

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Filing at a Glance

Company: MVP Health Insurance Company  
Product Name: VT Agriservices Dec 2015  
State: VermontGMCB  
TOI: H16G Group Health - Major Medical  
Sub-TOI: H16G.002A Large Group Only - PPO  
Filing Type: GMCB Rate  
Date Submitted: 09/09/2015  
SERFF Tr Num: MVPH-130236588  
SERFF Status: Pending State Action  
State Tr Num:  
State Status:  
Co Tr Num:  
  
Implementation: 12/01/2015  
Date Requested:  
Author(s): Kristen Marsh, Matt Lombardo, Eric Bachner  
Reviewer(s): Thomas Crompton (primary), Kelly Macnee, David Dillon, Judith Henkin, Jacqueline Lee  
Disposition Date:  
Disposition Status:  
Implementation Date:  
  
State Filing Description:

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## General Information

|  |                               |
|--|-------------------------------|
| Project Name:                            | Status of Filing in Domicile: |
| Project Number:                          | Date Approved in Domicile:    |
| Requested Filing Mode: Review & Approval | Domicile Status Comments:     |
| Explanation for Combination/Other:       | Market Type: Group            |
| Submission Type: New Submission          | Group Market Size: Large      |
| Group Market Type: Association           | Overall Rate Impact: 26.9%    |
| Filing Status Changed: 11/05/2015        |                               |
| State Status Changed:                    | Deemer Date:                  |
| Created By: Matt Lombardo                | Submitted By: Matt Lombardo   |
| Corresponding Filing Tracking Number:    |                               |

PPACA: Non-Grandfathered Immed Mkt Reforms, Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The enclosed filing includes the proposed premium rates for members enrolled in the Agriservices Association residing in the State of VT. This is a minimum premium funding arrangement with a contract effective date of 12/1/15.

## Company and Contact

### Filing Contact Information

|                       |                             |
|-----------------------|-----------------------------|
| Matt Lombardo,        | mlombardo@mvphealthcare.com |
| 625 State Street      | 518-388-2483 [Phone]        |
| Schenectady, NY 12305 |                             |

### Filing Company Information

|                              |                         |                             |
|------------------------------|-------------------------|-----------------------------|
| MVP Health Insurance Company | CoCode: 11125           | State of Domicile: New York |
| 625 State Street             | Group Code: 1198        | Company Type: Health        |
| Schenectady, NY 12305        | Group Name:             | Insurance                   |
| (518) 388-2469 ext. [Phone]  | FEIN Number: 14-1827918 | State ID Number:            |

## Filing Fees

|                  |          |
|------------------|----------|
| Fee Required?    | Yes      |
| Fee Amount:      | \$150.00 |
| Retaliatory?     | No       |
| Fee Explanation: |          |

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name: VT Agriservices Dec 2015

Project Name/Number: /

## Correspondence Summary

### Objection Letters and Response Letters

#### Objection Letters

| Status           | Created By      | Created On | Date Submitted |
|------------------|-----------------|------------|----------------|
| Pending Response | Jacqueline Lee  | 11/04/2015 | 11/04/2015     |
| Pending Response | Thomas Crompton | 11/03/2015 | 11/03/2015     |
| Pending Response | Jacqueline Lee  | 10/22/2015 | 10/22/2015     |
| Pending Response | Jacqueline Lee  | 10/22/2015 | 10/22/2015     |
| Pending Response | Jacqueline Lee  | 10/14/2015 | 10/14/2015     |
| Pending Response | Jacqueline Lee  | 09/29/2015 | 09/29/2015     |
| Pending Response | Jacqueline Lee  | 09/17/2015 | 09/17/2015     |

#### Response Letters

| Responded By  | Created On | Date Submitted |
|---------------|------------|----------------|
| Matt Lombardo | 11/05/2015 | 11/05/2015     |
| Matt Lombardo | 11/03/2015 | 11/03/2015     |
| Matt Lombardo | 10/26/2015 | 10/26/2015     |
| Matt Lombardo | 10/26/2015 | 10/26/2015     |
| Matt Lombardo | 10/19/2015 | 10/19/2015     |
| Matt Lombardo | 10/10/2015 | 10/10/2015     |
| Matt Lombardo | 09/22/2015 | 09/22/2015     |

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**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 11/04/2015       |
| Submitted Date          | 11/04/2015       |
| Respond By Date         | 11/11/2015       |

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*Dear Matt Lombardo,*

**Introduction:**

*Please see the attached inquiry letter.*

**Conclusion:**

*Sincerely,  
Jacqueline Lee*



**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.  
S. Scott Gibson, F.S.A.  
Cabe W. Chadick, F.S.A.  
Michael A. Mayberry, F.S.A.  
David M. Dillon, F.S.A.  
Gregory S. Wilson, F.C.A.S.  
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Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

**Kansas City**

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**London / Kansas City**

Roger K. Annin, F.S.A.  
Timothy A. DeMars, F.S.A.  
Scott E. Morrow, F.S.A.

**Baltimore**

David A. Palmer, C.F.E.

November 4, 2015

Matt Lombardo  
MVP Health Insurance Company  
625 State Street  
Schenectady, NY 12305

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588  
Inquiry Letter 6

Dear Mr. Lombardo:

We have recently been informed that the proposed premiums actually reflect a non-uniform rate increase, and that the rate increase will vary by more than 20% between members. Please provide the following information regarding this proposed change:

1. Provide detailed support for how the benefit relativities are still appropriate in light of experience over the last several years and more specifically any changes in the last year.

We have made the following observations that should be addressed in this support:

- a. Note that we recognize that the experience by plan is not fully credible, but believe the consistent pattern over the last several years warrants some level of consideration.
- b. Plan VP019L has consistently had higher claims relative to the other plans than expected, yet has a requested decrease in requested benefit relativity.
- c. Plan VPHD-03L has consistently had lower claims relative to the other plans than expected, yet has a substantial requested increase in the benefit relativity. We also note that according to MVP's rating manual, the most recent year alone of experience for this plan is 60% credible.

2. Last year's filing incorporated benefit relativity changes. In this filing, MVP stated the following in response to Objection #2 for this filing: "MVP is of the opinion that rating by product creates more selection risk than maintaining the benefit spreads reflected in all of its products... MVP believes it would be reactionary to modify its benefit spreads for this rate filing without having a full contract period loss ratio to evaluate the adequacy of the current benefit spreads." Explain these statements in light of the current request for a non-uniform rate increase.

Please be aware that we may have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than November 11, 2015.

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

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.

Lewis & Ellis, Inc.

(972)850-0850

State: VermontGMCB Filing Company: MVP Health Insurance Company  
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
 Product Name: VT Agriservices Dec 2015  
 Project Name/Number: /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 11/03/2015       |
| Submitted Date          | 11/03/2015       |
| Respond By Date         | 11/05/2015       |

Dear Matt Lombardo,

**Introduction:**

Matt,

Provide the e-mail sent on 11/02/2015 and the attached excel worksheet titled "Agriservices Exhibit B1 - Dec 14 and Dec 15.xlsx" as a response to this objection letter. Note that as part of the SERFF filing a pdf of the excel spreadsheet must be included. Because of the revised material sent on 11/02/2015, a 30 day extension on this filing is in effect. Also, revise the "Rate/Rule Schedule" tab, and the "Rate Review Detail" section with the revised numbers as appropriate.

If you have any questions let me know,

Tom

**Conclusion:**

Sincerely,  
Thomas Crompton

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**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 10/22/2015       |
| Submitted Date          | 10/22/2015       |
| Respond By Date         | 10/29/2015       |

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Dear Matt Lombardo,

**Introduction:**

Please see the attached inquiry letter.

**Conclusion:**

Sincerely,  
Jacqueline Lee



**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.  
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Scott E. Morrow, F.S.A.

**Baltimore**

David A. Palmer, C.F.E.

October 22, 2015

Matt Lombardo  
MVP Health Insurance Company  
625 State Street  
Schenectady, NY 12305

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588  
Inquiry Letter 5

Dear Mr. Lombardo:

In addition to the inquiries posed in Inquiry Letter 4, please provide the following information:

1. The Admin and Bad Debt expense of 9.75% was supported in the 3Q/4Q Large Group filing by referencing the 2013 SHCE, which showed an expense ratio of approximately 10.8%. However, using the methodology outlined in that memorandum, we calculate an 8.3% expense ratio for Large Group business in Vermont from the 2014 SHCE. Support the 9.75% in light of the more recent expense data.

Please be aware that we may have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than October 29, 2015.

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

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.

Lewis & Ellis, Inc.

(972)850-0850

---

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 10/22/2015       |
| Submitted Date          | 10/22/2015       |
| Respond By Date         | 10/29/2015       |

---

Dear Matt Lombardo,

**Introduction:**

Please see the attached inquiry letter.

**Conclusion:**

Sincerely,  
Jacqueline Lee

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.  
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**London / Kansas City**

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Scott E. Morrow, F.S.A.

**Baltimore**

David A. Palmer, C.F.E.

October 22, 2015

Matt Lombardo  
MVP Health Insurance Company  
625 State Street  
Schenectady, NY 12305

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588  
Inquiry Letter 4

Dear Mr. Lombardo:

Thank you for your responses to our previous inquiries. We have a few remaining questions regarding this filing. Please provide the additional information outlined below.

1. Please explain the time period of the data used to calculate the Demographic factor of 1.178 used to adjust the manual rate in this filing.
2. What is the average demographic factor based on June 2015 (or more recent) Agriservices enrollment? What is the change in average demographic factor since the experience period?
3. Explain the factor “Demographic Adjustment (Carrier Replacement Only) in the rate calculation provided.

Please be aware that we may have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than October 29, 2015.

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

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.

Lewis & Ellis, Inc.

(972)850-0850

---

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 10/14/2015       |
| Submitted Date          | 10/14/2015       |
| Respond By Date         | 10/21/2015       |

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Dear Matt Lombardo,

**Introduction:**

Please see the attached inquiry letter regarding information requested by the Office of the Health Care Advocate.

**Conclusion:**

Sincerely,  
Jacqueline Lee

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.  
 S. Scott Gibson, F.S.A.  
 Cabe W. Chadick, F.S.A.  
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 Johnathan L. O'Dell, A.S.A.  
 Clint Prater, A.S.A.  
 Larry Choi, A.S.A.

**Kansas City**

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 Kimberly S. Shores, F.S.A.  
 Michael A. Brown, F.S.A.  
 Naomi J. Kloepersmith, F.S.A.  
 Stephanie T. Crownhart, F.S.A.  
 Mark W. Birdsall, F.S.A.

**London/Kansas City**

Timothy A. DeMars, F.S.A., F.I.A.  
 Scott E. Morrow, F.S.A., F.I.A.

**Denver**

Mark P. Stukowski, F.S.A.  
 William J. Gorski, F.S.A.

**Indianapolis**

Kathryn R. Koch, A.C.A.S.

**Baltimore**

David A. Palmer, C.F.E.

October 14, 2015

Matt Lombardo  
 MVP Health Insurance Company  
 625 State Street  
 Schenectady, NY 12305

Re: MVP Health Insurance Company  
 Agriservices Association - Groups renewing December 1, 2015  
 SERFF Tracking #: MVPH-130236588  
 Inquiry Letter 3

Dear Mr. Lombardo:

On behalf of the Office of the Health Care Advocate, the following additional information is required for this filing:

- 1) Please explain why Agriservices is submitting this filing after stating to the Board in 2014 that filing GMCB 019 -14-rr would be its last filing.
- 2) Please state whether this filing will be the last filing for Agriservices in Vermont. If it will not be the last, please explain why not and explain how long you expect to continue to offer the Agriservices products.
- 3) Please supply any federal or state authority permitting Agriservices to continue to offer an association plan from December 1, 2015 through November 30, 2016.
- 4) If current plan members do not re-enroll will they be able to get Agriservices coverage at a later date?

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than October 21, 2015.

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

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.  
Lewis & Ellis, Inc.  
(972)850-0850

---

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 09/29/2015       |
| Submitted Date          | 09/29/2015       |
| Respond By Date         | 10/13/2015       |

---

Dear Matt Lombardo,

**Introduction:**

Please see attached inquiry letter.

**Conclusion:**

Sincerely,  
Jacqueline Lee

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.  
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**London / Kansas City**

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Timothy A. DeMars, F.S.A.  
Scott E. Morrow, F.S.A.

**Baltimore**

David A. Palmer, C.F.E.

September 29, 2015

Matt Lombardo  
MVP Health Insurance Company  
625 State Street  
Schenectady, NY 12305

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588  
Inquiry Letter 2

Dear Mr. Lombardo:

Thank you for your responses to our previous inquiries. We have a few remaining questions regarding this filing. Please provide the additional information outlined below.

1. Your response to our prior question 3 indicated that the enrollment distribution by plan has shifted significantly since the experience period.
  - a. Provide the required rate change assuming that future enrollment will follow the current distribution by plan, rather than that observed in the experience period.
  - b. Provide an explanation as to why there was such a significant shift between the plans.
2. Explain and support the decision to apply a uniform rate increase to all plans given the continued variation in loss ratio experience between them. In your response, address the risk to MVP created by the dependence of the future experience on the enrollment distribution.
3. We are aware from previous filings that the allowed trends in the VT Experience Rated Addendum provided represent the average by Medical category and Rx tier. It is our understanding that these were calculated based on the claims distribution for the LG

EPO/PPO block, and not for the Agriservices block. What would the allowed cost trends be for this block using Agriservices experience?

Please be aware that we may have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than October 13, 2015.

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

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.  
Lewis & Ellis, Inc.  
(972)850-0850

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**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Objection Letter

|                         |                  |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date   | 09/17/2015       |
| Submitted Date          | 09/17/2015       |
| Respond By Date         | 09/30/2015       |

---

*Dear Matt Lombardo,*

**Introduction:**

*Please see attached inquiry letter.*

**Conclusion:**

*Sincerely,  
Jacqueline Lee*

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.  
S. Scott Gibson, F.S.A.  
Cabe W. Chadick, F.S.A.  
Michael A. Mayberry, F.S.A.  
David M. Dillon, F.S.A.  
Gregory S. Wilson, F.C.A.S.  
Steven D. Bryson, F.S.A.  
Bonnie S. Albritton, F.S.A.  
Brian D. Rankin, F.S.A.  
Wesley R. Campbell, F.S.A.  
Jacqueline B. Lee, F.S.A.  
Robert E. Gove, A.S.A.  
J. Finn Knox-Seith, A.S.A.  
Brian C. Stentz, A.S.A.  
Jay W. Fuller, A.S.A.  
Sujaritha Tansen, A.S.A.  
Josh A. Hammerquist, A.S.A.  
Xiaoxiao (Lisa) Jiang, A.S.A.  
Jennifer M. Allen, A.S.A.  
Sergei Mordovin, A.S.A.  
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

**Kansas City**

Gary L. Rose, F.S.A.  
Terry M. Long, F.S.A.  
David L. Batchelder, A.S.A.  
Leon L. Langlitz, F.S.A.  
Gary R. McElwain, FLMI  
Anthony G. Proulx, F.S.A.  
Thomas L. Handley, F.S.A.  
D. Patrick Glenn, A.S.A., A.C.A.S.  
Christopher H. Davis, F.S.A.  
Karen E. Elsom, F.S.A.  
Jill J. Humes, F.S.A.

**London / Kansas City**

Roger K. Annin, F.S.A.  
Timothy A. DeMars, F.S.A.  
Scott E. Morrow, F.S.A.

**Baltimore**

David A. Palmer, C.F.E.

September 17, 2015

Matt Lombardo  
MVP Health Insurance Company  
625 State Street  
Schenectady, NY 12305

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588

Dear Mr. Lombardo:

We have been retained by the Green Mountain Care Board (“GMCB”) to review the above referenced group product filing submitted on 9/9/2015. The following additional information is required for this filing. In your itemized response, we request that you re-state each question.

1. Provide a narrative description of the underlying causes of this very significant rate increase.
2. Explain and support the 2.7% pooling charge assumed, given that the assumed effective trend across Medical and Rx is approximately 12.7%. We would anticipate that this significant increase in expected claims would result in an increase in the pooling charge factor for a given pooling level. Please include in your response an exhibit detailing the past observed large claims as a percentage of total claims.
3. In prior filings, the data provided has demonstrated that loss ratios have varied significantly by plan. Please provide the following by plan:
  - a. August 2015 (or most recent) enrollment
  - b. Experience period claims and loss ratios
  - c. Effective Medical and Rx trend

4. Provide support for the pharmacy rebate factor of 0.91 with actual historical illustrations for the recent three years.
5. Provide a breakdown of the experience period Paid Claims shown in Exhibit A by incurral month and by paid month through August 30<sup>th</sup> (claim triangles), as well as the estimated IBNR by incurral month.
6. Please provide historic actual-to-expected experience for this group.
7. Provide support for the projected Vermont Vaccine Assessment amount of 0.6% (\$2.67 PMPM) shown in Exhibit A.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than September 30, 2015.

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

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.

Lewis & Ellis, Inc.

