,060	4,269
201705	24.3	372.1	2016.6	3,704	3,924
201706	34.6	361.1	1758.7	3,552	3,771
201707	11.3	276.3	1492.2	3,588	3,826
201708	15.6	347.8	1777.1	3,590	3,836
201709	8.6	380.3	1681.9	3,599	3,843
201710	12.6	419.5	1897.7	3,628	3,880
201711	28.1	365.9	1873.1	3,652	3,918

Utilization/1000 Member Months			
Rolling 12 End Date	IP	OP	PHY
201512	49.9	1148.2	5381.6
201601	46.5	1144.2	5368.3
201602	43.7	1138.8	5410.5
201603	43.0	1128.9	5400.7
201604	44.6	1135.2	5399.1
201605	47.2	1146.9	5437.5
201606	47.7	1160.6	5437.1
201607	47.0	1159.7	5389.8
201608	47.2	1171.1	5444.1
201609	44.2	1168.4	5422.4
201610	44.2	1157.4	5423.7
201611	44.9	1129.4	5491.1
201612	44.6	1113.4	5509.4
201701	46.6	1120.9	5561.6
201702	46.2	1110.7	5528.2
201703	49.0	1086.8	5514.8
201704	47.3	1071.6	5493.8
201705	47.4	1077.8	5528.1
201706	51.6	1085.1	5553.2
201707	51.5	1083.9	5594.3
201708	50.5	1071.8	5612.8
201709	50.4	1086.1	5648.4
201710	51.0	1108.2	5685.9
201711	53.3	1127.2	5717.3

Age/Gender Normalized Util/1000			
Normalized Age Factor	IP	OP	PHY
1.000	49.9	1148.2	5381.6
1.000	46.5	1144.6	5370.2
0.999	43.7	1139.4	5413.7
0.999	43.0	1129.6	5404.1
1.000	44.7	1135.8	5401.8
1.000	47.2	1147.1	5438.4
1.000	47.7	1160.3	5436.1
1.001	46.9	1158.9	5386.3
1.001	47.1	1169.4	5436.2
1.002	44.1	1165.6	5409.2
1.003	44.1	1153.4	5404.8
1.005	44.7	1123.4	5461.8
1.006	44.4	1106.3	5474.2
1.006	46.3	1113.9	5526.8
1.006	45.9	1104.0	5494.8
1.005	48.7	1081.0	5485.1
1.004	47.1	1067.0	5470.3
1.004	47.3	1073.8	5507.5
1.003	51.4	1081.7	5535.7
1.003	51.3	1080.9	5578.7
1.002	50.3	1069.3	5599.6
1.002	50.3	1084.2	5638.5
1.001	51.0	1107.0	5679.6
1.000	53.3	1126.7	5714.8

	IP	OP	PHY
Value of Best Fit Line, Experience Period	48.6	1098.4	5559.8
Value of Best Fit Line, Rating Period	49.4	1082.9	5614.4
Total Utilization Trend	1.018	0.986	1.010
Annualized Utilization Trend	1.011	0.991	1.006

