# Filing at a Glance

| | |
|---|---|
| Company: | MVP Health Insurance Company |
| Product Name: | VT LG HIC Existing Products 1Q/2Q 2015 |
| State: | VermontGMCB |
| TOI: | H16G Group Health - Major Medical |
| Sub-TOI: | H16G.002A Large Group Only - PPO |
| Filing Type: | GMCB Rate |
| Date Submitted: | 08/12/2014 |
| SERFF Tr Num: | MVPH-129676042 |
| SERFF Status: | Pending State Action |
| State Tr Num: | |
| State Status: | |
| Co Tr Num: | |
| Implementation Date Requested: | 01/01/2015 |
| Author(s): | Kristen Marsh, Matt Lombardo, Evan Steinhart, 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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

## General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer
Filing Status Changed: 09/22/2014
State Status Changed:
Created By: Matt Lombardo
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Large
Overall Rate Impact: -2.5%

Deemer Date:
Submitted By: Matt Lombardo

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

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed manual rates and addendum values included within this filing are for employer groups with 51+ employees in the state of Vermont with coverage dates beginning between January 1, 2015 and June 30, 2015.

## Company and Contact

### Filing Contact Information

Matt Lombardo,
625 State Street
Schenectady, NY 12305

mlombardo@mvphealthcare.com
518-388-2483 [Phone]

### Filing Company Information

MVP Health Insurance Company
625 State Street
Schenectady, NY 12305
(518) 388-2469 ext. [Phone]

CoCode: 11125
Group Code: 1198
Group Name:
FEIN Number: 14-1827918

State of Domicile: New York
Company Type: Health Insurance
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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

# Correspondence Summary

## Objection Letters and Response Letters

### Objection Letters

| Status | Created By | Created On | Date Submitted |
|---|---|---|---|
| Pending Response | Jacqueline Lee | 09/17/2014 | 09/17/2014 |
| Pending Response | Jacqueline Lee | 08/19/2014 | 08/19/2014 |

### Response Letters

| Responded By | Created On | Date Submitted |
|---|---|---|
| Matt Lombardo | 09/22/2014 | 09/22/2014 |
| Matt Lombardo | 08/25/2014 | 08/26/2014 |

## Amendments

| Schedule | Schedule Item Name | Created By | Created On | Date Submitted |
|---|---|---|---|---|
| Supporting Document | Actuarial Memorandum | Matt Lombardo | 09/25/2014 | 09/25/2014 |
| Supporting Document | Response to Objection Letter #2 | Matt Lombardo | 09/23/2014 | 09/23/2014 |
| Supporting Document | Actuarial Memorandum | Matt Lombardo | 08/15/2014 | 08/15/2014 |
| Supporting Document | Actuarial Memorandum | Matt Lombardo | 08/12/2014 | 08/12/2014 |

**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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

# Objection Letter

| | |
|---|---|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 09/17/2014 |
| Submitted Date | 09/17/2014 |
| Respond By Date | 09/22/2014 |

*Dear Matt Lombardo,*

***Introduction:***

*Please see attached inquiry.*

***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)

L&E Actuaries & Consultants

**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, 2014

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

Re: MVP Health Insurance Company
1Q/2Q 2015 Large Group AR42 Filing
SERFF Tracking #: MVPH-129676042

Dear Mr. Lombardo:

Thank you for your response on August 25, 2014. The following additional information is required for this filing. In your itemized response, we request that you re-state each question.

1. Please supplement the 2013 traditional loss ratio provided in response to Question 5 of our earlier inquiry letter with a derivation of the adjusted federal loss ratio for the AR42 block impacted by this rate filing and for the entire large market segment in Vermont.

2. In prior filing of this product portfolio, a snapshot of the large group members was used to derive a blended rate increase for the HDHP and non-HDHP products. We are unable to match the proposed quarterly rate change of 0.2% in Exhibit 3 with the requested quarterly rate change in the actuarial memorandum. (8.0% for PPO/EPO Medical, -3.2% for Rx riders, and -7.0% for HDHP). Please reconcile the development of the requested quarterly rate increase in the actuarial memorandum. If a non-HDHP/HDHP blended rate increase is not being requested in this filing, provide reasoning for the change in methodology and elaborate on whether the material rate increase requested for some plans (such as 15.1% for VE054L) is driven by benefit relativity changes and the decision to isolate rate increase by product type. Please illustrate your response using coplan VE054L as an example.

3. We note that "Annual Manual Rate Change" and "Quarterly Rate Change" in Exhibit 4a.Q1 are equal. Why is that so? Also, reconcile the quarterly change implied in Exhibit 4 for various benefit plans with the proposed rate increase of 0.2% in Exhibit 3.

4. For medical trend, we could reconcile the requested rate increase for 2Q15 with one quarter of 2015 medical paid trend. Please reconcile the requested rate change for Rx from 1Q15 to 2Q15 with the projected Rx trends.

5. Please quantitatively derive the required annual rate change for 1Q15 and 2Q15, as listed in page 1 of the actuarial memorandum.

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 22, 2014.

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

Sincerely,

Sujaritha Tansen

Rita Tansen A.S.A., M.A.A.A.
Consulting Actuary
Lewis & Ellis, Inc.
rtansen@lewisellis.com
(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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

# Objection Letter

| | |
|---|---|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 08/19/2014 |
| Submitted Date | 08/19/2014 |
| Respond By Date | 08/26/2014 |

*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.
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Brian D. Rankin, F.S.A.
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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)

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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.

August 19, 2014

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

Re: MVP Health Insurance Company
1Q/2Q 2015 Large Group AR42 Filing
SERFF Tracking #: MVPH-129676042

Dear Mr. Lombardo:

We have been retained by the Green Mountain Care Board ("GMCB") to review the above referenced group product filing submitted on 8/12/2014. The following additional information is required for this filing. In your itemized response, we request that you re-state each question.

1. We note that the experience of coplans that are now retired (such as VE001L, VE002L, etc as illustrated in page 6 of the actuarial memorandum) have been included in demonstrating revenue neutrality (Exhibit 3a) and in development of projected claims and resloped projected net revenue (Exhibit 3b). Additionally, experience period membership is used in revenue neutrality demonstration. We note that HDHP/non-HDHP membership in the experience period of 53%/47% is materially different from the corresponding current membership of 65%/35%.
   i. Please submit an exhibit that demonstrates revenue neutrality with only non-retired coplans and current HDHP/non-HDHP membership.

   ii. Please justify the appropriateness of using experience from retired coplans in Exhibit 3b. If non-retired coplans were used, how would the line items 1 and 2 change?

iii. The calculation of the resloped projected net revenue collected at Q4 2014 rate level in line item 15 of Exhibit 3b includes retired coplans as well. Please justify the appropriateness of this approach or provide a revised Exhibit that uses only non-retired plan rate levels.

2. Please quantitatively reconcile the claims incurred in "Historical Med Claim Summ" worksheet with the Experience Period Medical Claims PMPM in Exhibit 3b ($258.33 for non-HDHP and $218.86 for HDHP plans).

