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June 28, 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 #5

Dear Mr. Bachner:

The Green Mountain Care Board has requested responses to the following set of questions.

1. Describe how the company has worked to mitigate medical cost inflation through the contract negotiation process with providers, whether or not they are included in the GMCB hospital budget review process.

2. (a) Provide a spreadsheet showing the breakdown of administrative expenses by PMPM and by percentage of total administrative expenses for 2017 (actual), 2018 (projected) and 2019 (proposed) across each of the company's books of business. Categories may include, but not be limited to: payroll and benefits, taxes, licenses, fees (including billback, calculated consistent with 2018 legislation), marketing and advertising, auditing and consulting, utilization management, and cost containment. For each category not subject to a standardized definition, provide a brief narrative outlining what is included and a breakdown of the specific cost components.
(b) Note whether each component cost is fixed or variable.
(c) If allocated costs vary across such books of business, describe how the variance is justified.

3. Provide the company's prior authorization policy and describe and quantify its impacts on administrative expenses and members' costs of care and quality of care.

4. Describe how the carrier incentivizes providers, and if applicable its PBM, to recommend generic or non-specialty drug alternatives to high cost specialty drugs, or to suggest behavioral changes instead of pharmaceuticals.

5. Explain and quantify the impacts of the cost shift from Medicare, and from Medicaid, on the rates paid by purchasers of plans in this filing. Is the cost shift consistent across all books of business?

6. Explain how the company reconciles risk adjustment payments when the final payment allocation becomes known. If a risk adjustment assumption proves incorrect, what was the effect on (a) the filing containing the incorrect assumption, and (b) future filings?

7. Last year, the company indicated that the CSR defunding in 2017 and 2018 would have a significant rate impact. Explain the rate impact in the 2019 filing.

8. Provide the number of enrollees by metal level and by CSR level (% of FPL), who are projected to migrate to the Reflective Silver plan or to another metal level (with a breakdown of the migration numbers), due to the elimination of CSRs. (This information can be submitted in a format comparable to that provided during the QHP plan review process and to the legislature.)

9. Describe the company's contingency plan for the possibility that the Cost Sharing Reduction program could be funded by Congress or the federal Administration during the 2019 plan year.

10. Describe your outreach and customer service plans to educate Vermonters who may be affected by the loss of funding for cost-sharing reductions.

11. Discuss the following relating to changes in federal and state law:
    (a) Explain whether and how the Vermont legislature's passage of a state individual mandate, effective in 2020, coupled with an outreach effort in the interim to minimize the number of Vermonters who may drop coverage, alters the filing's proposed rate increase due to the elimination of the federal individual mandate. Provide copies of any testimony or information you provided to the legislature in 2018 on this subject.
    (b) Describe your outreach and customer service plans to educate Vermonters on maintaining continuous coverage or enrolling in coverage.

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 July 6th, 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.
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July 6, 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 06/28/18 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. Describe how the company has worked to mitigate medical cost inflation through the contract negotiation process with providers, whether or not they are included in the GMCB hospital budget review process.

Response: MVP considers many factors when providers request rate increases to their agreements, including the current market trends in the region, GMCB approved increases, competitive comparisons of rates across similar providers in our network and the impact of unit cost trend on pricing of our products. Using detailed analytics from MVP's informatics team, MVP negotiators successfully craft reimbursement arrangements that control medical cost trend to the low single digits, thereby supporting the delivery of high quality, cost effective health care services to Vermont residents year over year.

2. (a) Provide a spreadsheet showing the breakdown of administrative expenses by PMPM and by percentage of total administrative expenses for 2017 (actual), 2018 (projected) and 2019 (proposed) across each of the company's books of business. Categories may include, but not be limited to: payroll and benefits, taxes, licenses, fees (including billback, calculated consistent with 2018 legislation), marketing and advertising, auditing and consulting, utilization management, and cost containment. For each category not subject to a standardized definition, provide a brief narrative outlining what is included and a breakdown of the specific cost components.
(b) Note whether each component cost is fixed or variable.
(c) If allocated costs vary across such books of business, describe how the variance is justified.

Response: This response is confidential and will be provided under separate cover.

3. Provide the company's prior authorization policy and describe and quantify its impacts on administrative expenses and members' costs of care and quality of care.

Response: This response is confidential and will be provided under separate cover.

4. Describe how the carrier incentivizes providers, and if applicable its PBM, to recommend generic or non-specialty drug alternatives to high cost specialty drugs, or to suggest behavioral changes instead of pharmaceuticals.

Response: MVP does not directly incent providers to prescribe generics or non-specialty alternatives to specialty drugs.

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5. Explain and quantify the impacts of the cost shift from Medicare, and from Medicaid, on the rates paid by purchasers of plans in this filing. Is the cost shift consistent across all books of business?

Response: It is a known industry issue that contract negotiations for commercial fee schedules are impacted by the highly regulated Medicare and Medicaid reimbursement methodologies. Providers have more leverage in the commercial negotiations to push for fee increases and use the commercial negotiations to make up for lack of adequate increases on their Medicaid and Medicare populations. That being said, MVP makes every effort to negotiate in good faith and for the lowest increases possible. MVP has not done any quantitative analysis of this dynamic on our own book of business and it would be very hard to do as there are many variables that come into play in the provider contract negotiations.