Month	Raw Utilization Data			A/G	
	IP	OP	PHY	Member Months	Normalized MM
201501	31.0	542.0	2748.0	5,947	6,695
201502	23.0	518.0	2419.0	5,922	6,660
201503	25.0	563.0	2858.0	5,843	6,591
201504	14.0	503.0	2678.0	5,706	6,480
201505	17.0	513.0	2412.0	5,578	6,365
201506	22.0	520.0	2688.0	5,491	6,284
201507	28.0	535.0	2619.0	5,455	6,264
201508	22.0	539.0	2306.0	5,406	6,216
201509	26.0	535.0	2575.0	5,365	6,183
201510	29.0	549.0	2612.0	5,295	6,111
201511	20.0	491.0	2291.0	5,241	6,064
201512	18.0	605.0	2501.0	5,223	6,068
201601	15.0	503.0	2513.0	5,817	6,684
201602	36.0	506.0	2697.0	5,998	6,878
201603	17.0	638.0	3166.0	6,491	7,392
201604	26.0	636.0	2947.1	6,670	7,598
201605	28.0	713.0	3023.1	6,878	7,842
201606	27.0	736.1	3246.2	7,033	8,023
201607	38.0	811.2	2908.3	7,106	8,107
201608	35.0	890.3	3307.6	7,134	8,158
201609	20.0	748.4	3081.9	7,202	8,262
201610	34.1	721.6	3100.4	7,207	8,305
201611	33.1	759.8	3216.3	7,244	8,367
201612	33.1	771.3	3317.2	7,459	8,671
201701	42.2	980.3	4656.7	9,769	11,067
201702	33.2	889.0	4056.3	10,293	11,603
201703	34.2	1108.0	5081.1	11,245	12,572
201704	37.3	1022.4	4702.2	11,320	12,675
201705	34.4	1083.1	5312.1	11,391	12,768
201706	36.6	1042.8	5059.2	11,436	12,815
201707	36.9	922.4	4591.9	11,591	12,983
201708	33.3	1018.9	5208.2	11,700	13,085
201709	28.1	1084.0	4998.2	11,724	13,168
201710	24.1	1277.5	5625.9	11,747	13,207
201711	52.1	1294.8	5639.7	11,621	13,111

Rolling 12 End Date	Utilization/1000 Member Months		
	IP	OP	PHY
201512	49.6	1157.7	5543.4
201601	46.8	1152.9	5511.8
201602	49.1	1149.4	5555.7
201603	47.2	1151.8	5557.2
201604	48.7	1158.9	5525.9
201605	49.7	1171.8	5528.0
201606	49.4	1182.9	5502.3
201607	50.0	1201.6	5424.9
201608	50.9	1230.5	5460.5
201609	48.7	1234.4	5408.6
201610	48.3	1230.7	5351.2
201611	49.1	1240.2	5356.0
201612	49.9	1230.7	5329.5
201701	51.4	1240.8	5383.6
201702	48.6	1232.6	5308.3
201703	48.4	1230.3	5284.6
201704	47.5	1219.5	5249.5
201705	46.2	1209.3	5285.6
201706	45.4	1194.2	5271.7
201707	43.4	1158.7	5241.3
201708	41.6	1126.9	5231.8
201709	40.8	1118.2	5226.4
201710	38.4	1130.8	5278.2
201711	38.9	1142.0	5323.7

Normalized Age Factor	Age/Gender Normalized Util/1000		
	IP	OP	PHY
1.000	49.6	1157.7	5543.4
1.002	46.8	1150.9	5501.9
1.004	49.0	1145.4	5536.2
1.004	47.0	1146.9	5533.5
1.004	48.5	1153.8	5501.5
1.004	49.5	1166.8	5504.7
1.004	49.3	1178.3	5481.1
1.003	49.8	1197.8	5407.4
1.003	50.8	1227.1	5445.4
1.002	48.6	1231.4	5395.4
1.002	48.2	1227.6	5337.9
1.003	48.9	1237.0	5342.2
1.003	49.8	1227.0	5313.5
1.002	51.4	1238.9	5375.4
1.000	48.6	1233.1	5310.1
0.997	48.5	1233.6	5298.7
0.995	47.7	1225.2	5273.9
0.994	46.5	1217.1	5319.6
0.992	45.7	1203.9	5314.6
0.990	43.9	1170.0	5292.6
0.989	42.1	1140.0	5292.5
0.987	41.4	1132.8	5294.9
0.986	39.0	1147.3	5355.6
0.984	39.5	1160.2	5408.7

	IP	OP	PHY
Value of Best Fit Line, Experience Period	45.3	1201.9	5309.6
Value of Best Fit Line, Rating Period	44.1	1210.8	5250.0
Total Utilization Trend	0.972	1.007	0.989
Annualized Utilization Trend	0.983	1.004	0.993