3. Provide historic Rx rebates (as a percent of Rx claim experience) by product type for the experience period and preceding two years. Provide justification for the projected Rx rebates seen in Exhibit 3b.

4. In determining benefit relativity, the actuarial memorandum states: "Adjust for impact of family caps on the single benefit or aggregate nature of family benefit." We are assuming this adjustment accounts for aggregate family deductible versus stacked deductible. Please demonstrate quantitatively this impact and illustrate where in the rate development this adjustment is being made.

5. Please provide MVP's 2013 MLR results for the AR42 block impacted by this rate filing and for the entire large group market segment in Vermont.

6. Please provide the anticipated 2014 unadjusted traditional loss ratio and federal adjusted loss ratio for the AR42 block impacted by this rate filing and for the entire large group market segment in Vermont.

7. How many of your current groups are 100% experience rated versus those that use manual rates?

8. How many of your current groups are retrospectively rated? How has the change in surplus refund amount for group sizes of 251+ from 100% to 80% impacted rate development of these groups?

9. Please provide historic actual-to-expected experience for the AR42 product.

10. What was the actual expense ratio over the 2010-2013 time period if only large group business is considered?

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 August 26, 2014.

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

Sincerely,

Rita Tansen A.S.A., M.A.A.A.
Consulting Actuary
Lewis & Ellis, Inc.
rtansen@lewisellis.com
(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 LG HIC Existing Products 1Q/2Q 2015
**Project Name/Number:** /

# Response Letter

| | |
|---|---|
| Response Letter Status | Submitted to State |
| Response Letter Date | 09/22/2014 |
| Submitted Date | 09/22/2014 |

*Dear Thomas Crompton,*

***Introduction:***

***Response 1***

***Comments:***

*Please see the supporting documentation items below for MVP's response to L&E's 9/17/14 objection letter.*

***Changed Items:***

| **Supporting Document Schedule Item Changes** | |
|---|---|
| **Satisfied - Item:** | Response to Objection Letter #2 |
| **Comments:** | |
| **Attachment(s):** | Response to Objection #2.pdf<br>Response to Objection #2 - LG HIC Existing Prods L&E.pdf<br>Response to Objection #2 - LG HIC Existing Prods L&E.xlsx |

*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 LG HIC Existing Products 1Q/2Q 2015
**Project Name/Number:** /

# Response Letter

| | |
|---|---|
| Response Letter Status | Submitted to State |
| Response Letter Date | 08/25/2014 |
| Submitted Date | 08/26/2014 |

*Dear Thomas Crompton,*

***Introduction:***

***Response 1***

***Comments:***

*Please see the attached supporting documentation item which includes MVP's response to Objection Letter #1.*

*Regards,*
*Matt Lombardo*

***Changed Items:***

| **Supporting Document Schedule Item Changes** | |
|---|---|
| **Satisfied - Item:** | Response to Objection Letter #1 |
| **Comments:** | |
| **Attachment(s):** | Response to Objection 1 - L&E.pdf<br>Response to Objection 1 - L&E.xlsx<br>Response to Objection #1.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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

# Amendment Letter

Submitted Date: 09/25/2014

Comments:

Per Rita Tansen's 9/25/14 e-mail, the annual rate increase information for non-HDHP products has been updated in the actuarial memorandum.

Changed Items:

*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

**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 LG HIC Existing Products 1Q/2Q 2015
**Project Name/Number:** /

| Supporting Document Schedule Item Changes | |
|---|---|
| **Satisfied - Item:** | Actuarial Memorandum |
| **Comments:** | |
| **Attachment(s):** | Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx<br>VT Experience Rated Addendum - 1Q 2015.pdf<br>Experience Rating Formula Filing Exhibits A-C.pdf<br>Appendices A-C.pdf<br>1Q 2015 ACT MEMO-HIC Large Group v2.pdf |
| *Previous Version* | |
| **Satisfied - Item:** | *Actuarial Memorandum* |
| **Comments:** | |
| **Attachment(s):** | *1Q 2015 ACT MEMO-HIC Large Group.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.xlsx*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx*<br>*VT Experience Rated Addendum - 1Q 2015.pdf*<br>*Experience Rating Formula Filing Exhibits A-C.pdf*<br>*Appendices A-C.pdf* |
| *Previous Version* | |
| **Satisfied - Item:** | *Actuarial Memorandum* |
| **Comments:** | |
| **Attachment(s):** | *1Q 2015 ACT MEMO-HIC Large Group.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.xlsx*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx*<br>*VT Experience Rated Addendum - 1Q 2015.pdf* |
| *Previous Version* | |
| **Satisfied - Item:** | *Actuarial Memorandum* |
| **Comments:** | |
| **Attachment(s):** | *1Q 2015 ACT MEMO-HIC Large Group.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.xlsx*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx* |

**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 LG HIC Existing Products 1Q/2Q 2015
**Project Name/Number:** /

**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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

# Amendment Letter

Submitted Date: 09/23/2014

Comments:

Please see the supporting documentation item below for MVP's revised response to Objection Letter #2.

Changed Items:

*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

| **Supporting Document Schedule Item Changes** | |
|---|---|
| **Satisfied - Item:** | Response to Objection Letter #2 |
| **Comments:** | |
| **Attachment(s):** | Response to Objection #2.pdf<br>Response to Objection #2 - LG HIC Existing Prods v2 L&E.pdf<br>Response to Objection #2 - LG HIC Existing Prods v2 L&E.xlsx |
| *Previous Version* | |
| **Satisfied - Item:** | *Response to Objection Letter #2* |
| **Comments:** | |
| **Attachment(s):** | *Response to Objection #2.pdf*<br>*Response to Objection #2 - LG HIC Existing Prods L&E.pdf*<br>*Response to Objection #2 - LG HIC Existing Prods L&E.xlsx* |

# Amendment Letter

Submitted Date: 08/15/2014

Comments:

The LG Experience Rated Formula and Appendices A-C have been added to the Supporting Documentation Item below. There are not any changes being proposed to these documents, and they are being added to the SERFF filing for completeness.

Regards,
Matt Lombardo

Changed Items:

*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

**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 LG HIC Existing Products 1Q/2Q 2015
**Project Name/Number:** /

| Supporting Document Schedule Item Changes | |
|---|---|
| **Satisfied - Item:** | Actuarial Memorandum |
| **Comments:** | |
| **Attachment(s):** | 1Q 2015 ACT MEMO-HIC Large Group.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx<br>VT Experience Rated Addendum - 1Q 2015.pdf<br>Experience Rating Formula Filing Exhibits A-C.pdf<br>Appendices A-C.pdf |
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| **Satisfied - Item:** | *Actuarial Memorandum* |
| **Comments:** | |
| **Attachment(s):** | *1Q 2015 ACT MEMO-HIC Large Group.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.xlsx*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx*<br>*VT Experience Rated Addendum - 1Q 2015.pdf* |
| *Previous Version* | |
| **Satisfied - Item:** | *Actuarial Memorandum* |
| **Comments:** | |
| **Attachment(s):** | *1Q 2015 ACT MEMO-HIC Large Group.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.xlsx*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx* |

**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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

# Amendment Letter

Submitted Date: 08/12/2014

Comments:

After initially submitting the filing, it was recognized that the LG Addendum was not included with the submission. The addendum has been added to the Supporting Documentation item below.