6. Explain how the company reconciles risk adjustment payments when the final payment allocation become known. If a risk adjustment assumption proves incorrect, what was the effect on (a) the filing containing the incorrect assumption, and (b) future filings?

Response: MVP reflects its best estimate of the risk adjustment payment/receipt in the financial statements at the end of the plan year (for example, 2017). MVP uses this information to supplement its experience period claims data when creating rates for rates normally two calendar years away (2017 experience and risk adjustment assumptions are used to set 2019 premium rates). When the final risk adjustment results are released by CMS (in the July following the plan year), MVP reflects the difference between actual and accrued amounts in its financial statements.

Should a risk adjustment assumption prove incorrect based on the final results while a filing is still under review, MVP analyzes the results and decides whether or not to make a modification to the rates. This decision can include both the final results as well as items such as future risk adjustment model changes and expected population changes from the experience period to the rating period. The risk adjustment results during the experience period have no impact on past or future filings; their influence is limited to the rate filing which uses the underlying data as its experience period.

7. Last year, the company indicated that the CSR defunding in 2017 and 2018 would have a significant rate impact. Explain the rate impact in the 2019 filing.

Response: CSR defunding in 2017 and 2018 has no impact on the current filing as the 2017 and 2018 premium rates are already finalized and MVP is not recouping losses for prior years in the 2019 filing. MVP combined actual 2017 CSR payments with projected CSR payments for the months that were defunded to create the base for its 2019 projected CSR payments. These were converted to a per-member, per-month basis using projected 2019 CSR enrollment, completed with IBNR and trended to the rating period. This amount was then added to the Silver on-exchange premium rates in order to capture the anticipated value of the lack of funding for the 2019 benefit year.

8. Provide the number of enrollees by metal level and by CSR level (% of FPL), who are projected to migrate to the Reflective Silver plan or to another metal level (with a breakdown of the migration numbers), due to the elimination of CSRs. (This information can be submitted in a format comparable to that provided during the QHP plan review process and to the legislature.)

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Response: When building its 2019 projection for CSR payments, MVP assumed that all members purchasing small group Silver plans and non-APTC individual Silver plans would move into the Reflective Silver plan in 2019. MVP also assumed APTC-only, 73% CSR and half of 77% CSR members would migrate to APTC plans at other metal levels. Please see the following table which provides actual (as of February 2018) and projected membership for each Silver cohort.

		Projected Members Based on Rate Filing Assumption		
Silver plan cohort	**February 2018 Members**	**Silver Reflective Plans**	**Non-Silver APTC Plans**	**CSR Plans**
Small Group	5410	5410	0	0
Individual non-APTC	600	600	0	0
Individual APTC-only	562	0	562	0
Individual 73% CSR	765	0	765	0
Individual 77% CSR	1454	0	727	727
Individual 87% CSR	2148	0	0	2148
Individual 94% CSR	766	0	0	766

9. Describe the company's contingency plan for the possibility that the Cost Sharing Reduction program could be funded by Congress or the federal Administration during the 2019 plan year.

Response: There has been no guidance from the federal government suggesting that this is a possibility, and any pending litigation is unlikely to be ruled on before 2019 rates are finalized. Therefore, MVP does not have a contingency plan in place at this time.

10. Describe your outreach and customer service plans to educate Vermonters who may be affected by the loss of funding for cost-sharing reductions.

Response: Please see the response to question #11, part b.

11. Discuss the following relating to changes in federal and state law:

(a) Explain whether and how the Vermont legislature's passage of a state individual mandate, effective in 2020, coupled with an outreach effort in the interim to minimize the number of Vermonters who may drop coverage, alters the filing's proposed rate increase due to the elimination of the federal individual mandate. Provide copies of any testimony or information you provided to the legislature in 2018 on this subject.

Response: The state's individual mandate effective beginning in 2020 does not have an impact on the 2019 premium rates. While MVP will work to limit the number of its members who drop coverage in 2019 to help stabilize the marketplace, the choice is ultimately in the hands of each specific policyholder based on their circumstances. There is still significant risk that relatively healthy members will leave the market, and MVP feels that L&E's analysis on the subject is an actuarially sound assumption.

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(b) *Describe your outreach and customer service plans to educate Vermonters on maintaining continuous coverage or enrolling in coverage.*

Response: MVP participates in re-occurring meetings with Vermont Health Connect and BCBSVT to discuss communications and outreach plans – ensuring we're consistent in our messaging around the CSR program and the creation of Reflective Silver plans, helping consumers maintain coverage and know who to contact for assistance, and aligned in our timing of outreach efforts.

MVP plans to create an educational sheet on the new Silver Reflective plans that can be shared with Vermonters; we will be including this with renewal mailings as well. MVP will also be developing talking points for our Customer Care and Sales representatives to assist with member questions and outreach.

To help maintain coverage, MVP has a dedicated website where Vermonters can review and compare plan options anytime during the year. If they qualify for a special enrollment period, they can enroll online directly with MVP, or we direct them to Vermont Health Connect, where they can enroll if they're eligible for a subsidy. We have created "Special Enrollment Period Guidelines" to help Vermonters determine if they're eligible for a special enrollment period and how they can obtain coverage outside of open enrollment. The website for that guideline is https://www.mvphealthcare.com/vermont. In addition, please see the attached document which provides information on the Special Enrollment Period process.

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

Sincerely,

Eric Bachner, ASA
Leader, Actuarial, Commercial/Government Programs
MVP Health Care