

**STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company First	)	Docket #:
And Second Quarter 2016 Large Group	)	GMCB-010-15rr
EPO/PPO Rate Filing	)	

**MVPHIC Health Care’s Memorandum in Lieu of Hearing**

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the rates as filed without the recommended revision by its actuary, Lewis and Ellis (L&E) in a revised opinion dated September 24, 2015. MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

**Description of the Filing**

This is the manual rate filing for the portfolio of MVPHIC’s large group PPO/EPO products. The PPO/EPO products are high-deductible health plans (HDHPs) and non-high deductible health plans (non-HDHPs). Because of the change under the Affordable Care Act and adopted by Vermont Health Connect that groups 51-100 must now purchase through the Exchange starting in 2016, this filing will only apply to groups over 100 employees that will continue to be able to purchase these products, or groups 51-100 that would have grandfathered status and be able to remain in these products.

The quarterly rate change for the HDHP plans is an increase of 6.7% for 1Q2016 and 1.4% for 2Q2016. The proposed rate increase is the same for the non-HDHP plans for each quarter. This results in an annual rate change of 9.2% for 1Q2016 and 9.1% for 2Q2016. These rate changes include both medical and Rx components.

This filing will apply to 1,611 members who have renewal dates in 1Q2016 and 2Q2016.

**L&E Recommendation**

L&E recommends that the rates be approved as filed with one exception (Rx trend). They found the rate development methodology to be reasonable and appropriate, including the previously revised pricing model utilized by MVPHIC. They also found the medical trend assumption reasonable and appropriate.

L&E differed from MVPHIC is only one area – that of the Rx trend. L&E recommends approval of the trend used in MVPHP’s 2016 Exchange rate filing (GMCB Docket # 007-15rr, SERFF MVPH – 130053210, filed May 15, 2015) and not the trend MVPHIC uses in this filing. This would result in a 0.5% reduction in the proposed rates. MVPHIC disagrees with this recommendation for the reasons set forth below.

And, of note, L&E does not recommend any reduction to MVPHIC’s contribution to reserves of 2.0%.

## **MVPHIC's Response to the Recommendation**

MVPHIC asks that the Board approve the rates as filed and not reduce its Rx trend as suggested by L&E. MVPHIC relies on the assumptions contained in the filing and verified by L&E in its revised opinion, with the exception of the Rx trend. L&E found all assumptions made by MVPHIC reasonable and appropriate, again, with the exception of the Rx trend.

With respect to the Rx trend, MVPHIC's PBM vendor (CVS-Caremark) provided MVPHIC with three trend forecasts: low estimate, best estimate, and high estimate. The 2016 Exchange filing reflects the PBM's low end trend forecast while this filing utilizes the PBM's best estimate trend forecast. MVPHIC decided to use the "best estimate" in this filing because of growing concerns about Rx trend continuing to outpace forecasted trends due to new specialty drugs being approved in the second half of 2015 and 2016. MVP changed its 2016 trend forecast to reflect the PBM's best estimate trend. This is also because of the length of time that has passed since the Exchange rates were filed (May 2015). MVPHIC and its PBM have had a couple more months to monitor and evaluate trends and have determined that the "best estimate" trend would be the more appropriate trend, given the volatility of the Rx market.

MVPHIC points out its continued efforts to reduce administrative costs have resulted in a reduction of administrative expense load in the filing of 1.5% from its 3Q2015 and 4Q2015 filing. MVPHIC's commitment to reducing administrative costs has been demonstrated across its recent rate filings before the Board and it will continue its cost reduction efforts.

Therefore, MVPHIC asks the Board to approve the rates as filed.

s/ Susan Gretkowski  
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October 13, 2015

### **Certificate of Service**

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Michael Donofrio, General Counsel to the Green Mountain Care Board, and Lila Richardson and Kaili Kuiper, counsel of record for the Office of the Health Care Advocate, by electronic mail this 13th day of October, 2015.

s/ Susan Gretkowski  
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