

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company First) Docket #:
And Second Quarter 2015 Large Group) GMCB-021-14rr
EPO/PPO Manual Rate Filing)

MVPHIC Health Care’s Memorandum in Lieu of Hearing

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the rates as filed and not make the adjustment suggested by its actuary, Lewis and Ellis (L&E). MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

Description of the Filing

This is the manual rate filing for the portfolio of MVPHIC’s large group PPO/EPO products. The PPO/EPO products are high-deductible health plans (HDHPs) and non-high deductible health plans (non-HDHPs).

The annual rate change for the HDHP plans is a *decrease* of 6.8% for 1Q2015 and -6.7% for 2Q2015. For the non-HDHP plans, the proposed rate increase is 6.3% for 1Q2015 and 6.5% for 2Q2015. As a result of using a revised pricing model, MVPHIC is breaking out the rate changes by product type (HDHP vs. non-HDHP) rather than utilizing one uniform increase. That accounts for the differences in rate change (increase or decrease) as well as the separation of the two product types. Both these rate changes include both medical and Rx components.

This filing covers 6,700 members, with the high deductible plans having double the population of the non-high deductible plans.

L&E Recommendation

L&E recommends that the rates be approved as filed with the exception of a modification to the development of the Rx trend. They found the rate development methodology to be reasonable and appropriate, including the revised pricing model utilized by MVPHIC. L&E also recognized and took into account MVPHIC’s loss ratios, both historical and projected, which all exceed the minimum loss ratio requirements by a significant amount, as outlined on page 4 of the October 13, 2014 L&E actuarial report.

Similarly with the medical trend, because MVPHIC used the already approved and allowed medical trend from its 2015 Exchange rate filing (GMCB 017-14rr), they found that the rate increase was reasonable and appropriate.

L&E however, suggested a change in the calculation of the Rx trend, similar to what it suggested in the 2015 Exchange filing. MVPHIC continues to object to this methodology, as explained below.

MVPHIC's Response to the Recommendation

MVPHIC asks the GMCB to approve the rates as filed, and reject the L&E Rx trend suggestion.

L&E suggested using the Rx trend that was approved in the 2015 Exchange rate filing, which was based on use of Blue Cross and Blue Shield of Vermont's pharmacy trend, instead of the opinion of MVPHIC's own PBM. MVPHIC disagrees with this because its methodology appropriately relies on the expert opinion of its PBM (CVS-Caremark) of what the market for drugs will be in 2015, taking into consideration new drugs coming to market, the cost of such new drugs, patent expiration, drugs expected to be approved by the FDA in the near future and changes in the average wholesale price which would not be reflected in MVPHIC's historical data. Historical trends are of limited value in predicting Rx usage because the market is a rapidly changing and dynamic environment. While L&E agreed that use of historical trends is not helpful in determining trend during the hearing on the 2015 Exchange rate filing, it nonetheless chose to ignore that and inexplicably recommended using a competitor's trends. Such a recommendation does not take into account differences between Blue Cross and Blue Shield and MVPHIC's pharmacy contracts and other arrangements that would affect cost, and as such is not an apples to apples comparison. MVPHIC urges the GMCB not to continue this practice with this and any subsequent filings.

s/ Susan Gretkowski

Susan Gretkowski, Esq.

MVP Health Care

66 Knight Lane

Williston, VT 05495

802-264-6532 (office)

802-505-5058 (cell)

sgretkowski@mvphealthcare.com

October 22, 2014

Certificate of Service

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Michael Donofrio, General Counsel to the Green Mountain Care Board, and Lila Richardson and Kaili Kuiper, counsel of record for the Office of the Health Care Advocate, by electronic mail this 22nd day of October, 2014.

s/ Susan Gretkowski

Susan Gretkowski, Esq.

MVP Health Care

66 Knight Lane

Williston, VT 05495

802-264-6532 (office)

802-505-5058 (cell)
sgretkowski@mvphealthcare.com