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June 13, 2018

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

Re: MVP Health Plan, Inc.
2019 Vermont Exchange Rate Filing
SERFF Tracking #: MVPH-131497138
Objection #3

Dear Mr. Bachner:

The following additional information is required for this filing.

Trend

1. In a previous Exchange filing response, MVP stated that the Rx vendor provided “three sets of trend forecasts: a low set of trend factors, an average set of trend factors, and a high set of trend factors.” Were similar sets of trend forecasts provided for this filing? If so, which set was used and how was this determined?
2. Please provide historic PBM forecasts compared to actual Rx trends for 2016-2017.

Non-Benefit Expenses

3. Please provide an explanation for the large bad debt increase (about \$460,000) in 2015 from the actual bad debt provided in the prior filing.
4. MVP has experienced a large increase in membership from the previous filing of about 15,000 (145%). Was this considered in the development of the \$39.80 PMPM administrative expense?

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 June 20th, 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

June 19, 2018

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

Re: 2019 Vermont Exchange Rate Filing
SERFF Tracking #: MVPH-131497138

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 06/13/18 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. In a previous Exchange filing response, MVP stated the Rx vendor provided "three sets of trend of forecasts: a low set of trend factors, an average set of trend factors, and a high set of trend factors." Were similar sets of trend forecasts provided for this filing? If so, which set was used and how was this determined?

Response: MVP was provided multiple trend estimates by a previous pharmacy benefit manager (PBM). The current PBM used by MVP only provides a single point estimate of pharmacy trends. Note that the current PBM uses MVP's VT data to develop trend forecasts while the former PBM used national data to develop their trend forecasts.

2. Please provide historic PBM forecasts compared to actual Rx trends for 2016-2017.

Response: Please see the attached Excel file which provides a comparison of actual to expected trends for 2016/2015 and 2017/2016.

MVP has experienced membership growth in the Exchange block and an increase in the amount paid into the risk adjustment pool on a PMPM basis from 2015 to 2017. This is because MVP has attracted lower morbidity members than were previously enrolled. Because MVP has attracted lower morbidity members, reviewing actual to expected trends for the entire population skews the data. As a result, MVP also provided an alternate version of actual to expected trends to account for these population changes. The alternate version compares actual to expected trends for subscribers that were active as of the previous December. This approach was taken to provide a comparison that is more consistent with the PBM's trend forecast development and eliminates the impact of new members on the actual trend results.

3. Please provide an explanation for the large bad debt increase (about \$460,000) in 2015 from the actual bad debt provided in the prior filing.

Response: Upon discussions with MVP's finance team, it was determined that the previous bad debt information provided was not specific to members within the VT Exchange population and represented an allocation of MVP's bad debt for its commercial block of business. The data provided in our June 4, 2018 letter is specific to MVP's VT Exchange subscribers and represents the amount of unpaid premium for subscribers in this block over the past four years.



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4. MVP has experienced a large increase in membership from the previous filing of about 15,000 (145%). Was this considered in the development of the \$39.80 PMPM administrative expense?

Response: MVP did take into account the large membership increase in VT covered lives in developing the \$39.80 PMPM administrative expense load. When setting premium rates for all of MVP's blocks of business the contribution to administrative expenses is considered collectively across the enterprise to ensure that in total MVP is able to cover the anticipated corporate administrative budget for the coverage year. Projections for membership, fully insured premiums, Administrative Services Only (ASO) administrative fees, anticipated administrative funding for the New York State Medicaid Managed Care program and MVP's administrative cost allocation models were all taken into account to project overall contribution to administrative expenses for 2019 and used to inform pricing assumptions.

MVP has undertaken several projects including ones to modernize aging information technology (IT) infrastructure, improve cybersecurity to better protect members' data, and the insourcing of behavioral health management to better manage care for members with complex comorbidities. MVP believes that the money spent in administrative costs for these programs will be an investment that will pay off both financially and as an increase to member satisfaction for all of MVP's insureds.

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
Leader, Actuarial, Commercial/Government Programs
MVP Health Care

Comparison of Actual to Expected Pharmacy Trends- 2015 to 2017 VT Exchange

2016/2015 Actual to Expected Trends

Drug Class	2015 Allowed PMPM	PBM Trend Projection Using 2015 VT Experience			2016 Expected Allowed PMPM	2016 Actual Allowed PMPM - All Members	2016 Actual Allowed PMPM - Active as of Dec 2015
		Unit Cost	Utilization	Total			
Generic	\$15.22	-11.2%	3.4%	-8.2%	\$13.97	\$15.54	\$16.83
Brand	\$23.22	15.8%	-5.2%	9.8%	\$25.50	\$22.67	\$24.88
Specialty	\$24.55	8.2%	9.5%	18.5%	\$29.09	\$30.56	\$32.50
	\$63.00				\$68.56	\$68.77	\$74.21
					Actual to Expected	0.3%	8.2%

2017/2016 Actual to Expected Trends

Drug Class	2016 Allowed PMPM	PBM Trend Projection Using 2016 VT Experience			2017 Expected Allowed PMPM	2017 Actual Allowed PMPM - All Members	2017 Actual Allowed PMPM - Active as of Dec 2016
		Unit Cost	Utilization	Total			
Generic	\$15.54	-4.1%	2.9%	-1.3%	\$15.34	\$13.98	\$16.66
Brand	\$22.67	13.9%	1.5%	15.6%	\$26.20	\$22.48	\$23.39
Specialty	\$30.56	6.8%	6.7%	14.0%	\$34.84	\$35.48	\$43.89
	\$68.77				\$76.38	\$71.93	\$83.93
					Actual to Expected	-5.8%	9.9%