

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Plan's 3Q and 4Q 2018) Docket #:
Grandfathered Small Group HMO Rate Filing) GMCB-05-18rr

MVP Health Care's Memorandum in Lieu of Hearing

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

This filing is for MVP's "grandfathered" small group HMO line of business, which are high deductible health plans (HDHP). Note that MVP previously filed these products under MVP Health Insurance Company. MVP has moved these products to MVP Health Plan effective upon renewal starting July 1, 2018. The filing contains the monthly premiums that MVP proposes to charge small group members who renew coverage during 3Q2018 and 4Q2018. MVP is proposing to increase rates for its grandfathered small group HMO members renewing in 3Q2018 by 2.1% over the approved 3Q2017 rates and 4Q2018 rates by 0.9% over 4Q2017 rates.

This filing is expected to cover approximately 120 members renewing in 3Q2018, and 144 members renewing in 4Q2018. The vast majority of members in these plans renew in 1Q of any year. These are members who are in grandfathered plans, as defined by the Affordable Care Act, and have chosen to continue in their current plans and not move to Exchange plans. This is a closed book of business so membership numbers will dwindle over time.

L&E recommends approval of the rates as filed. The following is a summary of L&E's findings.

Rate development methodology: L&E agreed with the single conversion factor and age factor and found them to be reasonable and reflect real, observed population changes. They found the other adjustments to projected claim costs that include benefit

mandates, taxes and other ACA related charges to be reasonable and appropriate. They noted MVP's loss ratio for this market for 2017 was 94.6% which exceeds the federal minimum loss ratio requirement. Projected loss ratios for this filing are 88.4% for traditional loss ratio, and 90.1% for the federal loss ratio.

Medical Trend: Notably, they found that the development of this trend using negotiated unit cost changes with providers and GMCB approved hospital rate changes to be reasonable and appropriate. They that MVP's use of a 0% utilization trend was reasonable and appropriate based on review of information available and a review of historical utilization data. They therefore found this trend assumption to be reasonable and appropriate.

Rx Trend: MVP used Vermont specific trend factors again and accepted its PBM vendor's "best estimate" of allowed Rx trends, rather than considering multiple scenarios of possible outcomes. MVP accepted these assumptions without modification, and L&E found this to be reasonable and appropriate.

Administrative Expenses: L&E noted that MVP's assumed general administrative load of 8.4% is lower than the actual expense of 8.8%. They found this assumption to be reasonable and appropriate. Likewise with assumptions for state and federal taxes and fees. They did not recommend any reduction to contribution to reserves, which MVP set at 2%, and found the elements on the Administrative Expenses were reasonable and appropriate in total. Moreover, the Department of Financial Regulation opined that absent a finding of inadequate rates, these rates as filed will likely have the effect of sustaining MVP's current level of solvency.

Conclusion

MVP 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, May 22, 2018, 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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June 7, 2018

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 of record for the Office of the Health Care Advocate, by electronic mail this 7th day of June, 2018.

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