(972)850-0850

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT Agriservices Dec 2015  
**Project Name/Number:** /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 11/05/2015  
Submitted Date 11/05/2015

*Dear Thomas Crompton,*

**Introduction:**

**Response 1**

**Comments:**

*Please see the attached supporting documentation item which contains MVP's response to L&E's 11/4/15 objection letter.*

**Changed Items:**

| Supporting Document Schedule Item Changes |  |
|---|--|
| <b>Satisfied - Item:</b>                  | Response to Objection Letter #7                    |
| <b>Comments:</b>                          |  |
| <b>Attachment(s):</b>                     | Response to Dec 2015 Agriservices Objection #7.pdf |

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

Sincerely,  
Matt Lombardo

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name:

VT Agriservices Dec 2015

Project Name/Number:

/

## Response Letter

|                        |                    |
|------------------------|--------------------|
| Response Letter Status | Submitted to State |
| Response Letter Date   | 11/03/2015         |
| Submitted Date         | 11/03/2015         |

Dear Thomas Crompton,

### Introduction:

### Response 1

#### Comments:

Tom,

Please see the supporting documentation item below for MVP's response to your objection letter poster earlier today. Also note, MVP has modified the "Rate/Rule Schedule" and "Rate Review Detail" information for this filing.

Please let me know if you have any questions.

-Matt

### Changed Items:

#### Supporting Document Schedule Item Changes

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | Response to Objection Letter #6  |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | Response to Objection #6 - Exhibit B1.pdf<br>Response to Objection #6 - Exhibit B1.xlsx<br>Response to Dec 2015 Agriservices Objection #6 - E-mail.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Sincerely,

Matt Lombardo

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name: VT Agriservices Dec 2015

Project Name/Number: /

## Response Letter

|                        |                    |
|------------------------|--------------------|
| Response Letter Status | Submitted to State |
| Response Letter Date   | 10/26/2015         |
| Submitted Date         | 10/26/2015         |

Dear Thomas Crompton,

### Introduction:

### Response 1

#### Comments:

Please see the attached supporting documentation item below for MVP's response.

### Changed Items:

| Supporting Document Schedule Item Changes |  |
|---|--|
| Satisfied - Item:                         | Response to Objection Letter #5  |
| Comments:                                 |  |
| Attachment(s):                            | Response to Dec 2015 Agriservices Objection #5.pdf<br>Pages from MVP HIC 2014 SHCE - Revised.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Sincerely,

Matt Lombardo

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name:

VT Agriservices Dec 2015

Project Name/Number:

/

## Response Letter

|                        |                    |
|------------------------|--------------------|
| Response Letter Status | Submitted to State |
| Response Letter Date   | 10/26/2015         |
| Submitted Date         | 10/26/2015         |

Dear Thomas Crompton,

### Introduction:

### Response 1

#### Comments:

Please see the attached supporting documentation item below for MVP's response.

### Changed Items:

| Supporting Document Schedule Item Changes |  |
|---|--|
| Satisfied - Item:                         | Response to Objection Letter #4                    |
| Comments:                                 |  |
| Attachment(s):                            | Response to Dec 2015 Agriservices Objection #4.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Sincerely,

Matt Lombardo

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name:

VT Agriservices Dec 2015

Project Name/Number:

/

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 10/19/2015  
Submitted Date 10/19/2015

*Dear Thomas Crompton,*

### **Introduction:**

### **Response 1**

#### **Comments:**

*Please see the supporting documentation item below for MVP's response to your 10/14/15 objection letter.*

### **Changed Items:**

| Supporting Document Schedule Item Changes |  |
|---|--|
| <b>Satisfied - Item:</b>                  | Response to Objection Letter #3                            |
| <b>Comments:</b>                          |  |
| <b>Attachment(s):</b>                     | Response to Dec 2015 Agriservices Objection #3 via HCA.pdf |

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

### **Conclusion:**

*Sincerely,*

*Matt Lombardo*

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name: VT Agriservices Dec 2015

Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 10/10/2015  
Submitted Date 10/10/2015

Dear Thomas Crompton,

### Introduction:

### Response 1

#### Comments:

MVP's response can be found in the supporting documentation item below.

### Changed Items:

| Supporting Document Schedule Item Changes |  |
|---|--|
| Satisfied - Item:                         | Response to Objection Letter #2                    |
| Comments:                                 |  |
| Attachment(s):                            | Response to Dec 2015 Agriservices Objection #2.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Sincerely,

Matt Lombardo

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name: VT Agriservices Dec 2015

Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 09/22/2015  
Submitted Date 09/22/2015

Dear Thomas Crompton,

### Introduction:

### Response 1

#### Comments:

Please see the supporting documentation item below for MVP's response to L&E's 09/17/15 objection letter.

### Changed Items:

| Supporting Document Schedule Item Changes |   |
|---|---|
| Satisfied - Item:                         | Response to Objection Letter #1   |
| Comments:                                 |   |
| Attachment(s):                            | Response to Dec 2015 Agriservices Objection #1.pdf<br>Quantitative Response to Objection #1.pdf<br>Quantitative Response to Objection #1.xlsx<br>VT Experience Rated Addendum - 3Q 2015 v3 GMCB.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Sincerely,  
Matt Lombardo

State: VermontGMCB Filing Company: MVP Health Insurance Company  
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
 Product Name: VT Agriservices Dec 2015  
 Project Name/Number: /

**Post Submission Update Request Submitted On 11/03/2015**

Status: Submitted  
 Created By: Matt Lombardo

**Company Rate Information:**

Company Name:MVP Health Insurance Company

| Field Name                              | Requested Change | Prior Value |
|---|------------------|-------------|
| Overall % Indicated Change              | 27.400%          | 26.900%     |
| Overall % Rate Impact                   | 27.400%          | 26.900%     |
| Written Premium Change for this Program | \$1575051        | \$1551408   |
| Written Premium for this Program        | \$5752947        | \$5776584   |
| Maximum %Change (where required)        | 40.700%          | 27.300%     |
| Minimum %Change (where required)        | 16.800%          | 26.500%     |

Product: NEW  
 Product Name Preferred Suite HD EPO  
 HIOS Product ID 92802VT006  
 HIOS Submission ID 92802VT006000  
 Number of Covered Lives 875

Product: NEW  
 Product Name Preferred Suite PPO  
 HIOS Product ID 92802VT005  
 HIOS Submission ID 92802VT005000  
 Number of Covered Lives 363

**REQUESTED RATE CHANGE INFORMATION:**

|                |        |        |
|----------------|--------|--------|
| Min:           | 16.800 | 26.500 |
| Max:           | 40.700 | 27.3   |
| Weighted Avg.: | 27.400 | 26.9   |

**PRIOR RATE:**

|                        |               |               |
|------------------------|---------------|---------------|
| Total Earned Premium:: | 5,752,947.000 | 5,776,584.000 |
| Min:                   | 294.540       | 327.260       |
| Max:                   | 553.880       | 509.600       |
| Weighted Avg.:         | 387.250       | 388.840       |

**REQUESTED RATE:**

|                           |               |               |
|---------------------------|---------------|---------------|
| Projected Earned Premium: | 7,327,998.000 | 7,327,992.000 |
|---------------------------|---------------|---------------|

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name: VT Agriservices Dec 2015

Project Name/Number: /

### Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 14.600%

Effective Date of Last Rate Revision: 12/01/2014

Filing Method of Last Filing: SERFF

### Company Rate Information

| Company Name:                | Company Rate Change: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|------------------------------|----------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| MVP Health Insurance Company | Increase             | 26.900%                     | 26.900%                | \$1,551,408                              | 710   | \$5,776,584                       | 27.300%                         | 26.500%                         |

State: VermontGMCB Filing Company: MVP Health Insurance Company  
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
 Product Name: VT Agriservices Dec 2015  
 Project Name/Number: /

**Rate Review Detail**

**COMPANY:**

Company Name: MVP Health Insurance Company  
 HHS Issuer Id: 92802

**PRODUCTS:**

| Product Name           | HIOS Product ID | HIOS Submission ID | Number of Covered Lives |
|------------------------|-----------------|--------------------|-------------------------|
| Preferred Suite HD EPO | 92802VT006      | 92802VT006000      | 875                     |
| Preferred Suite PPO    | 92802VT005      | 92802VT005000      | 363                     |

Trend Factors:

**FORMS:**

New Policy Forms:  
 Affected Forms:  
 Other Affected Forms: VT EPO COC, VT HDEPO COC

**REQUESTED RATE CHANGE INFORMATION:**

Change Period: Annual  
 Member Months: 15,513  
 Benefit Change: None  
 Percent Change Requested: Min: 26.5 Max: 27.3 Avg: 26.9

**PRIOR RATE:**

Total Earned Premium: 5,776,584.00  
 Total Incurred Claims: 5,306,583.00  
 Annual \$: Min: 327.26 Max: 509.60 Avg: 388.84

**REQUESTED RATE:**

Projected Earned Premium: 7,327,992.00  
 Projected Incurred Claims: 6,435,970.00  
 Annual \$: Min: 413.98 Max: 648.14 Avg: 493.43

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name:

VT Agriservices Dec 2015

Project Name/Number:

/

## Supporting Document Schedules

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | Actuarial Memorandum  |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Agri Services Dec 2015 Filing - L&E.pdf<br>Agri Services Dec 2015 Filing - L&E.xlsm<br>Act Memo Agriservices Dec 2015.pdf |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Bypassed - Item:</b>  | Actuarial Memorandum and Certifications   |
| <b>Bypass Reason:</b>    | N/A   |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Civil Union Rating Requirements   |
| <b>Comments:</b>         | MVP's forms comply with 8 V.S.A. § 4724.  |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Consumer Disclosure Form  |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Consumer Disclosure Form about Rate Increases - Agriservices.pdf  |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Filing Compliance Certification   |
| <b>Comments:</b>         | Please see attached.  |
| <b>Attachment(s):</b>    | Certification of Compliance - VT.pdf  |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Bypassed - Item:</b>  | Third Party Filing Authorization  |
| <b>Bypass Reason:</b>    | N/A   |
| <b>Attachment(s):</b>    |   |

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name: VT Agriservices Dec 2015

Project Name/Number: /

|                          |   |
|--------------------------|---|
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Bypassed - Item:</b>  | Unified Rate Review Template  |
| <b>Bypass Reason:</b>    | N/A   |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Response to Objection Letter #1   |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Response to Dec 2015 Agriservices Objection #1.pdf<br>Quantitative Response to Objection #1.pdf<br>Quantitative Response to Objection #1.xlsx<br>VT Experience Rated Addendum - 3Q 2015 v3 GMCB.pdf |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Response to Objection Letter #2   |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Response to Dec 2015 Agriservices Objection #2.pdf  |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Response to Objection Letter #3   |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Response to Dec 2015 Agriservices Objection #3 via HCA.pdf  |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Response to Objection Letter #5   |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Response to Dec 2015 Agriservices Objection #5.pdf<br>Pages from MVP HIC 2014 SHCE - Revised.pdf  |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Response to Objection Letter #4   |
| <b>Comments:</b>         |   |

**SERFF Tracking #:**

MVPH-130236588

**State Tracking #:****Company Tracking #:****State:**

VermontGMCB

**Filing Company:**

MVP Health Insurance Company

**TOI/Sub-TOI:**

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

**Product Name:**

VT Agriservices Dec 2015

**Project Name/Number:**

/

|                          |  |
|--------------------------|--|
| <b>Attachment(s):</b>    | Response to Dec 2015 Agriservices Objection #4.pdf   |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |
| <b>Satisfied - Item:</b> | Response to Objection Letter #6  |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | Response to Objection #6 - Exhibit B1.pdf<br>Response to Objection #6 - Exhibit B1.xlsx<br>Response to Dec 2015 Agriservices Objection #6 - E-mail.pdf |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |
| <b>Satisfied - Item:</b> | Response to Objection Letter #7  |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | Response to Dec 2015 Agriservices Objection #7.pdf   |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |

SERFF Tracking #:

MVPH-130236588

State Tracking #:

Company Tracking #:

---

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name:

VT Agriservices Dec 2015

Project Name/Number:

/

***Attachment Agri Services Dec 2015 Filing - L&E.xlsm is not a PDF document and cannot be reproduced here.***

***Attachment Quantitative Response to Objection #1.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Response to Objection #6 - Exhibit B1.xlsx is not a PDF document and cannot be reproduced here.***



**Rate Filing Adjustment**

**MVP Health Insurance Company**

**~ Article 42 ~**

**Agri Services**

**Rates Effective**

**December 1, 2015 - November 30, 2016**

## **TABLE OF CONTENTS**

|         |   | <u>PAGE</u> |
|---------|---|-------------|
| EXHIBIT | A Large Group Experience Rating Formula             | 1           |
| EXHIBIT | A1 Product Description and Rates                    | 2           |
| EXHIBIT | B Derivation of Fully Insured Premium Equivalents   | 3           |
| EXHIBIT | B1 Premium Rates for Member Groups of Agri Services | 4           |

MVP Health Care - Large Group Experience Rating Formula

| I. Case Information |                          | Date:                |                     |
|---------------------|--------------------------|----------------------|---------------------|
| Group Name:         | Agri-Services Agency LLC | Effective Date:      | 09/08/15            |
| Group #:            | 400088                   | Product Type Quoted: | 12/01/15 - 11/30/16 |
| Marketing Rep:      | Rebecca Leed             |                      | All                 |
| Underwriter:        | Leah Sharron             |                      |                     |

  

| II. Manual Pure Premium Calculation |  | Medical w/ Non-Pharmacy Riders | Pharmacy | Total pmpm |
|-------------------------------------|--|--------------------------------|----------|------------|
| 1. Manual Pure Premium              |  | \$280.87                       | \$34.86  |            |
| 2. Industry Factor                  |  | 1.100                          | 1.100    |            |
| 3. Demographic Factor               |  | 1.178                          | 1.178    |            |
| 4. Area Factor                      |  | 1.000                          | n/a      |            |
| 5. Adjusted Manual Pure Premium     |  | \$364.01                       | \$45.18  | \$409.19   |

  

| III. Experience Pure Premium Calculation                            |             |   |                     |
|---|-------------|---|---------------------|
| Experience Period Start Date  | 05/01/14    | Experience Period Start Date  | 05/01/14            |
| Experience Period End Date  | 04/30/15    | Experience Period End Date  | 04/30/15            |
| Paid Through Date   | 06/30/15    | Paid Through Date   | 06/30/15            |
| Midpoint of Experience Period                                       | 11/01/14    | Midpoint of Experience Period                                       | 11/01/14            |
| 1a. Product Reflected in Experience                                 |             |   |                     |
| 1b. Product in the Rate Quote (Enter Product ID)                    |             |   |                     |
| 2a. Member Months   | 15,513      | 2a. Member Months   | 15,513              |
| 2b. Out-of-Area Subscribers   | 37          | 2b. Out-of-Area Subscribers   | n/a                 |
| <b>Claims Information</b>   |             |   |                     |
| 3. Date of Service Paid Claims (including net reinsurance and IBNR) | \$4,734,428 | 3. Date of Service Paid Claims (including net reinsurance and IBNR) | \$572,155           |
| 4. Composite Completion Factor Adjustment                           | 1.0000      | 4. Composite Completion Factor Adjustment                           | 1.0000              |
| 5. Incurred Claims  | \$4,734,428 | 5. Incurred Claims  | \$572,155           |
| <b>Large Claims Pooling and Trend</b>                               |             |   |                     |
| 6. Pooling Level (PL)   | \$200,000   | 6. Pooling Level (PL)   | n/a                 |
| 7. Actual Large Claims (Excess Over PL)                             | \$379,504   | 7. Actual Large Claims (Excess Over PL)                             | n/a                 |
| 8. Completion Adjustment Factor                                     | 1.0000      | 8. Completion Adjustment Factor                                     | n/a                 |
| 9. Completion Adjusted Large Claims                                 | \$379,504   | 9. Completion Adjusted Large Claims                                 | n/a                 |
| 10. Incurred Claims Less Large Claims                               | \$4,354,924 | 10. Incurred Claims Less Large Claims                               | n/a                 |
| 11. Trend Factor to Mid Point of Projection Period                  | 1.106       | 11. Trend Factor to Mid Point of Projection Period                  | 1.291               |
|   | 6.6%        |   | 17.5%               |
| 12. Trended Net Claims  | \$4,815,200 | 12. Trended Net Claims  | \$738,435           |
| 13. Trended pmpm Net Claims   | \$310.40    | 13. Trended Net Claims  | \$47.60             |
| <b>Experience Adjustments</b>                                       |             |   |                     |
| 14. Demographic Adjustment (Carrier Replacement Only)               | 1.000       | 14. Demographic Adjustment (Carrier Replacement Only)               | 1.000               |
| 15. Prior Period Adjustment, if applicable                          | 1.000       | 15. Prior Period Adjustment, if applicable                          | 1.000               |
| 16. Network Efficiency Factor                                       | 1.000       | 16. Network Efficiency Factor                                       | 1.000               |
| 17. Benefit Adjustment  | 1.000       | 17. Benefit Adjustment  | 1.000               |
| 18. Pharmacy Rebate Factor  | n/a         | 18. Pharmacy Rebate Factor  | 0.910               |
|   |             |   | \$4.28              |
| 19. Pooling Charge %  | 2.70%       | 19. Pooling Charge %  | n/a                 |
|   | \$8.38      |   |                     |
| 20. Adjusted pmpm Net Claims  | \$318.78    | 20. Adjusted pmpm Net Claims  | \$43.32             |
| 21. Covered Lives Assessment & Non-FFS Claims Expense               | \$7.37      | 21. Covered Lives Assessment & Non-FFS Claims Expense               | n/a                 |
| 22. Indigent Care   | \$0.41      | 22. Indigent Care   | n/a                 |
| 23. Experience Pure Premium   | \$326.56    | 23. Experience Pure Premium   | \$43.32             |
|   |             |   | Total pmpm \$369.88 |

