

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

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| In re: MVP Health Insurance Company          | ) |               |
| 1Q and 2Q 2015 Large Group Existing Products | ) | GMCB-21-14-rr |
| Filing                                       | ) |               |
|  | ) |               |
|  | ) |               |
| SERFF No. MVPH-129676042                     | ) |               |

MEMORANDUM IN LIEU OF HEARING

I. Introduction

For the above captioned filing, the Office of the Health Care Advocate (HCA) asks the Green Mountain Care Board (the Board) to decrease the starting pharmacy trend and the contribution to surplus to match those approved in MVP’s 2015 Exchange filing.

II. Background

MVP submitted this filing for review by the Board on August 12, 2014, asking for a 2.5% rate decrease. On September 2, the Board released its decision in MVP’s 2015 Health Exchange rate review case. This decision decreased the proposed pharmacy trend in order to better reflect Vermont specific experience and decreased the contribution to surplus in light of MVP’s strong financial health. Decision GMCB 17-14rr.

On October 13, 2014, Lewis and Ellis (L&E) contributed its Actuarial Memorandum and the Department of Financial Resources (DFR) presented its solvency analysis on the above captioned filing. DFR stated in its analysis that it had no concerns about MVP’s solvency at this time and “the proposed filing will likely have no impact on MVPHIC’s solvency.” GMCB 21-

14rr Solvency Analysis p. 2. L&E recommended that the Board modify the filing by lowering the starting point of its pharmacy trend to agree with the approved pharmacy trend from the 2015 Exchange filing. GMCB 21-14rr Actuarial Memorandum p. 6. L&E recommended this change because MVP's proposed pharmacy trend had not adequately accounted for its Vermont specific block of business. GMCB 21-14rr Actuarial Memorandum p. 6. The HCA joined this matter as a party in accordance with GMCB Rule 2.105(b).

### III. Standard of Review

Health insurance organizations operating in Vermont must obtain approval from the Green Mountain Care Board before implementing health insurance rates. 8 V.S.A. §4062(a); The Green Mountain Care Board has the power to approve, modify, or disapprove requests for health insurance rates.” 18 V.S.A. §9375(b)(6); 8 V.S.A. §4062(a). The insurer carries the burden to show that their rates are reasonable. GMCB Rule 2.104(c).

When “deciding whether to approve, modify, or disapprove each rate request, the Board shall determine whether the requested rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, is not unjust, unfair, inequitable, misleading, or contrary to law, and is not excessive, inadequate, or unfairly discriminatory.” GMCB Rule 2.000 §2.301(b); GMCB Rule 2.000 §2.401; 8 V.S.A. §4062(a)(3). In addition, the Board shall take into consideration the requirements of the underlying statutes; changes in health care delivery; changes in payment methods and amounts; DFR's Solvency Analysis; and other issues at the discretion of the Board. GMCB Rule 2.000 §2.401; 18 V.S.A. §9375(b)(6). Further, the Board “shall consider any comments received on a rate filing and may use them to identify issues.” GMCB Rule 2.000 §2.201(d). The record for rate review includes the entire System for Electronic Rate and Form Filing (SERFF filing) submitted by the insurer; questions posed by the

GMCB to its actuaries; questions posed to the insurer by the GMCB, its actuaries, and DFR; DFR's Solvency Analysis; and the Opinion from the GMCB's actuary. GMCB Rule 2.000 §2.403(a).

#### IV. Analysis

Although this filing requests a rate increase, we believe, just as with any filing, all unjustified cost increases should be eliminated from the filing.

The HCA agrees with L&E that the pharmacy trend starting point for this filing should be lowered to reflect the approved pharmacy trend for MVP's 2015 Exchange filings. As stated above, the Exchange pharmacy trend was modified to better incorporate Vermont specific trends. Therefore, this modification should result in a pharmacy trend that better predicts costs.

In addition, the HCA asks the Board to lower the contribution to surplus for this filing from 2% to 1%. This modification is consistent with the Board's approved contribution to surplus for the 2015 Exchange filing and for the MVP filing following the Exchange filing, the 2015 AgriServices Rate Filing. GMCB 17-14rr Decision p. 13; and GMCB 19-14rr Decision p. 5. This modification is reasonable because, as stated by DFR, the filing is unlikely to have any significant impact on MVP's solvency. In addition, lowering the contribution to surplus will improve affordability and access to care for Vermont policyholders.

V. Conclusion

To promote affordability and access to care for policyholders, we ask the Board to lower the starting pharmacy trend and the contribution to surplus for this filing to reflect those approved for the 2015 MVP Exchange filing.

Dated at Montpelier, Vermont this 29th day of October, 2014.

s/ Kaili Kuiper  
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CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Notice of Appearance on Michael N. Donofrio, General Counsel to the Green Mountain Care Board, Judith Henkin, Health Policy Director of the Green Mountain Care Board, and Susan Gretkowski, Counsel to MVPHIC, by electronic mail, return receipt requested, this 29th day of October, 2014.

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