Regards,
Matt Lombardo

Changed Items:

*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

| **Supporting Document Schedule Item Changes** | |
|---|---|
| **Satisfied - Item:** | Actuarial Memorandum |
| **Comments:** | |
| **Attachment(s):** | 1Q 2015 ACT MEMO-HIC Large Group.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx<br>VT Experience Rated Addendum - 1Q 2015.pdf |
| *Previous Version* | |
| **Satisfied - Item:** | *Actuarial Memorandum* |
| **Comments:** | |
| **Attachment(s):** | *1Q 2015 ACT MEMO-HIC Large Group.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.pdf*<br>*Rolling 12 Medical and Rx Data - LG HIC.xlsx*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf*<br>*VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx* |

## Rate Information

Rate data applies to filing.

**Filing Method:** SERFF
**Rate Change Type:** Decrease
**Overall Percentage of Last Rate Revision:** 3.800%
**Effective Date of Last Rate Revision:** 01/01/2014
**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 | Decrease | -2.500% | -2.500% | $-804,663 | 50 | $31,653,187 | 17.600% | -9.500% |

# 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 EPO | 92802VT004 | 92802VT004000 | 1586 |
| Preferred Suite HD EPO | 92802VT006 | 92802VT006000 | 3962 |
| Preferred Suite HD PPO | 92802VT007 | 92802VT007000 | 376 |
| Preferred Suite PPO | 92802VT005 | 92802VT005000 | 245 |

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: 95,023
Benefit Change: Decrease
Percent Change Requested: Min: -9.5 Max: 17.6 Avg: -2.5

## PRIOR RATE:

Total Earned Premium: 31,653,187.00
Total Incurred Claims: 28,771,153.00
Annual $: Min: 268.91 Max: 403.44 Avg: 367.04

## REQUESTED RATE:

Projected Earned Premium: 30,861,857.00
Projected Incurred Claims: 26,232,579.00
Annual $: Min: 284.65 Max: 474.45 Avg: 357.86

| | | | |
|---|---|---|---|
| **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 LG HIC Existing Products 1Q/2Q 2015 | | |
| **Project Name/Number:** | / | | |

## Supporting Document Schedules

| | |
|---|---|
| **Satisfied - Item:** | Actuarial Memorandum |
| **Comments:** | |
| **Attachment(s):** | Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx<br>VT Experience Rated Addendum - 1Q 2015.pdf<br>Experience Rating Formula Filing Exhibits A-C.pdf<br>Appendices A-C.pdf<br>1Q 2015 ACT MEMO-HIC Large Group v2.pdf |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Bypassed - Item:** | Actuarial Memorandum and Certifications |
| **Bypass Reason:** | N/A |
| **Attachment(s):** | |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Bypassed - Item:** | Civil Union Rating Requirements |
| **Bypass Reason:** | MVP's forms comply with 8 V.S.A. § 4724. |
| **Attachment(s):** | |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Bypassed - Item:** | Consumer Disclosure Form |
| **Bypass Reason:** | N/A - proposed increase does not exceed threshold |
| **Attachment(s):** | |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Satisfied - Item:** | Filing Compliance Certification |
| **Comments:** | |
| **Attachment(s):** | Certification of Compliance - VT.pdf |
| **Item Status:** | |
| **Status Date:** | |

**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 LG HIC Existing Products 1Q/2Q 2015
**Project Name/Number:** /

| | |
|---|---|
| **Bypassed - Item:** | Third Party Filing Authorization |
| **Bypass Reason:** | N/A |
| **Attachment(s):** | |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Bypassed - Item:** | Unified Rate Review Template |
| **Bypass Reason:** | N/A |
| **Attachment(s):** | |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Satisfied - Item:** | Response to Objection Letter #1 |
| **Comments:** | |
| **Attachment(s):** | Response to Objection 1 - L&E.pdf<br>Response to Objection 1 - L&E.xlsx<br>Response to Objection #1.pdf |
| **Item Status:** | |
| **Status Date:** | |

| | |
|---|---|
| **Satisfied - Item:** | Response to Objection Letter #2 |
| **Comments:** | |
| **Attachment(s):** | Response to Objection #2.pdf<br>Response to Objection #2 - LG HIC Existing Prods v2 L&E.pdf<br>Response to Objection #2 - LG HIC Existing Prods v2 L&E.xlsx |
| **Item Status:** | |
| **Status Date:** | |

***Attachment Rolling 12 Medical and Rx Data - LG HIC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Response to Objection 1 - L&E.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Response to Objection #2 - LG HIC Existing Prods v2 L&E.xlsx is not a PDF document and cannot be reproduced here.***