  

| IV. Employer Specific Premium Rates                      |              | Retention Components  |                |
|--|--------------|---|----------------|
| <b>Blending the Manual Pure Premium and Experience</b>   |              |   |                |
|  | <b>Total</b> |   | <b>PMPM</b>    |
| 1. Adjusted Manual Pure Premium                          | \$409.19     | Compare Eff Research  | \$0.17         |
| 2. Experience Pure Premium                               | \$369.88     | Insurer Tax   | \$8.89         |
| 3. Experience Credibility Weight                         | 100%         | Fed Temp Reins Prog   | \$2.37         |
| 4. Blended Pure Premium                                  | \$369.88     | VT Vaccine Assessment   | \$2.67         |
| 5. Group Risk Assessment                                 | 1.000        | Admin & Bad Debt:   | \$43.32        |
| 6. VT Paid Claim Surcharge                               | 0.999%       | Premium Tax:  | \$8.89         |
| 7. Other Charges (network access, healthy dollars etc..) | \$0.00       | Contribution to Reserves:   | \$4.44         |
| 8. Retention   | \$47.76      | <b>Total:</b>   | <b>\$70.74</b> |
| 9. Taxes and Assessments                                 | \$22.98      |   | <b>15.92%</b>  |
| 10. Group Required Pure Premium                          | \$444.31     | Values taken from 4Q 2015 Exp Rated Addendum                                |                |
| 11. Expected Claim Liability PMPM                        | \$392.45     | (Required Premium less Retention less Pooling Charge plus Rx rebate credit) |                |

  

| V. Minimum Premium Funding  |                 | Current Tier Ratios |          |                   |          |
|---|-----------------|---------------------|----------|-------------------|----------|
| <b>Expected Claim Liability Development</b>   |                 | <b>S</b>            | <b>D</b> | <b>PC</b>         | <b>F</b> |
| 1. Loading Factors  | 1.223           | 2.508               | n/a      | 2.936             |          |
| 2. Proposed Composite Expected Claim Liability by Tier                                    | <b>\$480.08</b> | <b>\$984.21</b>     | n/a      | <b>\$1,152.26</b> |          |
| Fixed Agri Services Monthly Retention Charge( / Sec IV, #8 - Rx rebate) x loading factor) |                 | See Exhibit A1      |          |                   |          |
| Stop-Loss Charge ( / Sec III 13 x 14 x 15 x 16 x 17 x 19 x loading factor)                |                 | See Exhibit A1      |          |                   |          |

**MVP Health Care**  
**VERMONT GROUP RATE QUOTE**

*Customer Name: Agri Services*  
*Contract Period: 12/1/2015 - 11/30/2016*  
*Quote Expires: 12/01/2016*

**Product Description**

| Benefit Highlights           | Option 1               |                 | Option 2               |                   | Option 3               |                  | Option 4                                  |                   | Option 5                   |        |
|------------------------------|------------------------|-----------------|------------------------|-------------------|------------------------|------------------|---|-------------------|----------------------------|--------|
|                              | VP019L - Preferred PPO |                 | VP017L - Preferred PPO |                   | VP020L - Preferred PPO |                  | VPHD-03L - Preferred HDPPPO               |                   | VEHD-02L - Preferred HDEPO |        |
|                              | In Network             | Out of Network  | In Network             | Out of Network    | In Network             | Out of Network   | In Network                                | Out of Network    | In Network                 | Out of |
| <b>Office Visits</b>         | \$20                   | Coins/Ded       | \$20                   | Coins/Ded         | \$20                   | Coins/Ded        | Prev Care - \$0                           | Coins/Ded         | Prev Care - \$0            | N/A    |
| <b>Hospital Inpatient</b>    | Coins/Ded              | Coins/Ded       | Coins/Ded              | Coins/Ded         | Coins/Ded              | Coins/Ded        | Coins/Ded                                 | Coins/Ded         | Coins/Ded                  | N/A    |
| <b>Annual Deductible</b>     | \$500/\$1,250          | \$1,000/\$2,500 | \$2,000/\$5,000        | \$4000/\$10,000   | \$1,000/\$2,500        | \$2,000/\$5,000  | \$5,000/\$10,000                          | \$10,000/\$20,000 | \$2,500/\$5,000            | N/A    |
| <b>Coinsurance</b>           | 80%/20%                | 60%/40%         | 80%/20%                | 60%/40%           | 80%/20%                | 60%/40%          | \$0                                       | 80%/20%           | \$0.00                     | N/A    |
| <b>Out-of-Pocket Maximum</b> | \$1,000/\$2,500        | \$3,000/\$7,500 | \$6,000/\$15,000       | \$12,000/\$30,000 | \$2,000/\$5,000        | \$6,000/\$15,000 | \$5,000/\$10,000                          | \$20,000/\$40,000 | \$3,500/\$7,000            | N/A    |
| <b>Lifetime Maximum</b>      | none                   | \$1,000,000     | none                   | \$1,000,000       | none                   | \$1,000,000      | none                                      | \$1,000,000       | none                       | N/A    |
| <b>Pharmacy</b>              | \$10/\$30/\$50         |                 | \$10/\$30/\$50         |                   | \$10/\$30/\$50         |                  | Covered in Full after Deductible - no OON |                   | \$10/\$30/\$50             |        |
| <b>Other</b>                 | Dep to 26              |                 | Dep to 26              |                   | Dep to 26              |                  | Dep to 26                                 |                   | Dep to 26                  |        |

**Dec 2015 - Nov 2016 Gross PMPM Calculation**

| Plan Name    | Experience Period<br>Member Months | Dec '14 - Nov '15<br>Expected Claims<br>PMPM* | Expected Claims                                  |  | Maximum Liability -<br>115% Risk Corridor | Retention PMPM | Stop-Loss Charge<br>PMPM (\$200,000) |
|--------------|------------------------------------|---|--|--|---|----------------|--------------------------------------|
|              |                                    |   | PMPM (Dec '15<br>Contract / Dec '14<br>Contract) | Dec '15 - Nov '16<br>Expected Claims<br>PMPM |   |                |                                      |
| VP019L       | 2,100                              | \$406.74                                      | 30.2%  | \$529.46                                     | \$608.88                                  | \$43.48        | \$8.38                               |
| VP017L       | 1,220                              | \$344.34                                      | 30.2%  | \$448.23                                     | \$515.47                                  | \$43.48        | \$8.38                               |
| VP020L       | 1,448                              | \$382.84                                      | 30.2%  | \$498.35                                     | \$573.10                                  | \$43.48        | \$8.38                               |
| VPHD-03L     | 6,152                              | \$244.72                                      | 30.2%  | \$318.56                                     | \$366.34                                  | \$43.48        | \$8.38                               |
| VEHD-02L     | 4,593                              | \$292.37                                      | 30.2%  | \$380.58                                     | \$437.67                                  | \$43.48        | \$8.38                               |
| <b>Total</b> | <b>15,513</b>                      | <b>\$301.49</b>                               | <b>30.2%</b>                                     | <b>\$392.45</b>                              | <b>\$451.32</b>                           | <b>\$43.48</b> | <b>\$8.38</b>                        |

\*Taken from Dec '14 Agriservices Actuarial Memorandum

**Contract Rate Calculation of Expected Claims, Maximum Liability, Retention, and Stop-Loss Charge**

| Option 1 - VP019L | Loading Factor | Expected Claims | Maximum Liability | Retention | Stop-Loss Charge |
|-------------------|----------------|-----------------|-------------------|-----------|------------------|
| Single            | 1.223          | \$647.68        | \$744.84          | \$53.19   | \$10.25          |
| Double            | 2.508          | \$1,327.80      | \$1,526.97        | \$109.04  | \$21.02          |
| Family            | 2.936          | \$1,554.53      | \$1,787.71        | \$127.66  | \$24.61          |

| Option 2 - VP017L | Loading Factor | Expected Claims | Maximum Liability | Retention | Stop-Loss Charge |
|-------------------|----------------|-----------------|-------------------|-----------|------------------|
| Single            | 1.223          | \$548.32        | \$630.57          | \$53.19   | \$10.25          |
| Double            | 2.508          | \$1,124.10      | \$1,292.71        | \$109.04  | \$21.02          |
| Family            | 2.936          | \$1,316.04      | \$1,513.45        | \$127.66  | \$24.61          |

| Option 3 - VP020L | Loading Factor | Expected Claims | Maximum Liability | Retention | Stop-Loss Charge |
|-------------------|----------------|-----------------|-------------------|-----------|------------------|
| Single            | 1.223          | \$609.63        | \$701.07          | \$53.19   | \$10.25          |
| Double            | 2.508          | \$1,249.78      | \$1,437.25        | \$109.04  | \$21.02          |
| Family            | 2.936          | \$1,463.18      | \$1,682.66        | \$127.66  | \$24.61          |

| Option 4 - VPHD-03L | Loading Factor | Expected Claims | Maximum Liability | Retention | Stop-Loss Charge |
|---------------------|----------------|-----------------|-------------------|-----------|------------------|
| Single              | 1.223          | \$389.69        | \$448.14          | \$53.19   | \$10.25          |
| Double              | 2.508          | \$798.89        | \$918.72          | \$109.04  | \$21.02          |
| Family              | 2.936          | \$935.30        | \$1,075.60        | \$127.66  | \$24.61          |

| Option 5 - VEHD-02L | Loading Factor | Expected Claims | Maximum Liability | Retention | Stop-Loss Charge |
|---------------------|----------------|-----------------|-------------------|-----------|------------------|
| Single              | 1.223          | \$465.56        | \$535.40          | \$53.19   | \$10.25          |
| Double              | 2.508          | \$954.44        | \$1,097.61        | \$109.04  | \$21.02          |
| Family              | 2.936          | \$1,117.42      | \$1,285.03        | \$127.66  | \$24.61          |

**Exhibit B - Derivation of Fully Insured Premium Equivalents**

| Calculated rates by product for 12/1/15-11/30/16 effective dates |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | VP019L          | VP017L          | VP020L          | VPHD-03L        | VEHD-02L        |
| <b>Single Rates</b>  | <u>Option 1</u> | <u>Option 2</u> | <u>Option 3</u> | <u>Option 4</u> | <u>Option 5</u> |
| Expected Claims (exhibit A1)                                     | \$647.68        | \$548.32        | \$609.63        | \$389.69        | \$465.56        |
| Retention (exhibit A1)   | \$53.19         | \$53.19         | \$53.19         | \$53.19         | \$53.19         |
| Stop Loss (exhibit A1)   | \$10.25         | \$10.25         | \$10.25         | \$10.25         | \$10.25         |
| Agri Services Accident coverage (per contract)                   | \$3.00          | \$3.00          | \$3.00          | \$3.00          | \$3.00          |
| Agri Services Broker load (3%)                                   | \$21.42         | \$18.44         | \$20.28         | \$13.68         | \$15.96         |
| Agri Services Administrative Load (8%)                           | <u>\$57.13</u>  | <u>\$49.18</u>  | <u>\$54.09</u>  | <u>\$36.49</u>  | <u>\$42.56</u>  |
| Total Single Rate  | \$792.68        | \$682.38        | \$750.43        | \$506.30        | \$590.52        |
|  | VP019L          | VP017L          | VP020L          | VPHD-03L        | VEHD-02L        |
| <b>Double Rates</b>  | <u>Option 1</u> | <u>Option 2</u> | <u>Option 3</u> | <u>Option 4</u> | <u>Option 5</u> |
| Expected Claims (exhibit A1)                                     | \$1,327.80      | \$1,124.10      | \$1,249.78      | \$798.89        | \$954.44        |
| Retention (exhibit A1)   | \$109.04        | \$109.04        | \$109.04        | \$109.04        | \$109.04        |
| Stop Loss (exhibit A1)   | \$21.02         | \$21.02         | \$21.02         | \$21.02         | \$21.02         |
| Agri Services Accident coverage (per contract)                   | \$3.00          | \$3.00          | \$3.00          | \$3.00          | \$3.00          |
| Agri Services Broker load (3%)                                   | \$43.83         | \$37.71         | \$41.49         | \$27.96         | \$32.62         |
| Agri Services Administrative Load (8%)                           | <u>\$116.87</u> | <u>\$100.57</u> | <u>\$110.63</u> | <u>\$74.56</u>  | <u>\$87.00</u>  |
| Total Double Rate  | \$1,621.55      | \$1,395.44      | \$1,534.95      | \$1,034.46      | \$1,207.12      |
|  | VP019L          | VP017L          | VP020L          | VPHD-03L        | VEHD-02L        |
| <b>Family Rates</b>  | <u>Option 1</u> | <u>Option 2</u> | <u>Option 3</u> | <u>Option 4</u> | <u>Option 5</u> |
| Expected Claims (exhibit A1)                                     | \$1,554.53      | \$1,316.04      | \$1,463.18      | \$935.30        | \$1,117.42      |
| Retention (exhibit A1)   | \$127.66        | \$127.66        | \$127.66        | \$127.66        | \$127.66        |
| Stop Loss (exhibit A1)   | \$24.61         | \$24.61         | \$24.61         | \$24.61         | \$24.61         |
| Agri Services Accident coverage (per contract)                   | \$3.00          | \$3.00          | \$3.00          | \$3.00          | \$3.00          |
| Agri Services Broker load (3%)                                   | \$51.29         | \$44.14         | \$48.55         | \$32.72         | \$38.18         |
| Agri Services Administrative Load (8%)                           | <u>\$136.78</u> | <u>\$117.70</u> | <u>\$129.48</u> | <u>\$87.25</u>  | <u>\$101.81</u> |
| Total Family Rate  | \$1,897.87      | \$1,633.15      | \$1,796.48      | \$1,210.53      | \$1,412.67      |

**Exhibit B1****MVP Health Care****Premium Rates for Member Groups of Agriservices**

Rates effective 12/1/15-11/30/16

**Current Approved Agriservices Fully Insured Premium Rates**

|  | Option 1      | Option 2      | Option 3      | Option 4        | Option 5         |
|--|---------------|---------------|---------------|-----------------|------------------|
| <u>Rates</u>   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u>  |
| Single   | \$623.24      | \$537.36      | \$590.35      | \$400.24        | \$465.83         |
| Double   | \$1,274.20    | \$1,098.13    | \$1,206.76    | \$817.03        | \$951.49         |
| Family   | \$1,491.20    | \$1,285.07    | \$1,412.25    | \$955.97        | \$1,113.39       |
| <b>Total Monthly Revenue Expected based on June 2015 contract counts</b> |               |               |               |                 | <b>\$481,382</b> |

**Proposed Premium Rates using Plan Specific Expected Claim Liabilities**

|  | Option 1      | Option 2      | Option 3      | Option 4        | Option 5         |
|--|---------------|---------------|---------------|-----------------|------------------|
| <u>Rates</u>   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u>  |
| Single   | \$792.68      | \$682.38      | \$750.43      | \$506.30        | \$590.52         |
| Double   | \$1,621.55    | \$1,395.44    | \$1,534.95    | \$1,034.46      | \$1,207.12       |
| Family   | \$1,897.87    | \$1,633.15    | \$1,796.48    | \$1,210.53      | \$1,412.67       |
| <b>Total Monthly Revenue Expected based on June 2015 contract counts</b> |               |               |               |                 | <b>\$610,666</b> |

**MVP Proposed Rate Changes by Product**

|                          | Option 1      | Option 2      | Option 3      | Option 4        | Option 5        |
|--------------------------|---------------|---------------|---------------|-----------------|-----------------|
|                          | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u> |
| Single                   | 27.2%         | 27.0%         | 27.1%         | 26.5%           | 26.8%           |
| Double                   | 27.3%         | 27.1%         | 27.2%         | 26.6%           | 26.9%           |
| Family                   | 27.3%         | 27.1%         | 27.2%         | 26.6%           | 26.9%           |
| <b>Total Rate Change</b> |               |               |               |                 | <b>26.9%</b>    |

| Contract Counts as of June 2015 | VP019L     | VP017L    | VP020L    | VPHD-03L   | VEHD-02L   | Total      |
|---------------------------------|------------|-----------|-----------|------------|------------|------------|
| Single                          | 73         | 28        | 31        | 180        | 151        | 463        |
| Double                          | 11         | 10        | 11        | 50         | 32         | 114        |
| Family                          | 18         | 9         | 11        | 58         | 37         | 133        |
| <b>Total</b>                    | <b>102</b> | <b>47</b> | <b>53</b> | <b>288</b> | <b>220</b> | <b>710</b> |

| Membership as of June 2015 | VP019L     | VP017L    | VP020L     | VPHD-03L   | VEHD-02L   | Total        |
|----------------------------|------------|-----------|------------|------------|------------|--------------|
| Single                     | 73         | 28        | 31         | 180        | 151        | 463          |
| Double                     | 22         | 20        | 22         | 100        | 64         | 228          |
| Family                     | 75         | 36        | 56         | 220        | 160        | 547          |
| <b>Total</b>               | <b>170</b> | <b>84</b> | <b>109</b> | <b>500</b> | <b>375</b> | <b>1,238</b> |

**ACTUARIAL MEMORANDUM**  
**Agriservices Association Minimum Premium Rate Filing**  
**Effective date 12/1/15 - 11/30/16**

Agriservices Association is an association for farmers. Agriservices utilizes MVP's large group Minimum Premium Plan (MPP) funding arrangement to offer 5 health plan options to their member groups. The MPP funding arrangement includes individual stop-loss coverage at a pooling level of \$200,000. Agriservices is renewing their MVP contract with a December 1, 2015 effective date. Premium rates are guaranteed for 12 months.

