



LEWIS & ELLIS

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August 15, 2018

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

Re: MVP Health Plan, Inc.
2019 Large Group HMO Rate Filing
SERFF Tracking #: MVPH-131604445
Objection #1

Dear Mr. Bachner:

The following additional information is required for this filing.

1. Provide an exhibit quantifying all three sources of the proposed change in revenue (manual rate, age/gender, and target loss ratio) by quarter from 1Q2018 to 4Q2019.
2. Provide quantitative support for the unit cost trends and demonstrate how they reflect the impact of changes to the Vermont Hospital Budgets.
3. Given the quarterly changes in Age Gender Table Normalization provided in previous filings, it seems unlikely that the annual changes for all four quarters in 2019 would be -1.6%. Please provide support for these annual changes.
4. Provide a breakdown of Retention components by quarter from 1Q2018 to 4Q2019.

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 August 22nd, 2018.

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

Sincerely,



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

August 17, 2018

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

Re: 2019 Vermont Large Group HMO Rate Filing
SERFF Tracking #: MVPH-131604445

Dear Mr. Rugeberg:

This letter is in response to your correspondence received 08/15/18 regarding the above mentioned rate filing. The response to your question is provided below.

1. Provide an exhibit quantifying all three sources of the proposed change in revenue (manual rate, age/gender, and target loss ratio) by quarter from 1Q2018 to 4Q2019.

Response: Please see the tab "Question #1" in the attached Excel document for a breakdown of the proposed change in revenue by quarter.

2. Provide quantitative support for the unit cost trends and demonstrate how they reflect the impact of changes to the Vermont Hospital Budgets.

Response: MVP is reflecting the proposed 2019 hospital budgets in the current filing (and assuming that 2020 trend will be equal to these proposed budgets). The quantitative derivation of the facility and physician unit cost trends is confidential and will be provided under separate cover.

3. Given the quarterly changes in Age Gender Table Normalization provided in previous filings, it seems unlikely that the annual changes for all four quarters in 2019 would be -1.6%. Please provide support for these annual changes.

Response: MVP normalizes its age/gender table at the beginning period of each filing and this impact flows through to the annual revenue increase. Because MVP is not normalizing for age/gender during the 3rd quarter of 2019 as it has in previous filings, we agree that the revenue change for 3rd quarter and 4th quarter renewals should only reflect the normalization performed in the 1st quarter of 2019. The table provided in the response to question #1 above reflects this change.

4. Provide a breakdown of Retention components by quarter from 1Q2018 to 4Q2019.

Response: Please see the tab "Question #4" in the attached Excel filing which provides percent of premium and PMPM retention components (or assumptions, for those that vary by group) for 1st quarter 2019 to 4th quarter 2019.

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



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

Sincerely,

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

Eric Bachner, ASA
Leader, Actuarial
MVP Health Care

Derivation of Annual Revenue Change Based on Quarterly Rate Changes

	2Q '18 / 1Q '18	3Q '18 / 2Q '18	4Q '18 / 3Q '18	1Q '19 / 4Q '18	2Q '19 / 1Q '19	3Q '19 / 2Q '19	4Q '19 / 3Q '19	1Q '19 Annual Increase	2Q '19 Annual Increase	3Q '19 Annual Increase	4Q '19 Annual Increase
Manual Rate Change	1.4%	8.3%	1.2%	10.6%	1.5%	1.5%	1.6%	22.9%	23.0%	15.3%	15.8%
Age Gender Table Normalization	0.0%	-1.0%	0.0%	-0.6%	0.0%	0.0%	0.0%	-1.6%	-1.6%	-0.6%	-0.6%
Changes in Target Loss Ratio	0.0%	-5.6%	-0.3%	-0.1%	0.5%	0.1%	0.5%	-6.0%	-5.5%	0.2%	1.0%
Total	1.4%	1.2%	0.8%	9.9%	2.0%	1.6%	2.1%	13.8%	14.4%	14.8%	16.2%

Quarterly Retention Components, 1Q 2018 to 4Q 2019

	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19
General								
Administration	9.7%	9.7%	9.5%	9.5%	8.9%	8.9%	8.9%	8.9%
Broker Load								
(assumed)	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Bad Debt	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
VT Premium Tax	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Contribution to								
Surplus	2.0%	2.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%
VT Vaccine								
Assessment	0.5%	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%
ACA Insurer Tax								
(assumed)	2.0%	2.0%	0.4%	0.1%	0.0%	0.4%	0.5%	0.9%
New York Covered								
Lives Assessment								
(Assumed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Comparative								
Effectiveness								
Research Tax	\$0.21	\$0.21	\$0.21	\$0.21	\$0.00	\$0.00	\$0.00	\$0.00
18 VSA 9374h Billback	\$0.00	\$0.00	\$0.00	\$0.00	\$0.91	\$0.91	\$0.91	\$0.91
Total, % of Premium	18.8%	18.8%	14.0%	13.7%	13.5%	13.9%	14.0%	14.4%
Total, PMPM	\$0.21	\$0.21	\$0.21	\$0.21	\$0.91	\$0.91	\$0.91	\$0.91
Target Loss Ratio	81.2%	81.2%	86.0%	86.3%	86.4%	86.0%	85.9%	85.5%