## Large Group Historical Medical Claims Summary - EPO/PPO

| Rolling 12 End Date | Medical Claim Expense > $100k PMPM | Medical Claim Expense PMPM | Medical Allowed - COB PMPM | Member Months | Claims > $100k as % of Claims < $100k | Rolling 12 Medical Claim Expense Trend | Rolling 12 Medical Paid Trend Removing High Cost Claims | Rolling 12 Allowed - COB Trend | Rolling 12 Membership Change | Paid To Allowed Ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| 201112 | $21.59 | $291.46 | $339.81 | 36,564 | 8.0% | N/A | N/A | N/A | N/A | 85.8% |
| 201201 | $23.00 | $288.92 | $339.04 | 35,731 | 8.7% | N/A | N/A | N/A | N/A | 85.2% |
| 201202 | $24.20 | $295.63 | $345.83 | 35,684 | 8.9% | N/A | N/A | N/A | N/A | 85.5% |
| 201203 | $22.91 | $300.80 | $351.31 | 35,622 | 8.2% | N/A | N/A | N/A | N/A | 85.6% |
| 201204 | $25.80 | $304.09 | $354.72 | 35,570 | 9.3% | N/A | N/A | N/A | N/A | 85.7% |
| 201205 | $23.83 | $302.91 | $354.24 | 35,552 | 8.5% | N/A | N/A | N/A | N/A | 85.5% |
| 201206 | $24.47 | $300.37 | $352.64 | 35,414 | 8.9% | N/A | N/A | N/A | N/A | 85.2% |
| 201207 | $24.39 | $305.62 | $359.17 | 35,077 | 8.7% | N/A | N/A | N/A | N/A | 85.1% |
| 201208 | $21.74 | $305.88 | $360.04 | 34,695 | 7.7% | N/A | N/A | N/A | N/A | 85.0% |
| 201209 | $30.16 | $322.90 | $378.22 | 34,313 | 10.3% | N/A | N/A | N/A | N/A | 85.4% |
| 201210 | $42.86 | $343.14 | $400.05 | 34,091 | 14.3% | N/A | N/A | N/A | N/A | 85.8% |
| 201211 | $53.38 | $350.39 | $407.09 | 33,825 | 18.0% | N/A | N/A | N/A | N/A | 86.1% |
| 201212 | $44.01 | $341.46 | $397.78 | 33,593 | 14.8% | 17.2% | 10.2% | 17.1% | -8.1% | 85.8% |
| 201301 | $42.92 | $338.92 | $399.07 | 34,636 | 14.5% | 17.3% | 11.3% | 17.7% | -3.1% | 84.9% |
| 201302 | $41.75 | $326.84 | $389.50 | 35,570 | 14.6% | 10.6% | 5.0% | 12.6% | -0.3% | 83.9% |
| 201303 | $41.44 | $315.48 | $379.43 | 36,268 | 15.1% | 4.9% | -1.4% | 8.0% | 1.8% | 83.1% |
| 201304 | $36.94 | $311.67 | $378.80 | 36,958 | 13.4% | 2.5% | -1.3% | 6.8% | 3.9% | 82.3% |
| 201305 | $35.82 | $307.65 | $375.56 | 37,870 | 13.2% | 1.6% | -2.6% | 6.0% | 6.5% | 81.9% |
| 201306 | $35.55 | $305.70 | $373.46 | 38,846 | 13.2% | 1.8% | -2.1% | 5.9% | 9.7% | 81.9% |
| 201307 | $35.40 | $297.21 | $364.81 | 39,761 | 13.5% | -2.8% | -6.9% | 1.6% | 13.4% | 81.5% |
| 201308 | $37.36 | $295.97 | $364.89 | 40,658 | 14.4% | -3.2% | -9.0% | 1.3% | 17.2% | 81.1% |
| 201309 | $30.02 | $290.53 | $361.39 | 41,566 | 11.5% | -10.0% | -11.0% | -4.4% | 21.1% | 80.4% |
| 201310 | $20.60 | $281.92 | $354.30 | 42,625 | 7.9% | -17.8% | -13.0% | -11.4% | 25.0% | 79.6% |
| 201311 | $13.39 | $268.71 | $342.12 | 43,779 | 5.2% | -23.3% | -14.0% | -16.0% | 29.4% | 78.5% |
| 201312 | $13.84 | $269.21 | $344.92 | 44,918 | 5.4% | -21.2% | -14.1% | -13.3% | 33.7% | 78.1% |

## Large Group Historical Medical Claims Summary - HDHP

| Rolling 12 End Date | Medical Claim Expense > $100k PMPM | Medical Claim Expense PMPM | Medical Allowed - COB PMPM | Member Months | Claims > $100k as % of Claims < $100k | Rolling 12 Medical Claim Expense Trend | Rolling 12 Medical Paid Trend Removing High Cost Claims | Rolling 12 Allowed - COB Trend | Rolling 12 Membership Change | Paid To Allowed Ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| 201112 | $24.05 | $244.63 | $330.25 | 99,382 | 10.9% | N/A | N/A | N/A | N/A | 74.1% |
| 201201 | $22.09 | $245.80 | $332.33 | 97,939 | 9.9% | N/A | N/A | N/A | N/A | 74.0% |
| 201202 | $21.44 | $249.47 | $337.49 | 96,286 | 9.4% | N/A | N/A | N/A | N/A | 73.9% |
| 201203 | $21.05 | $248.24 | $335.27 | 94,597 | 9.3% | N/A | N/A | N/A | N/A | 74.0% |
| 201204 | $19.23 | $243.35 | $330.90 | 92,932 | 8.6% | N/A | N/A | N/A | N/A | 73.5% |
| 201205 | $18.56 | $243.85 | $332.77 | 91,395 | 8.2% | N/A | N/A | N/A | N/A | 73.3% |
| 201206 | $16.35 | $240.95 | $329.93 | 89,693 | 7.3% | N/A | N/A | N/A | N/A | 73.0% |
| 201207 | $10.88 | $234.88 | $324.57 | 88,341 | 4.9% | N/A | N/A | N/A | N/A | 72.4% |
| 201208 | $11.97 | $237.87 | $328.14 | 86,974 | 5.3% | N/A | N/A | N/A | N/A | 72.5% |
| 201209 | $12.02 | $234.72 | $324.15 | 85,586 | 5.4% | N/A | N/A | N/A | N/A | 72.4% |
| 201210 | $11.81 | $234.99 | $325.17 | 84,188 | 5.3% | N/A | N/A | N/A | N/A | 72.3% |
| 201211 | $12.59 | $233.87 | $325.28 | 82,457 | 5.7% | N/A | N/A | N/A | N/A | 71.9% |
| 201212 | $11.28 | $227.91 | $319.73 | 80,734 | 5.2% | -6.8% | -1.8% | -3.2% | -18.8% | 71.3% |
| 201301 | $11.16 | $229.95 | $320.60 | 78,052 | 5.1% | -6.4% | -2.2% | -3.5% | -20.3% | 71.7% |
| 201302 | $10.71 | $228.28 | $317.34 | 75,579 | 4.9% | -8.5% | -4.6% | -6.0% | -21.5% | 71.9% |
| 201303 | $12.29 | $227.52 | $316.36 | 73,074 | 5.7% | -8.3% | -5.3% | -5.6% | -22.8% | 71.9% |
| 201304 | $14.08 | $230.09 | $318.08 | 70,600 | 6.5% | -5.4% | -3.6% | -3.9% | -24.0% | 72.3% |
| 201305 | $13.78 | $224.33 | $311.25 | 67,756 | 6.5% | -8.0% | -6.5% | -6.5% | -25.9% | 72.1% |
| 201306 | $12.30 | $220.31 | $307.88 | 64,978 | 5.9% | -8.6% | -7.4% | -6.7% | -27.6% | 71.6% |
| 201307 | $11.20 | $220.80 | $308.90 | 62,605 | 5.3% | -6.0% | -6.4% | -4.8% | -29.1% | 71.5% |
| 201308 | $10.08 | $218.23 | $306.73 | 60,398 | 4.8% | -8.3% | -7.9% | -6.5% | -30.6% | 71.1% |
| 201309 | $10.46 | $218.86 | $308.91 | 58,230 | 5.0% | -6.8% | -6.4% | -4.7% | -32.0% | 70.9% |
| 201310 | $11.77 | $217.37 | $307.81 | 55,495 | 5.7% | -7.5% | -7.9% | -5.3% | -34.1% | 70.6% |
| 201311 | $14.54 | $217.73 | $308.31 | 52,781 | 7.2% | -6.9% | -8.2% | -5.2% | -36.0% | 70.6% |
| 201312 | $16.00 | $224.14 | $316.70 | 50,105 | 7.7% | -1.7% | -3.9% | -0.9% | -37.9% | 70.8% |