For MPP contracts, MVP establishes the expected claim liability and the maximum expected claim liability for each plan offering as well as the fixed monthly retention and stop loss fees. The expected claim liability and the maximum expected claim liability reflect the total expected medical and pharmacy claim expense for their member groups (net stop loss claims) as well as any non-claim expenses associated with capitations, physician incentives, wellness rewards, etc. and the associated state and federal taxes and assessment due. The expected claim liability, maximum expected claim liability, monthly retention, and stop-loss fees for each of the five plans being offered are illustrated in Exhibit A1.

The fixed retention and stop loss fees are billed to Agriservices monthly (i.e. the minimum premium). Actual claims and taxes/assessments are billed to the group monthly up to the aggregate maximum expected claim liability. Agriservices is at risk for claims up to the maximum claim liability, and MVP is at risk for claims in excess of the maximum claim liability. Monthly surplus and deficits are carried forward throughout the contract period. A reconciliation is completed after the contract period is completed to determine if actual claims exceed the maximum claim liability. The maximum expected claim liability percentage for Agriservices is equal to 115% of the expected claim liability which is unchanged from the current filing.

**Development of Expected Claims, Retention, Stop Loss Fees, and Premium Rates**

*Exhibit A – Large Group Experience Rating Formula*

The experience period represents 12 months of incurred claims for 05/01/14 – 04/30/15 paid through 06/30/15 completed for IBNR. The gross required premium PMPM for the Agriservices block of business was derived using the 3Q/4Q 2015 Large Group filed experience rated formula and is illustrated in Exhibit A. The experience period incurred claims illustrated on line 3 under the section "claims information" have already been adjusted with IBNR.

The composite gross required premium is split into two components for MPP funding arrangements: the expected claim liability and the fixed monthly retention and stop loss fee. The expected claim liability includes the expected claim costs, Vermont premium tax, Vermont paid claims assessments, and Federal ACA fees. The retention fee covers the cost of general administration, bad debt service fee, and profit/risk charges. The total retention expense as a percent of gross premium is 10.75%. Removed from this retention fee is the credit assumed in the development of the gross required premium for Rx rebates. The amount of the credit is \$4.28 PMPM and is illustrated in Exhibit A, section III, line 18. The stop loss fee covers the expected cost of individual claims in excess of \$200,000 as these are excluded from the expected claim liability by plan and excluded from Agriservices' actual monthly claim liability. The stop loss fee is 2.7% of expected medical claims. This fee equals \$7.07 PMPM and is illustrated in Exhibit A, section III, line 19.

The proposed composite expected claim liability PMPM is converted into expected claim liabilities by contract type using Agriservices experience period membership. Please see below for a derivation of the single conversion factor.

| <b>Contract Type</b> | <b>Subscriber<br/>Months</b> | <b>Member<br/>Months</b> | <b>Tier Ratio</b> |
|----------------------|------------------------------|--------------------------|-------------------|
| Single               | 5,700                        | 5,700                    | 1.000             |
| Double               | 1,181                        | 2,362                    | 2.050             |
| Family               | 1,900                        | 7,451                    | 2.400             |
| <b>Total</b>         | <b>8,781</b>                 | <b>15,513</b>            |                   |
|                      |                              | Single Conv Fx           | 1.223             |

*Exhibit A1 – Product Description and Rates*

Exhibit A1 illustrates the December 2015 expected claim liability, maximum claim liability, retention, and stop loss fees. MVP is not proposing any modifications to rate relativities and benefits are not being modified for this filing.

The percent change in expected claims PMPM was computed by comparing the experience period weighted average December 2014 expected claim liability to the projected claim liability of \$392.45 which can be found on Exhibit A. The resulting increase of 30.2% is being applied uniformly to all of the plans being offered to derive the December 2015 expected claim liability for each plan. The maximum claim liability is then computed by multiplying the December 2015 expected claim liability by 115%. Please see the table below for a summary of these calculations.

| <b>Plan Name</b> | <b>Experience Period<br/>Member Months</b> | <b>Dec '14 - Nov<br/>'15 Expected<br/>Claims PMPM*</b> | <b>% Change in Expected<br/>Claims PMPM (Dec ' 15<br/>Contract / Dec '14 Contract)</b> | <b>Dec ' 15 - Nov<br/>'16 Expected<br/>Claims PMPM</b> | <b>Maximum Liability<br/>- 115% Risk<br/>Corridor</b> |
|------------------|--|--|--|--|---|
| VP019L           | 2,100                                      | \$406.74   | 30.2%  | \$529.46   | \$608.88  |
| VP017L           | 1,220                                      | \$344.34   | 30.2%  | \$448.23   | \$515.47  |
| VP020L           | 1,448                                      | \$382.84   | 30.2%  | \$498.35   | \$573.10  |
| VPHD-03L         | 6,152                                      | \$244.72   | 30.2%  | \$318.56   | \$366.34  |
| VEHD-02L         | 4,593                                      | \$292.37   | 30.2%  | \$380.58   | \$437.67  |
| <b>Total</b>     | <b>15,513</b>                              | <b>\$301.49</b>  | <b>30.2%</b>   | <b>\$392.45</b>  | <b>\$451.32</b>                                       |

*\*Taken from Dec '14 Agriservices Actuarial Memorandum*

Contract rates were then derived using the single conversion factor and tier ratio information found on Exhibit A.

*Exhibits B and B1*

Exhibit B illustrates the derivation of fully insured premium equivalent rates. These rates were derived by adding Agriservices fees to the contract rates computed on Exhibit A1. Agriservices is not proposing changes to any of these fees for this filing.

Exhibit B1 compares the proposed fully insured premium equivalent rates to the current fully insured premium equivalent rates to derive rate increases by plan and contract type. Based on June 2015 enrollment, the proposed December 2015 premium rates represent an aggregate increase of 26.9% and range between 26.5% and 27.3%.

**Actuarial Certification**

I, Matthew Lombardo, am a Member of the American Academy of Actuaries. I have examined the assumptions and methods used in determining MVP's requested rates. Based on my review and examination, it is my opinion that the proposed premium rates are reasonable in relation to the benefits provided and that they are not excessive, inadequate, or unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.



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Matthew Lombardo, FSA, MAAA  
Actuarial Manager, Commercial Pricing  
MVP Health Care

09/09/2015

Date



**Consumer Disclosure about Proposed Health Insurance Rate Increase  
December 2015 Agriservices Association Minimum Premium Filing**

MVP Health Insurance Company is a health care payer operating in Vermont and New York. MVP's mission is to provide high quality and affordable health care with a focus on wellness to our members.

MVP must obtain approval from the Green Mountain Care Board for the health insurance premium rates charged. The filed rates which are guaranteed for 12 months. This minimum premium rate filing seeks approval of Agriservices December 1, 2015 – November 30, 2016 rates.

The rates filed for approval reflect MVP's current estimate of the cost to provide health insurance for that coverage period. The filed rates for the current quarter may be higher or lower than the previously filed rates. However, premium rates generally increase over time. Increases in rates are driven by many factors including increases in use of covered services by the insured population, increases in hospital and physician required charges for medical care, new pharmaceutical drugs, expanded covered services due to government mandates, fees and assessments charged by the government to insurers, and the exit of healthier individuals from the insurance market place as the cost of insurance increases.

The rates included in this rate filing reflect a 26.9% increase over the prior rates. There are 1,238 affected by this rate filing and the range of rate increases vary by product between 26.5% - 27.3%.

**Certification of Compliance**

I hereby certify that I have reviewed the applicable filing requirements for this filing and the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.

**Print Name:** Karla Austen **Title:** Chief Financial Officer & Executive Vice President

**Signature:** 

**Date:** 09/09/15



625 State Street, PO Box 2207  
Schenectady, NY 12301-2207  
[mvphealthcare.com](http://mvphealthcare.com)

September 22, 2015

Ms. Jackie Lee, F.S.A., M.A.A.A  
Lewis & Ellis, Inc.  
P.O. Box 851857  
Richardson, TX 75085

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588

Dear Ms. Lee:

This letter is in response to your correspondence received 09/17/15 regarding the above mentioned rate filing. Please see below for responses to your questions.

1. Provide a narrative description of the underlying causes of this very significant rate increase.

Response: The largest driver of the proposed rate increase is claims that are far outpacing trends. As you will see in MVP's quantitative response to Question #3, effective medical trend is 30.4% and effective Rx trend is 55.8% between the December 2015 and December 2014 experience periods. The increase in claims cost is resulting in Agriservices' current contract period claims to fall outside of the 115% maximum liability.

2. Explain and support the 2.7% pooling charge assumed, given that the assumed effective trend across Medical and Rx is approximately 12.7%. We would anticipate that this significant increase in expected claims would result in an increase in the pooling charge factor for a given pooling level. Please include in your response an exhibit detailing the past observed large claims as a percentage of total claims.

Response: Agriservices' rates were developed using the approved 4<sup>th</sup> quarter 2015 Large Group Experience Rating Formula and Addendum. This value was taken from the Experience Rated Addendum which MVP has attached in SERFF for reference.

Please see the attached excel file for a summary of historical high cost claims as a percentage of total claims.

3. In prior filings, the data provided has demonstrated that loss ratios have varied significantly by plan. Please provide the following by plan:

- a. August 2015 (or most recent) enrollment
- b. Experience period claims and loss ratios
- c. Effective Medical and Rx trend

Response: Please see the attached excel file.

4. Provide support for the pharmacy rebate factor of 0.91 with actual historical illustrations for the recent three years.



625 State Street, PO Box 2207  
Schenectady, NY 12301-2207  
[mvphhealthcare.com](http://mvphhealthcare.com)

Response: Agriservices' rates were developed using the approved 4<sup>th</sup> quarter 2015 Large Group Experience Rating Formula and Addendum. This value was taken from the Experience Rated Addendum which MVP has attached in SERFF for reference.

MVP does not receive pharmacy rebates by group and therefore cannot provide the requested information.

5. Provide a breakdown of the experience period Paid Claims shown in Exhibit A by incurral month and by paid month through August 31th (claim triangles), as well as the estimated IBNR by incurral month.

Response: Please see the associated tab in the attached excel file. Note that the paid claims are completed with separate factors for inpatient and non-inpatient claims. The total IBNR factor for each incurred month is therefore a blend of two completion factors and is subject to variation based on the mix of an incurred month's claims.

6. Please provide historic actual-to-expected experience for this group.

Response: Please see the attached excel file.

7. Provide support for the projected Vermont Vaccine Assessment amount of 0.6% (\$2.67 PMPM) shown in Exhibit A.

Response: Agriservices' rates were developed using the approved 4<sup>th</sup> quarter 2015 Large Group Experience Rating Formula and Addendum. This value was taken from the Experience Rated Addendum which MVP has attached in SERFF for reference.

When the 3Q/4Q 2015 Large Group rate filing was submitted, MVP analyzed its most current information for the VT Vaccine Assessment. The 3Q 2014 VT Vaccine Assessment equaled \$2.29 PMPM and the 2014 YTD Revenue for the Large Group VT block of business was \$390.73 resulting in a charge of 0.6% of premium.

If you have any questions or require additional information, please contact me at 518-388-2483.

Sincerely,

A handwritten signature in black ink that reads "Matthew Lombardo".

Matthew Lombardo, FSA, MAAA  
Associate Director, Actuarial Services  
MVP Health Care

**High Cost Claim Summary over Recent Contract Periods**

|                           | <b>12/1/2014-<br/>4/30/2015*</b> | <b>12/1/2013 -<br/>11/30/2014</b> | <b>1/1/2013-<br/>11/30/2013</b> | <b>1/1/2012-<br/>12/31/2012</b> |
|---------------------------|----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Total Claims              | \$2,278,218                      | \$4,848,818                       | \$3,944,714                     | \$4,072,868                     |
| Claims > \$200,000        | \$445,336                        | \$287,569                         | \$0                             | \$222,685<br>\$213,432          |
| Claim Amounts > \$200,000 | \$245,336                        | \$87,569                          | \$0                             | \$36,118                        |
| High Cost Claim %         | 12.1%                            | 1.8%                              | 0.0%                            | 0.9%                            |

*\*Difference between high cost claims in this report vs. rate filing is driven by additional run-out.*

| MLR and Effective Trends by Product                             |                 |                 |               |               |               |                 |
|---|-----------------|-----------------|---------------|---------------|---------------|-----------------|
| <b>Experience Period from December 2015 Agriservices Filing</b> | <b>VEHD-02L</b> | <b>VPHD-03L</b> | <b>VP019L</b> | <b>VP017L</b> | <b>VP020L</b> | <b>Total</b>    |
| Experience Period MMs   | 4,593           | 6,152           | 2,100         | 1,220         | 1,448         | 15,513          |
| Aug 2015 members by product                                     | 319             | 500             | 163           | 84            | 109           | 1175            |
| Medical Claims PMPM (includes Non-FFS and Covered Lives PMPM)   | \$467.01        | \$202.80        | \$349.92      | \$325.81      | \$228.04      | \$312.97        |
| Rx Claims PMPM  | \$12.44         | \$39.47         | \$64.81       | \$57.51       | \$45.53       | \$36.88         |
| VT Paid Claim Surcharge   | \$4.79          | \$2.42          | \$4.14        | \$3.83        | \$2.73        | \$3.50          |
| Total Claims PMPM   | \$484.24        | \$244.69        | \$418.88      | \$387.15      | \$276.30      | \$353.35        |
| Premium PMPM  | \$309.28        | \$260.57        | \$458.13      | \$381.18      | \$403.42      | \$324.56        |
| MLR   | 156.6%          | 93.9%           | 91.4%         | 101.6%        | 68.5%         | <b>108.9%</b>   |
| <b>Experience Period from December 2014 Agriservices Filing</b> | <b>VEHD-02L</b> | <b>VPHD-03L</b> | <b>VP019L</b> | <b>VP017L</b> | <b>VP020L</b> | <b>Total</b>    |
| Experience Period MMs   | 5,099           | 6,497           | 2,779         | 1,526         | 2,173         | 18,074          |
| Aug 2014 members by product                                     | 388             | 525             | 180           | 116           | 125           | 1334            |
| Medical Claims PMPM (includes Non-FFS and Covered Lives PMPM)   | \$264.87        | \$124.75        | \$382.22      | \$197.23      | \$331.28      | \$234.82        |
| Rx Claims PMPM  | \$13.51         | \$15.94         | \$31.07       | \$35.11       | \$46.04       | \$22.82         |
| VT Paid Claim Surcharge   | \$2.78          | \$1.41          | \$4.13        | \$2.32        | \$3.77        | \$2.57          |
| Total Claims PMPM   | \$281.16        | \$142.09        | \$417.42      | \$234.67      | \$381.09      | \$260.21        |
| Premium PMPM  | \$281.47        | \$221.48        | \$453.04      | \$353.91      | \$398.45      | <b>\$306.47</b> |
| MLR   | 99.9%           | 64.2%           | 92.1%         | 66.3%         | 95.6%         | <b>84.9%</b>    |
| Annualized Medical Trend  | 68.8%           | 56.6%           | -7.8%         | 58.9%         | -29.2%        | 30.4%           |
| Annualized Rx Trend   | -7.3%           | 131.0%          | 97.1%         | 57.7%         | -1.0%         | 55.8%           |
| Annualized Total Trend  | 65.2%           | 65.2%           | 0.3%          | 58.7%         | -25.7%        | 32.6%           |

Notes: 1) Rx claims are not reduced for Rx rebates for accurate comparison to premium equivalent.

2) The December 2015 experience period started one month later so there are 13 months of trend captured when comparing PMPMs. As a result, the difference in claims between the two time periods are raised to 12/13 to calculate annualized trend.

