

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP 1Q/2Q16 Grandfathered Small Group)
Filing) GMCB-11-15-rr
)
SERFF No. MVPH-130186136)
)

MEMORANDUM IN LIEU OF APPEARANCE

MVP Health Insurance Company proposes an average annual increase of 2.7% for grandfathered small groups renewed in the first quarter of 2016 and 2.3% for those renewed in the second quarter of 2016. The rates for this filing include a 2% contribution to reserves.

I. Background

MVP Health Insurance Company (MVP) submitted this filing to the Green Mountain Care Board (GMCB) on July 29, 2015. The filing covers approximately 2,107 members. SERFF GMCB 11-15rr, p. 8. On August 4, 2015, the Office of the Health Care Advocate (HCA) filed a notice of appearance in the case pursuant to GMCB Rule 2.000 §§2.105(b) and 2.303.

On September 8, 2015, the Department of Financial Regulations (DFR) provided the GMCB with its Solvency Analysis (Analysis). DFR stated in the Analysis that the proposed rate in this filing will have the impact of sustaining MVP's current level of solvency. Analysis, p. 1. DFR also stated that MVP's primary regulator, New York, has not expressed any concerns to DFR about MVP's solvency and MVP Holding Company's business in Vermont accounts for only 5.3% of its total premiums. Analysis, p. 2. As a result, MVP's Vermont business "poses very little risk to its solvency." Analysis, p. 2.

On September 27, 2015, Lewis and Ellis (L&E), the GMCB's contracted actuarial firm, provided the GMCB with an Actuarial Recommendation in this matter. L&E recommends that the GMCB make two modifications to the filing:

1. "Reflect updated enrollment by age and tier in the rate change development and the single conversion factor calculation." Opinion, p. 7. This recommendation would increase the first quarter rate change by 1.1%. Opinion, p. 7.
2. "Modify the [prescription] trend assumptions to reflect the "Low Estimate" from the [Pharmacy Benefits Manager], as [MVP] chose this as an appropriate assumption for the recently approved Exchange filing." This recommendation would reduce the rate change in this filing by 0.3% in the first quarter and 0.1% in the second quarter.

If adopted, L&E's recommendations as a whole would result in higher rates than those proposed by MVP: an annual increase of 3.5% for first quarter enrollees and 3.0% for second quarter enrollees.

II. Standard of Review

Health insurance organizations operating in Vermont must obtain approval from the GMCB before implementing health insurance rates. 8 V.S.A. §4062(a). The GMCB may approve, modify, or disapprove requests for health insurance rates. 18 V.S.A. §9375(b)(6); 8 V.S.A. §4062(a). "In deciding whether to approve, modify, or disapprove each rate request, the GMCB shall determine whether the requested rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, is not unjust, unfair, inequitable, misleading, or contrary to law, and is not excessive, inadequate, or unfairly discriminatory." GMCB Rule 2.000 §2.301(b); GMCB Rule 2.000 §2.401; 8 V.S.A. §4062(a)(3).

In making its decision, the GMCB must consider the requirements of the underlying statutes, changes in health care delivery, changes in payment methods and amount, the Solvency Analysis prepared by DFR in connection with each filing and other issues at the discretion of the GMCB. GMCB Rule 2.000 §2.401; *see also* 18 V.S.A. §9375(b)(6). Further, the GMCB “shall consider any [public] comments received on a rate filing and may use them to identify issues.” GMCB Rule 2.000 §2.201(d). The record for rate review includes the entire System for Electronic Rate and Form Filing (SERFF filing) submitted by the insurer; questions posed by the GMCB to its actuaries; questions posed to the insurer by the GMCB, its actuaries, and DFR; DFR’s Solvency Analysis; and the Opinion from the GMCB’s actuary. GMCB Rule 2.000 §2.403(a).

III. Affordability

Health insurance affordability is a significant concern for Vermonters, even those with employer sponsored health insurance. Therefore all health insurance cost increases should be carefully scrutinized.

A significant portion of employed Vermonters struggle to afford their health insurance. According to the Vermont Department of Financial Regulation 2014 Vermont Household Health Insurance Survey, almost 60% of uninsured working Vermont residents report that they did not enroll in their employer’s health plan because it was too expensive. Comprehensive Report, 2014 Vermont Household Health Insurance Survey, p. 46. Similarly, other than having health insurance through another source, the main reason Vermonters turn down employer sponsored health insurance is because it costs too much. Survey, p. 66. This is demonstrated by the fact that almost a quarter of adults without health insurance work for employers that offer health insurance, and slightly more than a quarter of working adults with uninsured children work for companies that offer some type of health insurance. Survey, p. 13, 24.

IV. Analysis

The HCA asks the GMCB to adopt L&E's recommendations but reduce the contribution to reserves (CTR) to no more than 1%. The HCA agrees with L&E's analysis that MVP should use the most recent reliable demographic data available in its rate calculations. The HCA also agrees with L&E that MVP should use the low estimate from its pharmacy provider as this choice is in line with MVP's Exchange filing, GMCB 7-15rr, and the change favors affordability for policy holders.

Finally, reducing the CTR for this filing to no more than 1% would increase affordability and bring the filing in line with other recent MVP filings. MVP asked for and the GMCB approved a 0% CTR for its Exchange filing, GMCB 7-15rr. The GMCB lowered the CTR to 1% for the remaining 2015 MVP filings: GMCB 1-15rr, 2-15rr, and 5-15rr; and in MVP's last eight filings of 2014: GMCB 14-14rr, 17-14rr, 19-14rr, 20-14rr, 21-14rr, 22-14rr, 23-14rr, and 24-14rr.

V. Conclusion

To increase affordability, to allow for the most accurate rate calculations, and to bring this filing in line with recent rate review decisions, the HCA asks the GMCB to adopt L&E's recommendations for this filing and reduce the CTR to no higher than 1%.

s/ Kaili Kuiper _____
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CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Notice of Appearance on Michael N. Donofrio, General Counsel to the Green Mountain Care Board, Judith Henkin, Health Policy Director of the Green Mountain Care Board, and Susan Gretkowski, representative of MVP Health Insurance Company, by electronic mail, return receipt requested, this 14th day of October, 2015.

s/ Kaili Kuiper
Kaili Kuiper
Staff Attorney
Office of the Health Care Advocate