**Large Group Historical Medical Claims Summary - AR42 Total**

| Rolling 12 End Date | Medical Claim Expense > $100k PMPM | Medical Claim Expense PMPM | Medical Allowed - COB PMPM | Member Months | Claims > $100k as % of Claims < $100k | Rolling 12 Medical Claim Expense Trend | Rolling 12 Medical Paid Trend Removing High Cost Claims | Rolling 12 Allowed - COB Trend | Rolling 12 Membership Change | Paid To Allowed Ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| 201112 | $23.39 | $257.23 | $332.82 | 135,946 | 10.0% | N/A | N/A | N/A | N/A | 77.3% |
| 201201 | $22.33 | $257.32 | $334.12 | 133,670 | 9.5% | N/A | N/A | N/A | N/A | 77.0% |
| 201202 | $22.19 | $261.95 | $339.75 | 131,970 | 9.3% | N/A | N/A | N/A | N/A | 77.1% |
| 201203 | $21.56 | $262.62 | $339.66 | 130,219 | 8.9% | N/A | N/A | N/A | N/A | 77.3% |
| 201204 | $21.05 | $260.16 | $337.50 | 128,502 | 8.8% | N/A | N/A | N/A | N/A | 77.1% |
| 201205 | $20.04 | $260.39 | $338.78 | 126,947 | 8.3% | N/A | N/A | N/A | N/A | 76.9% |
| 201206 | $18.65 | $257.77 | $336.36 | 125,107 | 7.8% | N/A | N/A | N/A | N/A | 76.6% |
| 201207 | $14.72 | $254.99 | $334.40 | 123,418 | 6.1% | N/A | N/A | N/A | N/A | 76.3% |
| 201208 | $14.76 | $257.27 | $337.24 | 121,669 | 6.1% | N/A | N/A | N/A | N/A | 76.3% |
| 201209 | $17.21 | $259.95 | $339.62 | 119,899 | 7.1% | N/A | N/A | N/A | N/A | 76.5% |
| 201210 | $20.76 | $266.16 | $346.75 | 118,279 | 8.5% | N/A | N/A | N/A | N/A | 76.8% |
| 201211 | $24.46 | $267.77 | $349.08 | 116,282 | 10.1% | N/A | N/A | N/A | N/A | 76.7% |
| 201212 | $20.90 | $261.28 | $342.66 | 114,327 | 8.7% | 1.6% | 2.8% | 3.0% | -15.9% | 76.2% |
| 201301 | $20.92 | $263.44 | $344.72 | 112,688 | 8.6% | 2.4% | 3.2% | 3.2% | -15.7% | 76.4% |
| 201302 | $20.64 | $259.82 | $340.43 | 111,149 | 8.6% | -0.8% | -0.2% | 0.2% | -15.8% | 76.3% |
| 201303 | $21.96 | $256.70 | $337.28 | 109,342 | 9.4% | -2.3% | -2.6% | -0.7% | -16.0% | 76.1% |
| 201304 | $21.93 | $258.12 | $338.94 | 107,558 | 9.3% | -0.8% | -1.2% | 0.4% | -16.3% | 76.2% |
| 201305 | $21.68 | $254.21 | $334.31 | 105,626 | 9.3% | -2.4% | -3.3% | -1.3% | -16.8% | 76.0% |
| 201306 | $21.00 | $252.26 | $332.42 | 103,824 | 9.1% | -2.1% | -3.3% | -1.2% | -17.0% | 75.9% |
| 201307 | $20.60 | $250.48 | $330.62 | 102,366 | 9.0% | -1.8% | -4.3% | -1.1% | -17.1% | 75.8% |
| 201308 | $21.06 | $249.51 | $330.13 | 101,056 | 9.2% | -3.0% | -5.8% | -2.1% | -16.9% | 75.6% |
| 201309 | $18.61 | $248.71 | $330.77 | 99,796 | 8.1% | -4.3% | -5.2% | -2.6% | -16.8% | 75.2% |
| 201310 | $15.60 | $245.41 | $328.00 | 98,120 | 6.8% | -7.8% | -6.4% | -5.4% | -17.0% | 74.8% |
| 201311 | $14.02 | $240.85 | $323.64 | 96,560 | 6.2% | -10.1% | -6.8% | -7.3% | -17.0% | 74.4% |
| 201312 | $14.98 | $245.45 | $330.04 | 95,023 | 6.5% | -6.1% | -4.1% | -3.7% | -16.9% | 74.4% |

## Large Group Historical Rx Claims Summary - EPO/PPO

| Rolling 12 End Date | Rx Claim Expense PMPM | Rx Allowed PMPM | Member Months | Rolling 12 Rx Claim Expense Trend | Rolling 12 Rx Allowed Trend | Rolling 12 Membership Change | Paid To Allowed Ratio |
|---|---|---|---|---|---|---|---|
| 201112 | $52.98 | $65.43 | 36,423 | N/A | N/A | N/A | 81.0% |
| 201201 | $52.49 | $64.53 | 35,578 | N/A | N/A | N/A | 81.3% |
| 201202 | $53.01 | $65.01 | 35,558 | N/A | N/A | N/A | 81.5% |
| 201203 | $52.82 | $64.72 | 35,507 | N/A | N/A | N/A | 81.6% |
| 201204 | $53.02 | $64.78 | 35,461 | N/A | N/A | N/A | 81.8% |
| 201205 | $52.88 | $64.55 | 35,443 | N/A | N/A | N/A | 81.9% |
| 201206 | $52.33 | $63.81 | 35,305 | N/A | N/A | N/A | 82.0% |
| 201207 | $52.45 | $63.89 | 34,963 | N/A | N/A | N/A | 82.1% |
| 201208 | $51.65 | $63.01 | 34,577 | N/A | N/A | N/A | 82.0% |
| 201209 | $51.02 | $62.27 | 34,191 | N/A | N/A | N/A | 81.9% |
| 201210 | $51.42 | $62.60 | 33,962 | N/A | N/A | N/A | 82.1% |
| 201211 | $50.73 | $61.68 | 33,689 | N/A | N/A | N/A | 82.2% |
| 201212 | $50.69 | $61.52 | 33,450 | -4.3% | -6.0% | -8.2% | 82.4% |
| 201301 | $49.66 | $60.78 | 34,486 | -5.4% | -5.8% | -3.1% | 81.7% |
| 201302 | $48.44 | $59.59 | 35,428 | -8.6% | -8.3% | -0.4% | 81.3% |
| 201303 | $47.30 | $58.49 | 36,135 | -10.5% | -9.6% | 1.8% | 80.9% |
| 201304 | $46.40 | $57.58 | 36,835 | -12.5% | -11.1% | 3.9% | 80.6% |
| 201305 | $46.24 | $57.38 | 37,757 | -12.6% | -11.1% | 6.5% | 80.6% |
| 201306 | $45.68 | $56.70 | 38,743 | -12.7% | -11.1% | 9.7% | 80.6% |
| 201307 | $45.09 | $56.06 | 39,673 | -14.0% | -12.3% | 13.5% | 80.4% |
| 201308 | $44.86 | $55.80 | 40,584 | -13.1% | -11.4% | 17.4% | 80.4% |
| 201309 | $44.96 | $55.80 | 41,506 | -11.9% | -10.4% | 21.4% | 80.6% |
| 201310 | $44.79 | $55.44 | 42,580 | -12.9% | -11.4% | 25.4% | 80.8% |
| 201311 | $44.10 | $54.60 | 43,749 | -13.1% | -11.5% | 29.9% | 80.8% |
| 201312 | $43.65 | $54.10 | 44,903 | -13.9% | -12.0% | 34.2% | 80.7% |