**Vermont Agriservices Paid Claims- May 2014 to April 2015 (paid through June 2015)**

**FEE FOR SERVICE MEDICAL CLAIMS**

|                   |              | Incurred Month   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|-------------------|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                   |              | May 2014         | Jun 2014         | Jul 2014         | Aug 2014         | Sep 2014         | Oct 2014         | Nov 2014         | Dec 2014         | Jan 2015         | Feb 2015         | Mar 2015         | Apr 2015         |
| <b>Paid Month</b> | May 2014     | \$95,246         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|                   | Jun 2014     | \$135,777        | \$117,059        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|                   | Jul 2014     | \$12,559         | \$143,962        | \$93,505         |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|                   | Aug 2014     | \$1,559          | \$15,354         | \$185,928        | \$62,134         |                  |                  |                  |                  |                  |                  |                  |                  |
|                   | Sep 2014     | \$4,580          | \$9,523          | \$47,861         | \$146,036        | \$122,704        |                  |                  |                  |                  |                  |                  |                  |
|                   | Oct 2014     | \$382            | (\$209)          | \$18,793         | \$11,080         | \$208,071        | \$206,303        |                  |                  |                  |                  |                  |                  |
|                   | Nov 2014     | (\$5,220)        | \$186            | \$839            | \$7,371          | \$35,071         | \$148,709        | \$111,039        |                  |                  |                  |                  |                  |
|                   | Dec 2014     | \$5,591          | (\$1,389)        | \$1,209          | \$1,810          | \$280,842        | \$203,422        | \$186,580        | \$63,371         |                  |                  |                  |                  |
|                   | Jan 2015     | \$175            | \$166            | \$467            | \$152            | \$10,880         | \$22,795         | \$20,388         | \$313,878        | \$42,924         |                  |                  |                  |
|                   | Feb 2015     | \$265            | \$404            | \$462            | \$1,264          | \$4,973          | \$515            | \$2,417          | \$33,064         | \$158,474        | \$93,395         |                  |                  |
|                   | Mar 2015     | (\$56)           | \$0              | \$0              | \$2              | \$958            | \$2,144          | \$1,949          | \$86,713         | \$41,132         | \$212,435        | \$87,071         |                  |
|                   | Apr 2015     | (\$84)           | \$0              | \$355            | \$415            | \$71             | \$1,970          | \$994            | \$2,293          | \$15,634         | \$133,993        | \$141,241        | \$108,489        |
|                   | May 2015     | \$0              | \$30             | \$0              | \$25,896         | (\$307)          | \$3,165          | \$108            | \$207            | \$1,104          | \$46,118         | \$48,698         | \$156,201        |
|                   | Jun 2015     | \$0              | \$0              | \$21             | \$0              | \$0              | \$347            | \$79             | \$922            | \$23,098         | \$3,316          | \$4,031          | \$72,450         |
|                   | <b>Total</b> | <b>\$250,774</b> | <b>\$285,085</b> | <b>\$349,441</b> | <b>\$256,159</b> | <b>\$663,263</b> | <b>\$589,370</b> | <b>\$323,553</b> | <b>\$500,447</b> | <b>\$282,365</b> | <b>\$489,257</b> | <b>\$281,042</b> | <b>\$337,140</b> |

**PHARMACY CLAIMS**

|                   |              | Incurred Month  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|-------------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                   |              | May 2014        | Jun 2014        | Jul 2014        | Aug 2014        | Sep 2014        | Oct 2014        | Nov 2014        | Dec 2014        | Jan 2015        | Feb 2015        | Mar 2015        | Apr 2015        |
| <b>Paid Month</b> | May 2014     | \$21,610        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                   | Jun 2014     | \$34,419        | \$27,008        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                   | Jul 2014     | \$0             | \$11,666        | \$23,020        |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                   | Aug 2014     | \$0             | \$0             | \$49,011        | \$22,679        |                 |                 |                 |                 |                 |                 |                 |                 |
|                   | Sep 2014     | \$0             | \$0             | \$0             | \$57,987        | \$29,363        |                 |                 |                 |                 |                 |                 |                 |
|                   | Oct 2014     | \$0             | \$0             | \$3,269         | \$979           | \$6,074         | \$28,509        |                 |                 |                 |                 |                 |                 |
|                   | Nov 2014     | \$0             | \$0             | \$0             | \$0             | \$0             | \$10,503        | \$25,685        |                 |                 |                 |                 |                 |
|                   | Dec 2014     | \$0             | \$0             | \$0             | \$177           | \$0             | \$282           | \$9,484         | \$32,197        |                 |                 |                 |                 |
|                   | Jan 2015     | \$0             | \$0             | \$0             | \$0             | \$174           | \$0             | \$0             | \$16,080        | \$30,713        |                 |                 |                 |
|                   | Feb 2015     | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$407           | \$33,642        |                 |                 |
|                   | Mar 2015     | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$133           | \$0             | \$512           | \$2,518         | \$39,976        |                 |
|                   | Apr 2015     | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$195           | \$984           | \$48,579        |
|                   | May 2015     | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$321           | \$3,150         |
|                   | Jun 2015     | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$852           |
|                   | <b>Total</b> | <b>\$56,030</b> | <b>\$38,674</b> | <b>\$75,299</b> | <b>\$81,822</b> | <b>\$35,611</b> | <b>\$39,293</b> | <b>\$35,302</b> | <b>\$48,278</b> | <b>\$31,631</b> | <b>\$36,355</b> | <b>\$41,281</b> | <b>\$52,581</b> |

**Validation to Rate Filing- With IBNR by Incurred Month**

| Incurred Month | Paid Medical Claims | IBNR Amount      | Incurred Medical Claims | Incurred Month | Rx Claims        |
|----------------|---------------------|------------------|-------------------------|----------------|------------------|
| May 2014       | \$250,774           | \$167            | \$250,941               | May 2014       | \$56,030         |
| Jun 2014       | \$285,085           | \$494            | \$285,579               | Jun 2014       | \$38,674         |
| Jul 2014       | \$349,441           | \$1,128          | \$350,569               | Jul 2014       | \$75,299         |
| Aug 2014       | \$256,159           | \$873            | \$257,033               | Aug 2014       | \$81,822         |
| Sep 2014       | \$663,263           | \$5,910          | \$669,172               | Sep 2014       | \$35,611         |
| Oct 2014       | \$589,370           | \$6,290          | \$595,660               | Oct 2014       | \$39,293         |
| Nov 2014       | \$323,553           | \$5,032          | \$328,585               | Nov 2014       | \$35,302         |
| Dec 2014       | \$500,447           | \$11,570         | \$512,017               | Dec 2014       | \$48,278         |
| Jan 2015       | \$282,365           | \$11,763         | \$294,128               | Jan 2015       | \$31,631         |
| Feb 2015       | \$489,257           | \$28,013         | \$517,271               | Feb 2015       | \$36,355         |
| Mar 2015       | \$281,042           | \$16,456         | \$297,498               | Mar 2015       | \$41,281         |
| Apr 2015       | \$337,140           | \$38,835         | \$375,975               | Apr 2015       | \$52,581         |
| Exp. Pd.       |                     |                  |                         | Exp. Pd.       |                  |
| <b>Total</b>   | <b>\$4,607,895</b>  | <b>\$126,533</b> | <b>\$4,734,428</b>      | <b>Total</b>   | <b>\$572,155</b> |

| <b>Historical Actual-to-Expected Claims</b> |  |
|---|--|
|---|--|

|   |          |
|---|----------|
| Expected Claim Liability PMPM<br>for 12/1/2014-11/30/2015 | \$307.91 |
| Actual Claims for 12/1/2014-04/30/2015                    | \$361.56 |
| <b>Actual-to-Expected</b>                                 | 117.4%   |

|   |          |
|---|----------|
| Expected Claim Liability PMPM<br>for 12/1/2013-11/30/2014 | \$278.39 |
| Actual Claims for 12/1/2013-11/30/2014                    | \$295.68 |
| <b>Actual-to-Expected</b>                                 | 106.2%   |

|  |          |
|--|----------|
| Expected Claim Liability PMPM<br>for 1/1/2013-12/31/2013 | \$274.56 |
| Actual Claims for 1/1/2013-11/30/2013                    | \$232.49 |
| <b>Actual-to-Expected</b>                                | 84.7%    |

|  |          |
|--|----------|
| Expected Claim Liability PMPM<br>for 1/1/2012-12/31/2012 | \$251.92 |
| Actual Claims for 1/1/2012-12/31/2012                    | \$225.19 |
| <b>Actual-to-Expected</b>                                | 89.4%    |

## **MVP Health Insurance Company (“MVP”) Experience Rated Addendum – 3Q/4Q 2015 Effective Dates**

This document is an Addendum to MVP’s 3Q/4Q 2015 Manual Rate Filing and Experience Rating Formula for products sold to employer groups with 51 or more eligible employees in the State of Vermont. This addendum and its appendices outline the rating factors discussed in the Experience Rating Formula. These factors are being filed as an addendum to the Manual Rate and Formula filings so they can be updated as deemed necessary by MVP without having to re-file the rating methodology.

Whenever possible, the rating factors contained herein will be based on actual MVP experience or they will be normalized to MVP’s population.

### **BASE MANUAL RATES**

Please see Exhibits 4a (base manual rates), 4b (medical riders), and 4c (Rx riders) of the accompanying manual rate filing for the net PMPMs of plans and riders being offered by MVP for 3Q/4Q 2015 effective dates.

### **SIC FACTORS**

The industry factors in Appendix A will be applied to the manual rates based on the employer’s industry.

### **DEMOGRAPHIC FACTORS**

To more closely resemble the health risk of the employer’s insured population, the manual pure premium will be adjusted to reflect differences in the demographic characteristics of a specific employer group compared to MVP’s community pool for the chosen product. This demographic factor will be applied to both the base rate and riders.

With respect to the employer specific experience rate, there may be a situation where MVP will be the sole health plan offering and be required to adjust the experience to reflect anticipated health characteristics of the entire group versus just MVP’s members who were enrolled in the previous year under a slice product offering. In this situation, MVP will develop a demographic factor relative of the entire group and compare that to the demographics of their existing employer membership.

The demographic factors are in Appendix B. A per member demographic factor is calculated as the weighted average subscriber age/sex factor / weighted average subscriber average contract size.

### **HRA/HSA DEDUCTIBLE FUNDING FACTORS**

The additional risk charge applies when a group funds a plan deductible. The charge is intended to account for the anticipated increase in utilization of services due to the resulting ‘first dollar’ coverage provided. The manual rate adjustment factors are in Appendix C.

**POOLING CHARGES**

Each group is charged a pooling charge and all claims above the applicable attachment point are removed from their claim data. The charge is based on the following table:

| Pooling Point | Pooling Charge |
|---------------|----------------|
| \$75,000      | 10.6%          |
| \$80,000      | 9.8%           |
| \$85,000      | 9.1%           |
| \$90,000      | 8.5%           |
| \$100,000     | 7.4%           |
| \$125,000     | 5.5%           |
| \$150,000     | 4.2%           |
| \$175,000     | 3.3%           |
| \$200,000     | 2.7%           |
| \$250,000     | 1.9%           |
| \$300,000     | 1.3%           |
| \$350,000     | 1.0%           |
| \$400,000     | 0.7%           |
| \$450,000     | 0.6%           |
| \$500,000     | 0.5%           |

Group size will be considered when selecting the appropriate pooling charge. The Max pool level is the maximum amount MVP will allow for a given group size:

| Avg. Subscribers | Max Pool Level |
|------------------|----------------|
| Up to 100        | \$100,000      |
| 100-299          | \$150,000      |
| 300-499          | \$200,000      |
| 500-999          | \$250,000      |
| 1,000-1,499      | \$300,000      |
| 1,500-2,499      | \$400,000      |
| 2,500 and up     | \$500,000      |

**TREND FACTORS**

The following trends are used to project historical experience of the group to the proposed rating period. Exhibit 1 and Exhibit 2 are developed by applying the appropriate pro-rated calendar year trend factors from the midpoint of the experience period to the midpoint of the rating period. Paid trends are calculated by multiplying the applicable allowed trend times the leveraging factor for a given product type.

| Year          | Allowed Medical Trend | Pharmacy Trend |
|---------------|-----------------------|----------------|
| 2013          | 4.8%                  | 3.0%           |
| 2014          | 8.6%                  | 14.5%          |
| 2015          | 5.3%                  | 16.9%          |
| 2016 & Beyond | 5.3%                  | 16.3%          |

|                          | HDHP | Non-HDHP |
|--------------------------|------|----------|
| Annual Leveraging Factor | 1.0% | 0.7%     |

**NETWORK ADJUSTMENT FACTOR**

This adjustment reflects changes with respect to the differences in network providers, contractual provider reimbursement rates, the degree of medical management for MVP versus other carriers, gatekeeper versus no

gatekeeper, and referral versus open access. For those accounts enrolled in MVP, this factor will primarily represent differences in provider contractual arrangements. If the experience is coming from another carrier, the adjustment may reflect all of the items above. MVP will make every effort to develop actuarial adjustments that properly determine the appropriate factor to reflect the expected experience of the group.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

#### **BENEFIT ADJUSTMENT FACTOR**

The purpose of the benefit adjustment is to reflect any difference between the benefits inherent in the group's historical claims experience period and the groups expected benefit plan for the prospective benefit period. This includes medical benefits and pharmacy benefits.

Based on filed manual rates, the underwriter will determine the value of the benefit adjustment factor by analyzing the actuarial equivalent difference in benefits. As it relates to a new group having experience from another carrier, the underwriter will use their best efforts to match up prior benefits to a currently filed benefit to determine the actuarial equivalent difference in benefits. In some cases, this may require interpolating between two manual rates, extrapolating from the filed manual rates, using other sources such as the Milliman USA guidelines, or other internal pricing models.

Other adjustments in this category may include benefit mandates. That is, mandated benefits that will be included in the future benefits, but not reflected in the group's experience.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

#### **PHARMACY REBATE FACTOR**

Pharmacy rebates are received periodically. The pharmacy rebate factor of 0.91 is used to account for this reduction in pharmacy costs. This reduction will only apply if the paid pharmacy claims do not already reflect pharmacy rebates. In the case where the employer group is not a MVP group, the underwriter will determine if the claims data provided includes or excludes rebates from the other carrier.

#### **PERIOD WEIGHT**

Period Weight is determined by the underwriter. The underwriters follow a general protocol for deriving the weights to apply for the Period Weight portion of the experience rating formula. Most groups are rated using 12 months of historical data and therefore, the period weights are not applicable. For the smaller of the large groups, the underwriter will consider extending the historical look back to 24 months, if the data is available, in order to provide a more stable block of data from which to do the rating. In these cases, the underwriter will generally give an 80% weight to the most recent 12 months of data and a 20% weight to the prior period of data. These weights may vary, however, and could be 50% / 50% if the underwriter feels more weight should be given to the older data. This may be the case if the current 12 months are exceptionally higher or lower than the prior period.

#### **CREDIBILITY WEIGHT**

Based on MVP's product guidelines for offering a prospective experience rate, an employer must have (or project) a minimum of 51 eligible employees for the proposed rating period. However, consistent with industry rating practices, a smaller sized experience rated groups should not be considered as producing 100% credible claims information. To protect the employer from significant rate fluctuation from year to year, MVP will be applying a credibility weight to the group's claim experience.

In determining a group's quoted rate, a weight will be given to the group's claims experience based on the number of member months in the experience period. The complement of the weight will be applied to the manual rate. The blended rate is one that will be quoted to the employer group. Below are the base credibility weightings:

| Member Month Range | Credibility Factor |
|--------------------|--------------------|
| 0 to 599           | 0%                 |
| 600 to 2,400       | 20%                |
| 2,401 to 3,700     | 30%                |
| 3,701 to 4,900     | 40%                |
| 4,901 to 6,100     | 50%                |
| 6,101 to 7,300     | 60%                |
| 7,301 to 8,500     | 70%                |
| 8,501 to 9,700     | 80%                |
| 9,701 to 12,200    | 90%                |
| 12,201 and over    | 100%               |

These experience credibility weightings can be adjusted downward based on underwriter's judgment in the following circumstances:

***The employer group has provided less than 12 months of incurred claims data or data is not provided for all services or employees*** – Generally, a minimum of one full calendar year of incurred claims data for all populations and covered services included in the quote is desired to underwrite a case. In the event less than 12 months of data is available, the underwriter can adjust the credibility table downward, not to be less than 0%.

***The employer group has had membership change by 50% or more since the experience period*** – With a significant membership change, the historical claims experience may no longer represent the group's current population. If the membership has changed by more than 50% from the experience period to the rating period, the underwriter may override the table above to reduce credibility downward, not to be less than 0%.

***The most recent experience data provided is too old*** – Generally, from the mid-point of the experience period to the mid-point of the rating period should not be older than 24 months. If the more recent period of data is older than 24 months, the underwriter may adjust the credibility table downward, not to be less than 0%.

MVP may also make an upward adjustment to the table if the group has a favorable group risk assessment. The credibility percentage will never exceed 100%.

#### **UNDERWRITING JUDGMENT/GROUP RISK ASSESSMENT**

Underwriting judgment will be used by the underwriter in determining inputs to the rating formula or to modify the result depending on the circumstances of the case, the data available, or the quality of the available data.

Adjustments may be made due to items such as poor claim and enrollment experience data being presented for new groups, the group's claim trend being historically different than the averages, variability in claims experience, participation levels/group size changes, plan sponsor contribution levels, number of plan offerings, plan sponsor and covered population stability, and plan sponsor persistency. Adjustments may be both positive and negative, but will not be larger than 10% in either direction.

#### **NETWORK ACCESS FEES AND OTHER FEES**

MVP has a contracted network access fee with a rental network in the event a group has members that live outside of MVP's service area. The net access fee is \$0 PEPM for just those subscribers who live outside of the service area.

#### **COVERED LIVES ASSESSMENT**

This is a New York State assessment passed on to groups in premium rates. The 2015 CLA rates are obtained from the Department of Financial Services (DFS) website.

| Region          | 2015 Actual |         |
|-----------------|-------------|---------|
|                 | Individual  | Family  |
| New York City   | \$16.49     | \$54.43 |
| Long Island     | \$5.36      | \$17.68 |
| Northern Metro  | \$3.42      | \$11.30 |
| Northeastern    | \$3.42      | \$11.30 |
| Utica/Watertown | \$0.76      | \$2.51  |
| Central         | \$4.59      | \$15.14 |
| Rochester       | \$8.75      | \$28.86 |
| Western         | \$3.16      | \$10.44 |

MVP will calculate the CLA with the group information that is available. For example, on a new business case, the number of single contracts by location may not be available. In that case, the CLA may have to be estimated based on the group's overall number single and family contracts and assume the same ratio exists in each region.

#### **HCRA ASSESSMENT**

This is another New York State assessment based on Hospital claims. A charge of 0.25% will be applied to the experience of new business quotes; this is consistent with the amount reflected in the manual portion of the rate.

#### **RETENTION EXPENSES**

Non-claim cost expenses must be added to the premium rates and can be per member per month (PMPM) charges, percent of paid claim charges, or percent of premium charges. The following tables reflect the retention loads:

##### Percent of Premium Retention:

General Administration = 9.5%

Bad Debt = 0.25%

Premium Tax = 2.0%

Contribution to Surplus = 1.0%

VT Vaccine Assessment = 0.6%

Broker Loads = group specific

##### Percent of Paid Claim Surcharges:

VT Paid Claims Surcharge = 0.999%

##### Fixed Dollar Retention

PMPM = \$0

##### Percent of Premium ACA Assessments:

Insurer Tax – 2.0%

PMPM ACA Assessments:

Federal ACA Reinsurance/Treasury Assessment: 2015 coverage dates = \$3.67, 2016 coverage dates = \$2.25

Comparative Effectiveness Research Tax - \$0.17

**EMPLOYER SPECIFIC PREMIUM RATES**

The experience rating formula filing details the calculation of employer specific premium rates by using employer specific information. In the event the employer group cannot supply sufficient information to calculate employer specific conversion factors, the following community load ratios will be used:

- Single=1.0
- Double=2.0
- Family 2 tier=2.5
- Family 3 tier=2.6
- Family 4 tier= 2.8
- Parent Child 4 tier= 1.9

**RETROSPECTIVE RATING**

The risk charges for a group choosing to be rated retrospectively are outlined below:

*(No DEFICIT CARRY FORWARD/80% SURPLUS REFUND FOR GROUPS 251+, 50% REFUND FOR GROUPS LESS THAN 251)*

- Groups with 1,000+ enrolled subscribers = 1.01
- Groups with 251-999 enrolled subscribers = 1.01
- Groups with 51-250 enrolled subscribers = 1.01

**MINIMUM PREMIUM FUNDING ARRANGMENTS**

The following table shows the Claims Fluctuation Margin (CFM) available for groups of different sizes. The appropriate level of CFM will depend on the group’s size and risk assessment. Groups that are smaller with a higher risk assessment will have a higher CFM. Because of the risk involved with minimum premium funding, at the smaller group size, the underwriter will use judgment to determine if minimum premium funding is allowed.

| Group Size | CFM                 |
|------------|---------------------|
| 100-249    | 120%, 125%, or 130% |
| 249-499    | 115%, 120%, or 125% |
| 500-999    | 110%, 115%, or 120% |
| 1,000+     | 105%, 110%, or 115% |

**ACTUARIAL CERTIFICATION**

I believe the rating factors described herein are consistent with industry norms, follows sound actuarial and underwriting principals, and the rating factors used and documented in the Experience Rating Addendum are reasonable relative to MVP’s book of business and industry norms.

I have reviewed the provisions of Vermont Insurance Law. It is my opinion that this rating formula complies with the requirements of those provisions.



**Matthew Lombardo, FSA, MAAA**  
Actuarial Manager, Commercial Pricing  
MVP Health Insurance Company





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October 10, 2015

Ms. Jackie Lee, F.S.A., M.A.A.A  
 Lewis & Ellis, Inc.  
 P.O. Box 851857  
 Richardson, TX 75085

Re: MVP Health Insurance Company  
 Agriservices Association – Groups renewing December 1, 2015  
 SERFF Tracking #: MVPH-130236588

Dear Ms. Lee:

This letter is in response to your correspondence received 09/29/15 regarding the above mentioned rate filing. Please see below for responses to your questions.

1. Your response to our prior question 3 indicated that the enrollment distribution by plan has shifted significantly since the experience period.
  - a. Provide the required rate change assuming that future enrollment will follow the current distribution by plan, rather than that observed in the experience period.
  - b. Provide an explanation as to why there was such a significant shift between the plans.

Response:

- a. A significant portion of members did not renew into an Agriservices plan upon renewal in December 2014 which is driving a reduction in average members from the experience period to the August 2015 snapshot. The table below reflects the experience period loss ratio for all members that were active as of August 2015. This loss ratio is 0.3% worse than the experience period loss ratio which indicates the change in the required rate increase would change by the same amount had only currently active members been used to set premium rates.

**MLR and Effective Trends by Product - Active Members Only**

| Experience Period from December 2015<br>Agriservices Filing      | VEHD-02L | VPHD-03L | VP019L   | VP017L   | VP020L   | Total         |
|--|----------|----------|----------|----------|----------|---------------|
| Experience Period MMs  | 3,641    | 5,379    | 1,895    | 1,085    | 1,309    | 13,309        |
| Aug 2015 members by product                                      | 358      | 499      | 170      | 81       | 112      | 1,220         |
| Medical Claims PMPM (includes Non-FFS<br>and Covered Lives PMPM) | \$495.70 | \$211.67 | \$344.35 | \$331.57 | \$215.43 | \$318.41      |
| Rx Claims PMPM   | \$12.38  | \$42.24  | \$61.69  | \$24.43  | \$63.74  | \$37.50       |
| VT Paid Claim Surcharge  | \$5.08   | \$2.54   | \$4.06   | \$3.56   | \$2.79   | \$3.56        |
| Total Claims PMPM  | \$513.16 | \$256.44 | \$410.10 | \$359.55 | \$281.96 | \$359.47      |
| Premium PMPM   | \$316.17 | \$267.20 | \$455.14 | \$387.91 | \$387.69 | \$329.05      |
| MLR  | 162.3%   | 96.0%    | 90.1%    | 92.7%    | 72.7%    | <b>109.2%</b> |



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- b. MVP does not consider the shift in enrollment between plans to be significant. The experience period of 5/1/14 – 4/30/15 spans two contract periods, December 2013 and December 2014. Upon renewal, membership regularly shifts amongst plans offered, and the change in enrollment by coplan for Agriservices does not fall outside of the range of reasonableness. Please see the table below.

**Comparison of Agriservices Membership Distribution by Plan**

|                      | <b>VEHD-02L</b> | <b>VPHD-03L</b> | <b>VP019L</b> | <b>VP017L</b> | <b>VP020L</b> | <b>Total</b> |
|----------------------|-----------------|-----------------|---------------|---------------|---------------|--------------|
| Experience Period    | 30%             | 40%             | 14%           | 8%            | 9%            | 100%         |
| August 2015 Snapshot | 27%             | 43%             | 14%           | 7%            | 9%            | 100%         |

2. Explain and support the decision to apply a uniform rate increase to all plans given the continued variation in loss ratio experience between them. In your response, address the risk to MVP created by the dependence of the future experience on the enrollment distribution.

Response: MVP updates its benefit relativities periodically and uses its entire Vermont book of business to set these benefit relativities. MVP prefers to keep its benefit relativities intact within a given group even though it is recognized these benefit relativities will not hold true as subscribers will select the plan that is best suited for them. Data broken out by product within a group is less credible, and rating each product independently will create large variations in rate changes by plan which results in members churning between products at each renewal. MVP is of the opinion that rating by product creates more selection risk than maintaining the benefit spreads reflected in all of its products.

Also note, for the December 2014 Agriservices filing, MVP re-sloped the plans being offered and rate increases varied by product. The experience period loss ratios for 5/1/14 – 4/30/15 span two contract periods, seven months of which reflects premium prior to re-sloping benefits. The three products with the most unfavorable experience period loss ratios received the highest rate increases in December 2014. MVP believes it would be reactionary to modify its benefit spreads for this rate filing without having a full contract period loss ratio to evaluate the adequacy of the current benefit spreads.

3. We are aware from previous filings that the allowed trends in the VT Experience Rated Addendum provided represent the average by Medical category and Rx tier. It is our understanding that these were calculated based on the claims distribution for the LG EPO/PPO block, and not for the Agriservices block. What would the allowed cost trends be for this block using Agriservices experience?

Response: Please see the tables below for the requested information. Note the Total 2016 Allowed Trend is weighted based on the experience period claim distribution after applying 8 months of 2015 trend.



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*Rx Trend*

| Rx Category | % of Exp Pd. Allowed Claims | 2015 Allowed Trend | 2016 Allowed Trend | Total Annual Allowed Trend |
|-------------|-----------------------------|--------------------|--------------------|----------------------------|
| Generic     | 28.7%                       | 5.9%               | 7.6%               | 6.9%                       |
| Brand       | 32.9%                       | 8.1%               | 10.5%              | 9.5%                       |
| Specialty   | 38.4%                       | 31.6%              | 25.2%              | 27.8%                      |
| Total       | 100.0%                      | 16.5%              | 15.8%              | 16.1%                      |

| Product Type | % of Paid Claims | Annual Leveraging Factor |
|--------------|------------------|--------------------------|
| HDHP         | 52.5%            | 1.0%                     |
| Non-HDHP     | 47.5%            | 0.7%                     |
| Total        | 100.0%           | 0.9%                     |

**Annual Rx Paid Trend 17.1%**

*Medical Trend*

| Medical Category | % of Allowed Claims | 2015 Allowed Trend | 2016 Allowed Trend | Total Annual Allowed Trend |
|------------------|---------------------|--------------------|--------------------|----------------------------|
| Inpatient        | 26.1%               | 6.7%               | 6.7%               | 6.7%                       |
| Outpatient       | 46.2%               | 5.9%               | 5.9%               | 5.9%                       |
| Physician        | 27.7%               | 3.5%               | 3.5%               | 3.5%                       |
| Total            | 100.0%              | 5.4%               | 5.5%               | 5.4%                       |

| Product Type | % of Paid Claims | Annual Leveraging Factor |
|--------------|------------------|--------------------------|
| HDHP         | 65.3%            | 1.0%                     |
| Non-HDHP     | 34.7%            | 0.7%                     |
| Total        | 100.0%           | 0.9%                     |

**Annual Medical Paid Trend 6.4%**



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If you have any questions or require additional information, please contact me at 518-388-2483.

Sincerely,

A handwritten signature in black ink that reads "Matthew Lombardo".

Matthew Lombardo, FSA, MAAA  
Associate Director, Actuarial Services  
MVP Health Care



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October 19, 2015

Ms. Jackie Lee, F.S.A., M.A.A.A  
Lewis & Ellis, Inc.  
P.O. Box 851857  
Richardson, TX 75085

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588

Dear Ms. Lee:

Here are MVPHIC's responses to the questions proposed by the Office of the Health Care Advocate, sent to us on October 14, 2015.

- 1) Please explain why AgriServices is submitting this filing after stating to the Board in 2014 that filing GMCB 019-14-rr would be its last filing.

MVP last year requested approval to renew the AgriServices health insurance program for its members in Vermont. At that time, AgriServices informed MVP that the program continued to provide a valuable, cost effective option for its insured members, and therefore members should continue to have the option of renewing coverage if they decided it was the best option for them. The Green Mountain Care Board approved the renewal and rates. With the availability of subsidies in the Vermont marketplace, AgriServices informed MVPHIC that it expected to see enrollments shifting to the Vermont Exchange over this past year. That turned out not to be the case. As of June 2015, the retention rate in this program was at 96.7% (over 700 contracts with 1400 members). Based on this, AgriServices determined it as in its members' best interest to again renew the program to extend this coverage option to them for another year.

- 2) Please state whether this filing will be the last filing for AgriServices in Vermont. If it will not be the last, please explain why not and explain how long you expect to continue to offer the AgriServices products.

AgriServices has informed us that it will evaluate whether to pursue any extension to the program at the end of the current period. They advised that they will consider whether any additional extension is permitted by the Affordable Care Act and, if so, whether the program remains a valuable option for farm families in Vermont. Since the program has only been available to members renewing existing coverage, they informed us that they would also need to determine whether there would be a sufficient number of members remaining to make continuation of the program worthwhile. If an extension is permitted by law and AgriServices determines it is in members' interests AgriServices said they would reconnect with the GMCB to share its findings as it did this year. Otherwise, the program will end at the end of the current period.

- 3) Please supply any federal or state authority permitting AgriServices to continue to offer an association plan from December 1, 2015 through November 30, 2016.



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The renewal of existing coverage is permitted under federal law by the CMS bulletin issued on March 5, 2014. <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/transition-to-compliant-policies-03-06-2015.pdf>.

- 4) If current plan members do not re-enroll will they be able to get AgriServices coverage at a later date?

We understand that the program is only available to those currently enrolled and no new members can be added. Members are also free to select other coverage options, including the Vermont Health Connect. AgriServices informed us that members who do not re-enroll will not be able to get coverage under this plan at a later date.

If you have any questions or require additional information, please contact me at 518-388-2483.

Sincerely,

A handwritten signature in black ink that reads "Matthew Lombardo".

Matthew Lombardo, FSA, MAAA  
Associate Director, Actuarial Services  
MVP Health Care



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October 26, 2015

Ms. Jackie Lee, F.S.A., M.A.A.A  
Lewis & Ellis, Inc.  
P.O. Box 851857  
Richardson, TX 75085

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588

Dear Ms. Lee:

This letter is in response to your correspondence received 10/22/15 regarding the above mentioned rate filing. Please see below for responses to your questions.

1. The Admin and Bad Debt expense of 9.75% was supported in the 3Q/4Q Large Group filing by referencing the 2013 SHCE, which showed an expense ratio of approximately 10.8%. However, using the methodology outlined in that memorandum, we calculate an 8.3% expense ratio for Large Group business in Vermont from the 2014 SHCE. Support the 9.75% in light of the more recent expense data.

Response: The Agriservices filing under review has a 4Q 2015 effective date, and MVP is using the filed and approved factors from the 4Q 2015 Addendum in this submission. It would be out of compliance for MVP to use a different admin assumption for this filing than the approved factors on file. That being said, MVP filed a revision to its 2014 SHCE which has been included as a separate attachment along with this response. Using data from the revised SHCE, the 2014 Vermont Large Group MVP HIC expense ratio equals 9.65%. This was computed using lines 6.6, 8.3, 10.1, and 10.3 in the numerator of the calculation and line 1.01 in the denominator of the calculation.

If you have any questions or require additional information, please contact me at 518-388-2483.

Sincerely,

A handwritten signature in black ink that reads "Matthew Lombardo".

Matthew Lombardo, FSA, MAAA  
Associate Director, Actuarial Services  
MVP Health Care

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1**

(To Be Filed by April 1 - Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION: MVP Health Insurance Company 2. LOCATION: Schenectady, NY 12305



NAIC Group Code 1198

BUSINESS IN THE STATE OF Vermont DURING THE YEAR 2014

NAIC Company Code 11125

Supp80 Vermont

|   | Business Subject to MLR       |                              |                              |                 |                              |                              |                     |                     |                              | 10<br>Government<br>Business<br>(Excluded<br>by Statute) | 11<br>Other<br>Health<br>Business | 12<br>Aggregate<br>(2% Rule) | 13<br>Subtotal<br>(Cols. 1<br>thru 12) | 14<br>Uninsured<br>Plans | 15<br>Total<br>(Cols. 13 + 14) |
|---|-------------------------------|------------------------------|------------------------------|-----------------|------------------------------|------------------------------|---------------------|---------------------|------------------------------|--|-----------------------------------|------------------------------|--|--------------------------|--------------------------------|
|   | Comprehensive Health Coverage |                              |                              | Mini-Med Plans  |                              |                              | Expatriate Plans    |                     | 9<br>Student<br>Health Plans |  |                                   |                              |  |                          |                                |
|   | 1<br>Individual               | 2<br>Small Group<br>Employer | 3<br>Large Group<br>Employer | 4<br>Individual | 5<br>Small Group<br>Employer | 6<br>Large Group<br>Employer | 7<br>Small<br>Group | 8<br>Large<br>Group |                              |  |                                   |                              |  |                          |                                |
| 1. Premium:   |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 1.01 Health premiums earned (From Part 2, Line 1.11)  | 1,191,556                     | 26,373,030                   | 37,352,896                   | 1,153,154       |                              |                              |                     |                     |                              |  |                                   |                              | 66,070,636                             | XXX                      | 66,070,636                     |
| 1.02 Federal high risk pools  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  | XXX                      |                                |
| 1.03 State high risk pools  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  | XXX                      |                                |
| 1.04 Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3)       | 1,191,556                     | 26,373,030                   | 37,352,896                   | 1,153,154       |                              |                              |                     |                     |                              |  |                                   |                              | 66,070,636                             | XXX                      | 66,070,636                     |
| 1.05 Federal taxes and federal assessments  | 41,377                        | 862,859                      | 686,468                      | 36,612          |                              |                              |                     |                     |                              |  |                                   |                              | 1,627,316                              |                          | 1,627,316                      |
| 1.06 State insurance, premium and other taxes (Similar local taxes of \$.....0)                   | 25,076                        | 528,313                      | 747,998                      | 22,189          |                              |                              |                     |                     |                              |  |                                   |                              | 1,323,576                              |                          | 1,323,576                      |
| 1.06A Community Benefit Expenditures (informational only)   |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 1.07 Regulatory authority licenses and fees   | 28,763                        | 305,946                      | 456,166                      | 25,451          |                              |                              |                     |                     |                              |  |                                   |                              | 816,326                                |                          | 816,326                        |
| 1.08 Adjusted Premiums Earned (Lines 1.4 - 1.5 - 1.6 - 1.7)                                       | 1,096,340                     | 24,675,912                   | 35,462,264                   | 1,068,902       |                              |                              |                     |                     |                              |  |                                   |                              | 62,303,418                             | XXX                      | 62,303,418                     |
| 1.09 Net assumed less ceded reinsurance premiums earned   | (4,008)                       | (46,619)                     | (68,816)                     | (3,879)         |                              |                              |                     |                     |                              |  |                                   |                              | (123,322)                              | XXX                      | (123,322)                      |
| 1.10 Other adjustments due to MLR calculations - Premiums   |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  | XXX                      |                                |
| 1.11 Risk Revenue   |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  | XXX                      |                                |
| 1.12 Net adjusted premiums earned after reinsurance (Lines 1.8 + 1.9 + 1.10 + 1.11)               | 1,092,332                     | 24,629,293                   | 35,393,448                   | 1,065,023       |                              |                              |                     |                     |                              |  |                                   |                              | 62,180,096                             | XXX                      | 62,180,096                     |
| 2. Claims:  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 2.1 Incurred claims excluding prescription drugs  | 1,017,826                     | 21,882,844                   | 29,509,403                   | 694,851         |                              |                              |                     |                     |                              |  |                                   |                              | 53,104,924                             | XXX                      | 53,104,924                     |
| 2.2 Prescription drugs  | 81,244                        | 2,936,239                    | 4,015,383                    | 55,464          |                              |                              |                     |                     |                              |  |                                   |                              | 7,088,330                              | XXX                      | 7,088,330                      |
| 2.3 Pharmaceutical rebates  | 17,535                        | 267,859                      | 451,737                      | 11,971          |                              |                              |                     |                     |                              |  |                                   |                              | 749,102                                | XXX                      | 749,102                        |
| 2.4 State stop-loss, market stabilization and claim/census based assessments (informational only) | 33,466                        | 564,992                      | 465,050                      | 22,847          |                              |                              |                     |                     |                              |  |                                   |                              | 1,086,355                              | XXX                      | 1,086,355                      |
| 3. Incurred medical incentive pools and bonuses   | 43,298                        | 1,025,278                    | 1,150,426                    | 29,559          |                              |                              |                     |                     |                              |  |                                   |                              | 2,248,561                              | XXX                      | 2,248,561                      |
| 4. Deductible Fraud and Abuse Detection/Recovery Expenses (for MLR use only)                      | 157                           | 2,440                        | 3,085                        |                 |                              |                              |                     |                     |                              |  |                                   |                              | 5,682                                  |                          | 5,682                          |
| 5.0 TOTAL Incurred Claims (Lines 2.1 + 2.2 - 2.3 + 3) (From Part 2, Line 2.15)                    | 1,124,833                     | 25,576,502                   | 34,223,475                   | 767,903         |                              |                              |                     |                     |                              |  |                                   |                              | 61,692,713                             | XXX                      | 61,692,713                     |
| 5.1 Net assumed less ceded reinsurance claims incurred  |                               | (175,392)                    | (26,763)                     |                 |                              |                              |                     |                     |                              |  |                                   |                              | (202,155)                              | XXX                      | (202,155)                      |
| 5.2 Other adjustments due to MLR calculations - Claims  |                               | (429,788)                    | (47,788)                     |                 |                              |                              |                     |                     |                              |  |                                   |                              | (477,576)                              | XXX                      | (477,576)                      |
| 5.3 Rebates Paid  |                               |                              |                              |                 |                              |                              |                     |                     |                              | XXX  | XXX                               | XXX                          |  | XXX                      |                                |
| 5.4 Estimated rebates unpaid prior year   |                               |                              |                              |                 |                              |                              |                     |                     |                              | XXX  | XXX                               | XXX                          |  | XXX                      |                                |
| 5.5 Estimated rebates unpaid current year   |                               |                              |                              |                 |                              |                              |                     |                     |                              | XXX  | XXX                               | XXX                          |  | XXX                      |                                |
| 5.6 Fee for service and co-pay revenue  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  | XXX                      |                                |
| 5.7 Net incurred claims after reinsurance (Lines 5.0 + 5.1 + 5.2 + 5.3 - 5.4 + 5.5 - 5.6)         | 1,124,833                     | 24,971,322                   | 34,148,924                   | 767,903         |                              |                              |                     |                     |                              |  |                                   |                              | 61,012,982                             | XXX                      | 61,012,982                     |

**SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1 (Continued)**  
(To Be Filed by April 1 - Not for Rebate Purposes)

|  | Business Subject to MLR       |                              |                              |                 |                              |                              |                     |                     |                              | 10<br>Government<br>Business<br>(Excluded<br>by Statute) | 11<br>Other<br>Health<br>Business | 12<br>Aggregate<br>(2% Rule) | 13<br>Subtotal<br>(Cols. 1<br>thru 12) | 14<br>Uninsured<br>Plans | 15<br>Total<br>(Cols. 13 + 14) |
|--|-------------------------------|------------------------------|------------------------------|-----------------|------------------------------|------------------------------|---------------------|---------------------|------------------------------|--|-----------------------------------|------------------------------|--|--------------------------|--------------------------------|
|  | Comprehensive Health Coverage |                              |                              | Mini-Med Plans  |                              |                              | Expatriate Plans    |                     | 9<br>Student<br>Health Plans |  |                                   |                              |  |                          |                                |
|  | 1<br>Individual               | 2<br>Small Group<br>Employer | 3<br>Large Group<br>Employer | 4<br>Individual | 5<br>Small Group<br>Employer | 6<br>Large Group<br>Employer | 7<br>Small<br>Group | 8<br>Large<br>Group |                              |  |                                   |                              |  |                          |                                |
| 6. Improving Health Care Quality Expenses Incurred:  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 6.1 Improve health outcomes  | 8,691                         | 92,627                       | 137,963                      | 7,690           |                              |                              |                     |                     |                              |  |                                   |                              | 246,971                                |                          | 246,971                        |
| 6.2 Activities to prevent hospital readmissions  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 6.3 Improve patient safety and reduce medical errors   | 4,231                         | 52,844                       | 72,274                       | 3,745           |                              |                              |                     |                     |                              |  |                                   |                              | 133,094                                |                          | 133,094                        |
| 6.4 Wellness and health promotion activities   | 2,569                         | 28,658                       | 42,283                       | 2,273           |                              |                              |                     |                     |                              |  |                                   |                              | 75,783                                 |                          | 75,783                         |
| 6.5 Health Information Technology expenses related to health improvement                                   | 3,918                         | 39,514                       | 57,249                       | 3,467           |                              |                              |                     |                     |                              |  |                                   |                              | 104,148                                |                          | 104,148                        |
| 6.6 TOTAL of Defined Expenses Incurred for Improving Health Care Quality (Lines 6.1 to 6.5)                | 19,409                        | 213,643                      | 309,769                      | 17,175          |                              |                              |                     |                     |                              |  |                                   |                              | 559,996                                |                          | 559,996                        |
| 7. Preliminary Medical Loss Ratio: MLR (Lines 4 + 5.0 + 6.6) / Line 1.8                                    | 1.044                         | 1.045                        | 0.974                        | 0.734           |                              |                              |                     |                     |                              | X X X  | X X X                             | X X X                        | X X X                                  | X X X                    | X X X                          |
| 8. Claim Adjustment Expenses:  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 8.1 Cost containment expenses not included in quality of care expenses in Line 6.6                         | 32,484                        | 306,281                      | 445,049                      | 28,744          |                              |                              |                     |                     |                              |  |                                   |                              | 812,558                                |                          | 812,558                        |
| 8.2 All other claims adjustment expenses   | 4,469                         | 109,393                      | 119,473                      | 3,954           |                              |                              |                     |                     |                              |  |                                   |                              | 237,289                                |                          | 237,289                        |
| 8.3 TOTAL Claims adjustment expenses (Lines 8.1 + 8.2)   | 36,953                        | 415,674                      | 564,522                      | 32,698          |                              |                              |                     |                     |                              |  |                                   |                              | 1,049,847                              |                          | 1,049,847                      |
| 9. Claims Adjustment Expense Ratio (Line 8.3 / Line 1.8)   | 0.034                         | 0.017                        | 0.016                        | 0.031           |                              |                              |                     |                     |                              |  |                                   |                              | X X X                                  | X X X                    | X X X                          |
| 10. General and Administrative (G&A) Expenses:   |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 10.1 Direct sales salaries and benefits  | 2,670                         | 27,718                       | 126,069                      | 2,363           |                              |                              |                     |                     |                              |  |                                   |                              | 158,820                                |                          | 158,820                        |
| 10.2 Agents and brokers fees and commissions   | 12,818                        | 756,417                      | 1,004,247                    | 11,342          |                              |                              |                     |                     |                              |  |                                   |                              | 1,784,824                              |                          | 1,784,824                      |
| 10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)                              |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 10.4 Other general and administrative expenses   | 163,445                       | 1,715,185                    | 2,603,851                    | 144,625         |                              |                              |                     |                     |                              |  |                                   |                              | 4,627,106                              |                          | 4,627,106                      |
| 10.4A Community Benefit Expenditures (informational only)  |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| 10.5 TOTAL General and administrative (Lines 10.1 + 10.2 + 10.3 + 10.4)                                    | 178,933                       | 2,499,320                    | 3,734,167                    | 158,330         |                              |                              |                     |                     |                              |  |                                   |                              | 6,570,750                              |                          | 6,570,750                      |
| 11. Underwriting Gain/(Loss) (Lines 1.12 - 5.7 - 6.6 - 8.3 - 10.5)   | (267,796)                     | (3,470,666)                  | (3,363,934)                  | 88,917          |                              |                              |                     |                     |                              |  |                                   |                              | (7,013,479)                            | X X X                    | (7,013,479)                    |
| 12. Income from fees of uninsured plans  | X X X                         | X X X                        | X X X                        | X X X           | X X X                        | X X X                        | X X X               | X X X               | X X X                        | X X X  | X X X                             | X X X                        | X X X                                  | X X X                    | X X X                          |
| 13. Net investment and other gain/(loss)   | X X X                         | X X X                        | X X X                        | X X X           | X X X                        | X X X                        | X X X               | X X X               | X X X                        | X X X  | X X X                             | X X X                        | X X X                                  | X X X                    | X X X                          |
| 14. Federal income taxes (excluding taxes on Line 1.5 above)   | X X X                         | X X X                        | X X X                        | X X X           | X X X                        | X X X                        | X X X               | X X X               | X X X                        | X X X  | X X X                             | X X X                        | X X X                                  | X X X                    | X X X                          |
| 15. Net gain or (loss) (Lines 11 + 12 + 13 - 14)   | X X X                         | X X X                        | X X X                        | X X X           | X X X                        | X X X                        | X X X               | X X X               | X X X                        | X X X  | X X X                             | X X X                        | (7,013,479)                            | X X X                    | (7,013,479)                    |
| 16. ICD-10 Implementation Expenses (informational only; already included in general expenses and Line 6.5) | 44                            | 485                          | 717                          | 38              |                              |                              |                     |                     |                              |  |                                   |                              | 1,284                                  |                          | 1,284                          |
| 16A. ICD-10 Implementation Expenses (informational only; already included in Line 6.5)                     | 1                             | 7                            | 15                           |                 |                              |                              |                     |                     |                              |  |                                   |                              | 23                                     |                          | 23                             |
| O. OTHER INDICATORS:   |                               |                              |                              |                 |                              |                              |                     |                     |                              |  |                                   |                              |  |                          |                                |
| O1. Number of Certificates / Policies  | 115                           | 1,388                        | 3,968                        | 108             |                              |                              |                     |                     |                              |  |                                   |                              | 5,579                                  |                          | 5,579                          |
| O2. Number of Covered Lives  | 192                           | 2,538                        | 7,414                        | 170             |                              |                              |                     |                     |                              |  |                                   |                              | 10,314                                 |                          | 10,314                         |
| O3. Number of Groups   | X X X                         | 379                          | 47                           | X X X           |                              |                              |                     |                     |                              |  |                                   |                              | 426                                    |                          | 426                            |
| O4. Member Months  | 5,732                         | 64,143                       | 94,269                       | 5,072           |                              |                              |                     |                     |                              |  |                                   |                              | 169,216                                |                          | 169,216                        |

Supp81 Vermont

(a) Is run off business reported in Columns 1 through 9? Yes [ ] No [X]  
 (b) If yes, show the amount of premiums and claims included: Premiums \$.....0 Claims \$.....0



625 State Street, PO Box 2207  
Schenectady, NY 12301-2207  
[mvphealthcare.com](http://mvphealthcare.com)

October 26, 2015

Ms. Jackie Lee, F.S.A., M.A.A.A  
Lewis & Ellis, Inc.  
P.O. Box 851857  
Richardson, TX 75085

Re: MVP Health Insurance Company  
Agriservices Association – Groups renewing December 1, 2015  
SERFF Tracking #: MVPH-130236588

Dear Ms. Lee:

This letter is in response to your correspondence received 10/22/15 regarding the above mentioned rate filing. Please see below for responses to your questions.

1. Please explain the time period of the data used to calculate the Demographic factor of 1.178 used to adjust the manual rate in this filing.

Response: The demographic factor of 1.178 used in the rate filing reflects a June 2015 snapshot.

2. What is the average demographic factor based on June 2015 (or more recent) Agriservices enrollment? What is the change in average demographic factor since the experience period?

Response: The experience period demographic factor equaled 1.184. This represents an increase of 0.5% from the June 2015 factor reflected in the rate filing.

3. Explain the factor “Demographic Adjustment (Carrier Replacement Only) in the rate calculation provided.

Response: Please see below for an excerpt from MVP’s Experience Rated Formula. This factor is not used for Agriservices since MVP is not offered on a slice basis.

**Demographic Factor (Carrier Replacement Only)** – In the event MVP is requested to provide an experience rate for the entire group, a demographic adjustment may be warranted. If MVP is offered on a slice basis and the quote is for full carrier replacement, MVP may adjust their own experience to reflect the demographics of the entire group. If claims experience is obtained for the rest of the group then that will be used instead.

If you have any questions or require additional information, please contact me at 518-388-2483.

Sincerely,

A handwritten signature in black ink that reads "Matthew Lombardo".

Matthew Lombardo, FSA, MAAA  
Associate Director, Actuarial Services  
MVP Health Care

**Exhibit B1**

**MVP Health Care  
Premium Rates for Member Groups of Agriservices  
Rates effective 12/1/14-11/30/15**

| <b>Dec-13 Approved Agriservices Fully Insured Premium Rates</b>     |              |                           |                           |                           |                             |                             |
|---|--------------|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| <u>Association Members</u>  | <u>Rates</u> | Option 1<br><u>VP019L</u> | Option 2<br><u>VP017L</u> | Option 3<br><u>VP020L</u> | Option 4<br><u>VPHD-03L</u> | Option 5<br><u>VEHD-02L</u> |
| Dairymens   | Single       | \$628.16                  | \$492.84                  | \$585.25                  | \$277.23                    | \$371.83                    |
| Dairymens   | Double       | \$1,284.19                | \$1,007.56                | \$1,196.48                | \$566.75                    | \$760.17                    |
| Dairymens   | Family       | \$1,501.63                | \$1,178.16                | \$1,399.07                | \$662.72                    | \$888.88                    |
| ASA   | Single       | \$683.43                  | \$536.22                  | \$636.76                  | \$301.62                    | \$404.56                    |
| ASA   | Double       | \$1,392.94                | \$1,092.89                | \$1,297.80                | \$614.75                    | \$824.54                    |
| ASA   | Family       | \$1,629.44                | \$1,278.44                | \$1,518.15                | \$719.12                    | \$964.54                    |
| <b>Total Monthly Revenue Expected based on 5/14 contract counts</b> |              |                           |                           |                           |                             | <b>\$460,813</b>            |

**Note: These rates reflect the full benefit relativity change and are the rates currently reflected in the Dec 2015 Filing's Exhibit B1. Agriservices is NOT charging these rates to its customers**

| <b>Dec-14 Proposed Premium Rates using Plan Specific Expected Claim Liabilities</b> |              |                           |                           |                           |                             |                             |
|---|--------------|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| <u>Association Members</u>  | <u>Rates</u> | Option 1<br><u>VP019L</u> | Option 2<br><u>VP017L</u> | Option 3<br><u>VP020L</u> | Option 4<br><u>VPHD-03L</u> | Option 5<br><u>VEHD-02L</u> |
| Dairymens   | Single       | \$623.24                  | \$537.36                  | \$590.35                  | \$400.24                    | \$465.83                    |
| Dairymens   | Double       | \$1,274.20                | \$1,098.13                | \$1,206.76                | \$817.03                    | \$951.49                    |
| Dairymens   | Family       | \$1,491.20                | \$1,285.07                | \$1,412.25                | \$955.97                    | \$1,113.39                  |
| ASA   | Single       | \$623.24                  | \$537.36                  | \$590.35                  | \$400.24                    | \$465.83                    |
| ASA   | Double       | \$1,274.20                | \$1,098.13                | \$1,206.76                | \$817.03                    | \$951.49                    |
| ASA   | Family       | \$1,491.20                | \$1,285.07                | \$1,412.25                | \$955.97                    | \$1,113.39                  |
| <b>Total Monthly Revenue Expected based on 5/14 contract counts</b>                 |              |                           |                           |                           |                             | <b>\$528,044</b>            |

| <b>MVP Proposed Increases by Product</b> |        |              |      |       |       |       |
|--|--------|--------------|------|-------|-------|-------|
| Dairymens                                | Single | -0.8%        | 9.0% | 0.9%  | 44.4% | 25.3% |
| Dairymens                                | Double | -0.8%        | 9.0% | 0.9%  | 44.2% | 25.2% |
| Dairymens                                | Family | -0.7%        | 9.1% | 0.9%  | 44.3% | 25.3% |
| ASA                                      | Single | -8.8%        | 0.2% | -7.3% | 32.7% | 15.1% |
| ASA                                      | Double | -8.5%        | 0.5% | -7.0% | 32.9% | 15.4% |
| ASA                                      | Family | -8.5%        | 0.5% | -7.0% | 32.9% | 15.4% |
| Average By Plan                          |        | -3.2%        | 6.2% | -4.2% | 37.8% | 17.7% |
| <b>Composite Required Revenue Change</b> |        | <b>14.6%</b> |      |       |       |       |