## Large Group Historical Rx Claims Summary - HDHP

| Rolling 12 End Date | Rx Claim Expense PMPM | Rx Allowed PMPM | Member Months | Rolling 12 Rx Claim Expense Trend | Rolling 12 Rx Allowed Trend | Rolling 12 Membership Change | Paid To Allowed Ratio |
|---|---|---|---|---|---|---|---|
| 201112 | $25.15 | $46.82 | 99,382 | N/A | N/A | N/A | 53.7% |
| 201201 | $25.25 | $46.61 | 97,939 | N/A | N/A | N/A | 54.2% |
| 201202 | $25.62 | $46.89 | 96,286 | N/A | N/A | N/A | 54.6% |
| 201203 | $25.06 | $45.99 | 94,597 | N/A | N/A | N/A | 54.5% |
| 201204 | $25.06 | $45.85 | 92,932 | N/A | N/A | N/A | 54.6% |
| 201205 | $25.15 | $45.73 | 91,395 | N/A | N/A | N/A | 55.0% |
| 201206 | $25.20 | $45.57 | 89,693 | N/A | N/A | N/A | 55.3% |
| 201207 | $24.89 | $45.19 | 88,341 | N/A | N/A | N/A | 55.1% |
| 201208 | $24.71 | $44.88 | 86,974 | N/A | N/A | N/A | 55.1% |
| 201209 | $24.54 | $44.51 | 85,586 | N/A | N/A | N/A | 55.1% |
| 201210 | $24.62 | $44.45 | 84,188 | N/A | N/A | N/A | 55.4% |
| 201211 | $24.42 | $44.08 | 82,457 | N/A | N/A | N/A | 55.4% |
| 201212 | $24.10 | $43.83 | 80,734 | -4.2% | -6.4% | -18.8% | 55.0% |
| 201301 | $24.27 | $43.74 | 78,052 | -3.9% | -6.2% | -20.3% | 55.5% |
| 201302 | $24.48 | $43.70 | 75,579 | -4.5% | -6.8% | -21.5% | 56.0% |
| 201303 | $24.81 | $43.85 | 73,074 | -1.0% | -4.7% | -22.8% | 56.6% |
| 201304 | $24.98 | $43.71 | 70,600 | -0.3% | -4.7% | -24.0% | 57.1% |
| 201305 | $25.13 | $43.63 | 67,756 | -0.1% | -4.6% | -25.9% | 57.6% |
| 201306 | $25.32 | $43.67 | 64,978 | 0.5% | -4.2% | -27.6% | 58.0% |
| 201307 | $25.80 | $44.06 | 62,605 | 3.7% | -2.5% | -29.1% | 58.6% |
| 201308 | $25.90 | $44.01 | 60,398 | 4.8% | -1.9% | -30.6% | 58.9% |
| 201309 | $25.97 | $44.26 | 58,230 | 5.9% | -0.6% | -32.0% | 58.7% |
| 201310 | $26.08 | $44.36 | 55,495 | 5.9% | -0.2% | -34.1% | 58.8% |
| 201311 | $25.85 | $44.28 | 52,781 | 5.9% | 0.5% | -36.0% | 58.4% |
| 201312 | $26.14 | $44.34 | 50,105 | 8.5% | 1.1% | -37.9% | 59.0% |

**Large Group Historical Rx Claims Summary - AR42 Total**

| Rolling 12 End Date | Rx Claim Expense PMPM | Rx Allowed PMPM | Member Months | Rolling 12 Rx Claim Expense Trend | Rolling 12 Rx Allowed Trend | Rolling 12 Membership Change | Paid To Allowed Ratio |
|---|---|---|---|---|---|---|---|
| 201112 | $32.61 | $51.81 | 135,805 | N/A | N/A | N/A | 62.9% |
| 201201 | $32.51 | $51.39 | 133,517 | N/A | N/A | N/A | 63.3% |
| 201202 | $33.01 | $51.78 | 131,844 | N/A | N/A | N/A | 63.8% |
| 201203 | $32.64 | $51.10 | 130,104 | N/A | N/A | N/A | 63.9% |
| 201204 | $32.78 | $51.08 | 128,393 | N/A | N/A | N/A | 64.2% |
| 201205 | $32.90 | $50.99 | 126,838 | N/A | N/A | N/A | 64.5% |
| 201206 | $32.86 | $50.72 | 124,998 | N/A | N/A | N/A | 64.8% |
| 201207 | $32.71 | $50.49 | 123,304 | N/A | N/A | N/A | 64.8% |
| 201208 | $32.37 | $50.03 | 121,551 | N/A | N/A | N/A | 64.7% |
| 201209 | $32.10 | $49.58 | 119,777 | N/A | N/A | N/A | 64.7% |
| 201210 | $32.32 | $49.67 | 118,150 | N/A | N/A | N/A | 65.1% |
| 201211 | $32.05 | $49.19 | 116,146 | N/A | N/A | N/A | 65.2% |
| 201212 | $31.89 | $49.01 | 114,184 | -2.2% | -5.4% | -15.9% | 65.1% |
| 201301 | $32.05 | $48.96 | 112,538 | -1.4% | -4.7% | -15.7% | 65.5% |
| 201302 | $32.12 | $48.77 | 111,007 | -2.7% | -5.8% | -15.8% | 65.9% |
| 201303 | $32.25 | $48.69 | 109,209 | -1.2% | -4.7% | -16.1% | 66.2% |
| 201304 | $32.32 | $48.47 | 107,435 | -1.4% | -5.1% | -16.3% | 66.7% |
| 201305 | $32.68 | $48.55 | 105,513 | -0.7% | -4.8% | -16.8% | 67.3% |
| 201306 | $32.93 | $48.54 | 103,721 | 0.2% | -4.3% | -17.0% | 67.8% |
| 201307 | $33.29 | $48.72 | 102,278 | 1.8% | -3.5% | -17.1% | 68.3% |
| 201308 | $33.52 | $48.75 | 100,982 | 3.6% | -2.6% | -16.9% | 68.8% |
| 201309 | $33.88 | $49.06 | 99,736 | 5.5% | -1.0% | -16.7% | 69.0% |
| 201310 | $34.20 | $49.17 | 98,075 | 5.8% | -1.0% | -17.0% | 69.6% |
| 201311 | $34.13 | $48.96 | 96,530 | 6.5% | -0.5% | -16.9% | 69.7% |
| 201312 | $34.41 | $48.95 | 95,008 | 7.9% | -0.1% | -16.8% | 70.3% |