**Note: These rates reflect the premiums Agriservices is currently charging its customers and should be reflected in Dec 2015 Filing's Exhibit B1 to derive rate increases**

| <b>Agriservices December 2014 Proposed Final Rates</b>              |              |                           |                           |                           |                             |                             |
|---|--------------|---------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| <u>Association Members</u>  | <u>Rates</u> | Option 1<br><u>VP019L</u> | Option 2<br><u>VP017L</u> | Option 3<br><u>VP020L</u> | Option 4<br><u>VPHD-03L</u> | Option 5<br><u>VEHD-02L</u> |
| Dairymens   | Single       | \$677.40                  | \$584.05                  | \$641.65                  | \$360.22                    | \$465.83                    |
| Dairymens   | Double       | \$1,384.93                | \$1,193.55                | \$1,311.63                | \$735.33                    | \$951.49                    |
| Dairymens   | Family       | \$1,620.79                | \$1,396.74                | \$1,534.98                | \$860.38                    | \$1,113.39                  |
| ASA   | Single       | \$677.40                  | \$584.05                  | \$641.65                  | \$360.22                    | \$465.83                    |
| ASA   | Double       | \$1,384.93                | \$1,193.55                | \$1,311.63                | \$735.33                    | \$951.49                    |
| ASA   | Family       | \$1,620.79                | \$1,396.74                | \$1,534.98                | \$860.38                    | \$1,113.39                  |
| <b>Total Monthly Revenue Expected based on 5/14 contract counts</b> |              |                           |                           |                           |                             | <b>\$528,044</b>            |
|   |              |                           |                           |                           |                             | <b>14.6%</b>                |

| <b>Final Proposed Increases by Product</b> |        |              |       |      |       |       |
|--|--------|--------------|-------|------|-------|-------|
| Dairymens                                  | Single | 7.8%         | 18.5% | 9.6% | 29.9% | 25.3% |
| Dairymens                                  | Double | 7.8%         | 18.5% | 9.6% | 29.7% | 25.2% |
| Dairymens                                  | Family | 7.9%         | 18.6% | 9.7% | 29.8% | 25.3% |
| ASA  | Single | -0.9%        | 8.9%  | 0.8% | 19.4% | 15.1% |
| ASA  | Double | -0.6%        | 9.2%  | 1.1% | 19.6% | 15.4% |
| ASA  | Family | -0.5%        | 9.3%  | 1.1% | 19.6% | 15.4% |
| Average By Plan                            |        | 5.2%         | 15.4% | 4.1% | 24.0% | 17.7% |
| <b>Composite Required Revenue Change</b>   |        | <b>14.6%</b> |       |      |       |       |

|                                   |            | P2000ACO      | P2000ACQ      | P2000ACP      | P000414         | E001847         |
|-----------------------------------|------------|---------------|---------------|---------------|-----------------|-----------------|
| <b>Contract Counts as of 5/14</b> |            | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u> |
| <b>Dairymens</b>                  | Individual | 57            | 28            | 16            | 70              | 43              |
|                                   | Double     | 6             | 3             | 5             | 22              | 5               |
|                                   | Family     | 15            | 9             | 4             | 37              | 9               |
| <b>ASA</b>                        | Individual | 26            | 5             | 27            | 113             | 116             |
|                                   | Double     | 3             | 8             | 7             | 26              | 24              |
|                                   | Family     | 6             | 7             | 9             | 30              | 33              |
| <b>Total Dairymens</b>            |            | <b>78</b>     | <b>40</b>     | <b>25</b>     | <b>129</b>      | <b>57</b>       |
| <b>Total ASA</b>                  |            | <b>35</b>     | <b>20</b>     | <b>43</b>     | <b>169</b>      | <b>173</b>      |
| <b>Grand Total</b>                |            | <b>113</b>    | <b>60</b>     | <b>68</b>     | <b>298</b>      | <b>230</b>      |

**Exhibit B1 - Incorrect Dec 2014 Premium Rates**

**MVP Health Care  
Premium Rates for Member Groups of Agriservices  
Rates effective 12/1/15-11/30/16**

| <b>Current Approved Agriservices Fully Insured Premium Rates</b>         |               |               |               |                 |                  |
|--|---------------|---------------|---------------|-----------------|------------------|
|  | Option 1      | Option 2      | Option 3      | Option 4        | Option 5         |
| <u>Rates</u>   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u>  |
| Single   | \$623.24      | \$537.36      | \$590.35      | \$400.24        | \$465.83         |
| Double   | \$1,274.20    | \$1,098.13    | \$1,206.76    | \$817.03        | \$951.49         |
| Family   | \$1,491.20    | \$1,285.07    | \$1,412.25    | \$955.97        | \$1,113.39       |
| <b>Total Monthly Revenue Expected based on June 2015 contract counts</b> |               |               |               |                 | <b>\$481,382</b> |

| <b>Proposed Premium Rates using Plan Specific Expected Claim Liabilities</b> |               |               |               |                 |                  |
|--|---------------|---------------|---------------|-----------------|------------------|
|  | Option 1      | Option 2      | Option 3      | Option 4        | Option 5         |
| <u>Rates</u>   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u>  |
| Single   | \$792.68      | \$682.38      | \$750.43      | \$506.30        | \$590.52         |
| Double   | \$1,621.55    | \$1,395.44    | \$1,534.95    | \$1,034.46      | \$1,207.12       |
| Family   | \$1,897.87    | \$1,633.15    | \$1,796.48    | \$1,210.53      | \$1,412.67       |
| <b>Total Monthly Revenue Expected based on June 2015 contract counts</b>     |               |               |               |                 | <b>\$610,666</b> |

| <b>MVP Proposed Rate Changes by Product</b> |               |               |               |                 |                 |
|---|---------------|---------------|---------------|-----------------|-----------------|
|   | Option 1      | Option 2      | Option 3      | Option 4        | Option 5        |
|   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u> |
| Single                                      | 27.2%         | 27.0%         | 27.1%         | 26.5%           | 26.8%           |
| Double                                      | 27.3%         | 27.1%         | 27.2%         | 26.6%           | 26.9%           |
| Family                                      | 27.3%         | 27.1%         | 27.2%         | 26.6%           | 26.9%           |
| <b>Total Rate Change</b>                    |               |               |               |                 | <b>26.9%</b>    |

| Contract Counts as of June 2015 | VP019L     | VP017L    | VP020L    | VPHD-03L   | VEHD-02L   | Total      |
|---------------------------------|------------|-----------|-----------|------------|------------|------------|
| Single                          | 73         | 28        | 31        | 180        | 151        | 463        |
| Double                          | 11         | 10        | 11        | 50         | 32         | 114        |
| Family                          | 18         | 9         | 11        | 58         | 37         | 133        |
| <b>Total</b>                    | <b>102</b> | <b>47</b> | <b>53</b> | <b>288</b> | <b>220</b> | <b>710</b> |

| Membership as of June 2015 | VP019L     | VP017L    | VP020L     | VPHD-03L   | VEHD-02L   | Total        |
|----------------------------|------------|-----------|------------|------------|------------|--------------|
| Single                     | 73         | 28        | 31         | 180        | 151        | 463          |
| Double                     | 22         | 20        | 22         | 100        | 64         | 228          |
| Family                     | 75         | 36        | 56         | 220        | 160        | 547          |
| <b>Total</b>               | <b>170</b> | <b>84</b> | <b>109</b> | <b>500</b> | <b>375</b> | <b>1,238</b> |

**Exhibit B1 - Revised with Correct Dec 2014 Premium Rates**

**MVP Health Care  
Premium Rates for Member Groups of Agriservices  
Rates effective 12/1/15-11/30/16**

| <b>Current Approved Agriservices Fully Insured Premium Rates</b>         |               |               |               |                 |                  |
|--|---------------|---------------|---------------|-----------------|------------------|
|  | Option 1      | Option 2      | Option 3      | Option 4        | Option 5         |
| <u>Rates</u>   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u>  |
| Single   | \$677.40      | \$584.05      | \$641.65      | \$360.22        | \$465.83         |
| Double   | \$1,384.93    | \$1,193.55    | \$1,311.63    | \$735.33        | \$951.49         |
| Family   | \$1,620.79    | \$1,396.74    | \$1,534.98    | \$860.38        | \$1,113.39       |
| <b>Total Monthly Revenue Expected based on June 2015 contract counts</b> |               |               |               |                 | <b>\$479,412</b> |

| <b>Proposed Premium Rates using Plan Specific Expected Claim Liabilities</b> |               |               |               |                 |                  |
|--|---------------|---------------|---------------|-----------------|------------------|
|  | Option 1      | Option 2      | Option 3      | Option 4        | Option 5         |
| <u>Rates</u>   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u>  |
| Single   | \$792.68      | \$682.38      | \$750.43      | \$506.30        | \$590.52         |
| Double   | \$1,621.55    | \$1,395.44    | \$1,534.95    | \$1,034.46      | \$1,207.12       |
| Family   | \$1,897.87    | \$1,633.15    | \$1,796.48    | \$1,210.53      | \$1,412.67       |
| <b>Total Monthly Revenue Expected based on June 2015 contract counts</b>     |               |               |               |                 | <b>\$610,666</b> |

| <b>MVP Proposed Rate Changes by Product</b> |               |               |               |                 |                 |
|---|---------------|---------------|---------------|-----------------|-----------------|
|   | Option 1      | Option 2      | Option 3      | Option 4        | Option 5        |
|   | <u>VP019L</u> | <u>VP017L</u> | <u>VP020L</u> | <u>VPHD-03L</u> | <u>VEHD-02L</u> |
| Single                                      | 17.0%         | 16.8%         | 17.0%         | 40.6%           | 26.8%           |
| Double                                      | 17.1%         | 16.9%         | 17.0%         | 40.7%           | 26.9%           |
| Family                                      | 17.1%         | 16.9%         | 17.0%         | 40.7%           | 26.9%           |
| <b>Total Rate Change</b>                    |               |               |               |                 | <b>27.4%</b>    |

| Contract Counts as of June 2015 | VP019L     | VP017L    | VP020L    | VPHD-03L   | VEHD-02L   | Total      |
|---------------------------------|------------|-----------|-----------|------------|------------|------------|
| Single                          | 73         | 28        | 31        | 180        | 151        | 463        |
| Double                          | 11         | 10        | 11        | 50         | 32         | 114        |
| Family                          | 18         | 9         | 11        | 58         | 37         | 133        |
| <b>Total</b>                    | <b>102</b> | <b>47</b> | <b>53</b> | <b>288</b> | <b>220</b> | <b>710</b> |

| Membership as of June 2015 | VP019L     | VP017L    | VP020L     | VPHD-03L   | VEHD-02L   | Total        |
|----------------------------|------------|-----------|------------|------------|------------|--------------|
| Single                     | 73         | 28        | 31         | 180        | 151        | 463          |
| Double                     | 22         | 20        | 22         | 100        | 64         | 228          |
| Family                     | 75         | 36        | 56         | 220        | 160        | 547          |
| <b>Total</b>               | <b>170</b> | <b>84</b> | <b>109</b> | <b>500</b> | <b>375</b> | <b>1,238</b> |

## **Lombardo, Matt**

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**From:** Lombardo, Matt  
**Sent:** Monday, November 02, 2015 12:13 PM  
**To:** Jackie Lee; Judy.Henkin@state.vt.us; Tom Crompton (Thomas.Crompton@state.vt.us); Kelly Macnee (Kelly.Macnee@state.vt.us)  
**Cc:** Kevin Rugeberg (kruggeberg@lewisellis.com); Dave Dillon; Gretkowski, Susan  
**Subject:** MVP Agriservices Filing - Exhibit B1 Rate Increase Error  
**Attachments:** Agriservices Exhibit B1 - Dec 14 and Dec 15.xlsx

Jackie,

I wanted to make you aware that the rate increases shown in Exhibit B1 are incorrect and should range from 16.8% to 40.7% rather than all rates increasing by ~27%. Overall, the aggregate rate increase shown will only change from 26.9% to 27.4% based on June 2015 enrollment. The error is being driven by the fact that MVP and Agriservices decided to take a two year approach to phasing in benefit relativity changes; Dec 2014 was year 1 of the relativity changes and Dec 2015 is year 2 of the relativity changes. All of the other data provided in the rate filing exhibits is correct, and the proposed rates will not change.

The attached file contains 3 tabs summarizing this issue. The first tab is Exhibit B1 from the Dec 2014 Agriservices filing. The section shaded in pink reflects the full relativity changes which are currently reflected in Exhibit B1 from the current filing. The section shaded in green reflects the two-year phase in approach and represents the rates that should be reflected on Exhibit B1 for Dec 2015.

If you have any questions or would like to discuss in more detail, please do not hesitate to give me a call or set-up a meeting.

Judy/Tom/Kelly,

This issue has been communicated with Agriservices, and they are aware of it. The renewal notices they send to their members containing the pending rates will reflect the rate increases ranging from 16.8% to 40.7%. Also, we will revise in SERFF once the GMCB makes their final decision unless instructed to modify before then.

Thanks,  
Matt

**Matt Lombardo, FSA, MAAA**

Associate Director, Actuarial Services  
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November 5, 2015

Ms. Jackie Lee, F.S.A., M.A.A.A  
 Lewis & Ellis, Inc.  
 P.O. Box 851857  
 Richardson, TX 75085

Re: MVP Health Insurance Company  
 Agriservices Association – Groups renewing December 1, 2015  
 SERFF Tracking #: MVPH-130236588

Dear Ms. Lee:

This letter is in response to your correspondence received 11/4/15 regarding the above mentioned rate filing. Please see below for responses to your questions.

1. Provide detailed support for how the benefit relativities are still appropriate in light of experience over the last several years and more specifically any changes in the last year.

We have made the following observations that should be addressed in this support:

- a. Note that we recognize that the experience by plan is not fully credible, but believe the consistent pattern over the last several years warrants some level of consideration.
- b. Plan VP019L has consistently had higher claims relative to the other plans than expected, yet has a requested decrease in requested benefit relativity.
- c. Plan VPHD-03L has consistently had lower claims relative to the other plans than expected, yet has a substantial requested increase in the benefit relativity. We also note that according to MVP’s rating manual, the most recent year alone of experience for this plan is 60% credible.

Response: Agriservices’ loss ratios have changed substantially by product type in recent history. The HDHP loss ratios have deteriorated significantly while the non-HDHP loss ratios have not been nearly as volatile which supports MVP and Agriservices’ proposal to pass on the second portion of the proposed benefit relativity changes; by passing on the second year of the proposed benefit relativity changes, plan VPHD-03 will experience an above average rate change while the non-HDHPs will experience a below average rate change. Please see below for a summary of Agriservices’ loss ratios by product type for the Dec 2015 experience period as well as the Dec 2014 experience period.

|                    | Dec 2014 Experience Period |          |          | Dec 2015 Experience Period |          |          |
|--------------------|----------------------------|----------|----------|----------------------------|----------|----------|
|                    | HDHP                       | Non-HDHP | Total    | HDHP                       | Non-HDHP | Total    |
| Claim Expense PMPM | \$203.24                   | \$362.18 | \$260.21 | \$347.09                   | \$367.46 | \$353.35 |
| Premium PMPM       | \$247.86                   | \$411.37 | \$306.47 | \$281.39                   | \$421.82 | \$324.56 |
| MLR                | 82.0%                      | 88.0%    | 84.9%    | 123.3%                     | 87.1%    | 108.9%   |

- a) Based on the data presented above, MVP does not agree there has been a consistent pattern of claim experience in recent history.



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- b) Plan VP019L is the richest plan offered so it is expected to have the highest claim expense PMPM. The MLR for this plan was not the highest amongst plans offered (see Quantitative Response to Objection #1, Question #3), and as a result, MVP does not agree that this plan has had consistently higher claims than expected relative to the rest of the plans being offered to Agriservices. Over the experience period used to set Dec 2015 premium rates, plan VP019L's MLR was 16% more favorable than the total MLR for the group.
- c) Plan VPHD-03L is the leanest plan offered so it is expected to have the lowest claim expense PMPM. The claim expense for this plan from the Dec 2014 experience period was \$142.09 which increased to \$244.69 for the Dec 2015 experience period. This translates to an annualized claim trend of 65.2% vs Agriservices total annualized trend over the same time period of 32.6%. Such a significant trend indicates that although this membership is 60% credible based on MVP's rating manual, substantial volatility can still exist and supports MVP's position to not rate products separately within a group.

MVP prefers to apply the same rate slope for all products within a risk pool and does not like to modify this slope on a group-by-group basis. For any given group, the proposed rate slope will most likely not hold true due to selection and credibility, but MVP is of the opinion that across an entire block of business, having a consistent premium slope mitigates anti-selection, member churn amongst products, and financial uncertainty. An exception to this approach was made for Agriservices last year due to the substantial increases being proposed if the full benefit relativity change was passed on in one year which is why MVP and Agriservices agreed to phase in the benefit relativity change over two years.

2. Last year's filing incorporated benefit relativity changes. In this filing, MVP stated the following in response to Objection #2 for this filing: "MVP is of the opinion that rating by product creates more selection risk than maintaining the benefit spreads reflected in all of its products... MVP believes it would be reactionary to modify its benefit spreads for this rate filing without having a full contract period loss ratio to evaluate the adequacy of the current benefit spreads." Explain these statements in light of the current request for a non-uniform rate increase.

Response: The second portion the above statement was made under the presumption that the full benefit relativity change was passed on to Agriservices in the Dec 2014 filing which was incorrect in retrospect. MVP still strongly believes in applying the same benefit relativity to all of its products within the same risk pool for the reasons discussed in our response to Question #1 above.

If you have any questions or require additional information, please contact me at 518-388-2483.

Sincerely,

A handwritten signature in black ink that reads "Matthew Lombardo".

Matthew Lombardo, FSA, MAAA  
Associate Director, Actuarial Services  
MVP Health Care