# MVP Health Care -- Q1 & Q2 2015 LG HIC Rate Filing

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - June 30, 2015

Exhibit 1 -- Summary of Medical Coplans Offered

Exhibit 2a -- Pricing Trend Assumptions

Exhibit 2b -- Rx Trend Non-HDHP

Exhibit 2c -- Rx Trend HDHP

Exhibit 3a -- Impact of Benefit Re-sloping and Exhibit of Revenue Neutrality

Exhibit 3b -- Claim Projection and Proposed Rate Change

Exhibit 4a -- Medical Manual Rates

Exhibit 4b -- Medical Riders

Exhibit 4c -- Rx Riders

## Exhibit 1 -- Summary of Medical Coplans Offered

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - June 30, 201

| | | In-Network Benefits | | | | | | | | | | Out-of-Network Benefits | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Coplan | Product Type | PCP | SCP | IP (Med/Surg) | ER | OP Surg | DME | Amb | Ded | Coins. | OOP Max | Coins | Ded | OOP Max | Pharmacy |
| VE021L | HyEPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $4,000 | N/A | N/A | N/A | Riders Available |
| VE054L | HyEPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $3,000 | 20% | $6,000 | N/A | N/A | N/A | Riders Available |
| VE060L | HYEPO | $25 | $25 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | N/A | N/A | N/A | Riders Available |
| VE085L | EPO | $20 | $20 | $500 | $100 | $150 | 50% | $100 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE087L | EPO | $25 | $40 | $500 | $100 | $150 | 50% | $100 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE088L | EPO | $25 | $40 | $1,000 | $100 | $150 | 50% | $100 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE089L | EPO | $30 | $50 | $1,000 | $100 | $150 | 50% | $100 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE090L | HyEPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | N/A | N/A | N/A | Riders Available |
| VE091L | HyEPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $3,000 | 20% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE092L | HyEPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $2,000 | N/A | N/A | N/A | Riders Available |
| VE093L | HyEPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $4,000 | N/A | N/A | N/A | Riders Available |
| VE095L | HyEPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | N/A | N/A | N/A | Riders Available |
| VE096L | HyEPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE100L | HyEPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $4,000 | N/A | N/A | N/A | Riders Available |
| VE101L | HyEPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $3,000 | 20% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE102L | HyEPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $500 | 20% | $1,500 | N/A | N/A | N/A | Riders Available |
| VE103L | HyEPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | N/A | N/A | N/A | Riders Available |
| VE105L | HyEPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $2,000 | N/A | N/A | N/A | Riders Available |
| VE106L | HyEPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $4,000 | N/A | N/A | N/A | Riders Available |
| VE107L | HyEPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $3,000 | 20% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE108L | EPO | $75 | $75 | $1,000 | $200 | $200 | 50% | $200 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE109L | HYEPO | $25 | $25 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | N/A | N/A | N/A | Riders Available |
| VE110L | HYEPO | $30 | $30 | 20% | $200 | 20% | 50% | 20% | $2,000 | 20% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE111L | HYEPO | $30 | $30 | $0 | $200 | $0 | 0% | $0 | $3,000 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE114L | HyEPO | $30 | $60 | $150 | $400 | $75 | 50% | $400 | $1,000 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VE115L | HyEPO | $30 | $60 | $200 | $400 | $100 | 50% | $400 | $3,000 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VP015L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $500 | 20% | $1,500 | 40% | $1,000 | $3,000 | Riders Available |
| VP017L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $6,000 | 40% | $4,000 | $12,000 | Riders Available |
| VP019L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $500 | 20% | $1,000 | 40% | $1,000 | $3,000 | Riders Available |
| VP020L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $2,000 | 40% | $2,000 | $6,000 | Riders Available |
| VP060L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $500 | 20% | $1,500 | 40% | $1,000 | $3,000 | Riders Available |
| VP061L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | 40% | $2,000 | $6,000 | Riders Available |
| VP062L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $5,300 | 40% | $4,000 | $12,000 | Riders Available |
| VP063L | HyPPO | $20 | $20 | 20% | $100 | 20% | 50% | 20% | $500 | 20% | $1,000 | 40% | $1,000 | $3,000 | Riders Available |
| VP065L | HyPPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | 40% | $2,000 | $6,000 | Riders Available |
| VP066L | HyPPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $5,300 | 40% | $4,000 | $12,000 | Riders Available |
| VP067L | HyPPO | $25 | $40 | 20% | $100 | 20% | 50% | 20% | $3,000 | 20% | $5,300 | 40% | $6,000 | $18,000 | Riders Available |
| VP071L | HyPPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $1,000 | 20% | $3,000 | 40% | $2,000 | $6,000 | Riders Available |
| VP072L | HyPPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $2,000 | 20% | $5,300 | 40% | $4,000 | $12,000 | Riders Available |
| VP073L | HyPPO | $30 | $50 | 20% | $100 | 20% | 50% | 20% | $3,000 | 20% | $5,300 | 40% | $6,000 | $18,000 | Riders Available |
| VT08LA | EPO | $15 | $40 | $300 | $75 | $100 | 50% | $40 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VT08LB | EPO | $20 | $40 | $0 | $100 | $100 | 50% | $40 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VT08LC | EPO | $25 | $40 | $300 | $100 | $100 | 50% | $40 | $0 | 0% | $5,300 | N/A | N/A | N/A | Riders Available |
| VEHD-01L | HDEPOagg | $0 | $0 | $0 | $0 | $0 | 0% | $0 | $1,500 | 0% | $2,500 | N/A | N/A | N/A | $10/$30/$50 |
| VEHD-02L | HDEPOagg | $0 | $0 | $0 | $0 | $0 | 0% | $0 | $2,500 | 0% | $3,500 | N/A | N/A | N/A | $10/$30/$50 |
| VEHD-03L | HDEPOagg | $0 | $0 | $0 | $0 | $0 | 0% | $0 | $5,000 | 0% | $5,000 | N/A | N/A | N/A | $0 after Deductible |
| VEHD-06L | HDEPOagg | 10% | 10% | 10% | 10% | 10% | 10% | 10% | $2,500 | 10% | $5,000 | N/A | N/A | N/A | 10%/10%/30% |
| VEHD-07L | HDEPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $1,500 | 20% | $3,000 | N/A | N/A | N/A | 20%/20%/40% |
| VEHD-08L | HDEPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $2,000 | 20% | $4,000 | N/A | N/A | N/A | 20%/20%/40% |
| VEHD-09L | HDEPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $2,500 | 20% | $5,000 | N/A | N/A | N/A | 20%/20%/40% |
| VEHD-15L | HDEPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $2,500 | 20% | $5,000 | N/A | N/A | N/A | 50% |
| VEHD-17L | HDEPOagg | $30 | $50 | $500 | $150 | $200 | 50% | $150 | $2,500 | 0% | $5,000 | N/A | N/A | N/A | $10/$30/$50 |
| VEHD-18L | HDEPO | $0 | $0 | $0 | $0 | $0 | 0% | $0 | $2,500 | 0% | $3,500 | N/A | N/A | N/A | $10/$30/$50 |
| VEHD-19L | HDEPO | $0 | $0 | $0 | $0 | $0 | 0% | $0 | $5,000 | 0% | $5,000 | N/A | N/A | N/A | $0 after Deductible |
| VEHD-20L | HDEPO | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $2,500 | 20% | $5,000 | N/A | N/A | N/A | 20%/20%/40% |
| VEHD-31L | HDEPOagg | Ded/Coins | Ded/Coins | Ded/Coins | Ded/Coins | Ded/Coins | Ded/Coins | Ded/Coins | $4,000 | 20% | $5,950 | N/A | N/A | N/A | 20%/20%/40% |
| VPHD-03L | HDPPOagg | $0 | $0 | $0 | $0 | $0 | 0% | $0 | $5,000 | 0% | $5,000 | 20% | $10,000 | $20,000 | $0 after Deductible |
| VPHD-05L | HDPPOagg | 10% | 10% | 10% | 10% | 10% | 10% | 10% | $2,000 | 10% | $4,000 | 30% | $4,000 | $8,000 | 10%/10%/30% |
| VPHD-07L | HDPPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $1,500 | 20% | $3,000 | 40% | $3,000 | $6,000 | 20%/20%/40% |
| VPHD-09L | HDPPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $2,500 | 20% | $5,000 | 40% | $5,000 | $10,000 | 20%/20%/40% |
| VPHD-15L | HDPPOagg | 20% | 20% | 20% | 20% | 20% | 20% | 20% | $2,500 | 20% | $5,000 | 40% | $5,000 | $10,000 | 50% |

## Exhibit 2a -- Pricing Trend Assumptions

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| | | Midpoint |
|---|---|---|
| Experience Period: | January 1, 2013 - December 31, 2013 | July 1, 2013 |
| Rating Period^: | January 1, 2015 - December 31, 2015 | July 1, 2015 |

*^ Reflects Q1 2015 rating period*

### Medical Trend Summary

**2014 Annual Trend**

| | % of Allowed Claims | Unit Cost | Utilization | Total |
|---|---|---|---|---|
| IP | 19.6% | 6.0% | 0.0% | 6.0% |
| OP and Other Med | 47.1% | 5.4% | 0.0% | 5.4% |
| PHY | 33.3% | 15.3% | 0.0% | 15.3% |
| **Medical Total** | | 8.8% | 0.0% | **8.8%** |

**2015 Annual Trend**

| | % of Allowed Claims | Unit Cost | Utilization | Total |
|---|---|---|---|---|
| IP | 19.6% | 6.0% | 0.0% | 6.0% |
| OP and Other Med | 47.1% | 5.4% | 0.0% | 5.4% |
| PHY | 33.3% | 3.5% | 0.0% | 3.5% |
| **Medical Total** | | 4.9% | 0.0% | **4.9%** |

**Leveraging Impact - Large Group Non-HDHP Fee-For-Service Medical Claims**

| | Allowed | Coinsurance | Copay | Deductible | Paid* |
|---|---|---|---|---|---|
| Experience Period: | $344.92 | $5.09 | $9.51 | $61.11 | $269.21 |
| 24 Months of Trend: | 1.141 | 1.141 | 1.000 | 1.036 | 1.170 |
| Projection Period: | $393.46 | $5.81 | $9.51 | $63.30 | $314.85 |
| Allowed Trend (Annual) | 6.8% | | | | |
| Paid Trend (Annual) | 8.1% | | | | |
| **Leveraging (Annual)** | **1.3%** | | | | |

**Leveraging Impact - Large Group HDHP Fee-For-Service Medical Claims**

| | Allowed | Coinsurance | Copay | Deductible | Paid* |
|---|---|---|---|---|---|
| Experience Period: | $316.68 | $3.80 | $0.02 | $88.73 | $224.13 |
| 24 Months of Trend: | 1.141 | 1.141 | 1.000 | 1.066 | 1.171 |
| Projection Period: | $361.45 | $4.34 | $0.02 | $94.61 | $262.48 |
| Allowed Trend (Annual) | 6.8% | | | | |
| Paid Trend (Annual) | 8.2% | | | | |
| **Leveraging (Annual)** | **1.3%** | | | | |

**Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3a unless these adjustments are taken into account.*

### Rx Trend Summary

| | 2014 Trend | | 2015 Trend | |
|---|---|---|---|---|
| | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | -1.4% | 3.8% | -1.8% | 3.6% |
| Brand | 12.5% | -7.0% | 10.1% | -4.6% |
| Specialty | 11.0% | 4.0% | 13.1% | 3.0% |

## Exhibit 2b -- Rx Trend Development - Non-HDHP

MVP Health Insurance Company 2015 Vermont Large Group Rate Filing
For Effective Dates Beginning Between January 1, 2015 - June 30, 2015

Experience Period: Jan 2013 - Dec 2013
Paid Through: May-14
Member Months with Rx Benefit: 44,903

| Rx Claim Information | Generic | Brand | Specialty | Total |
|---|---|---|---|---|
| Experience Period Scripts / 1000 | 9,988 | 1,360 | 46 | 11,394 |
| Experience Period Allowed PMPM | $18.98 | $22.67 | $12.45 | $54.10 |
| Experience Period Deductible PMPM | $0.17 | $1.57 | $0.03 | $1.78 |
| Experience Period Copay PMPM | $4.84 | $3.05 | $0.13 | $8.02 |
| Experience Period Coinsurance PMPM | $0.01 | $0.57 | $0.08 | $0.66 |
| Experience Period Cost Sharing PMPM | $5.02 | $5.19 | $0.25 | $10.46 |
| Experience Period Paid PMPM | $13.96 | $17.48 | $12.21 | $43.65 |
| Annual Util Trend | 1.037 | 0.942 | 1.035 | 1.026 |
| Annual Unit Cost Trend | 0.984 | 1.113 | 1.120 | 1.039 |
| Annual Deductible Trend | 1.020 | 1.049 | 1.160 | 1.048 |
| Annual Paid Trend | 1.015 | 1.066 | 1.161 | 1.078 |
| Months of Trend to Q1 2015** | 24 | 24 | 24 | 24 |
| Projected Scripts / 1000 as of Q1 2015 | 10,737 | 1,207 | 49 | 11,993 |
| Projected Allowed PMPM as of Q1 2015 | $19.76 | $24.92 | $16.74 | $61.42 |
| Projected Deductible PMPM | $0.18 | $1.73 | $0.04 | $1.95 |
| Projected Copay PMPM | $5.20 | $2.71 | $0.14 | $8.05 |
| Projected Coinsurance PMPM | $0.01 | $0.62 | $0.11 | $0.74 |
| Projected Cost Sharing PMPM as of Q1 2015 | $5.39 | $5.06 | $0.30 | $10.75 |
| Projected Paid PMPM as of Q1 2015 | $14.37 | $19.86 | $16.45 | $50.68 |

**Midpoint of Experience Period -- 07/01/2013, Midpoint of Q1 2015 Rating Period -- 07/01/2015

# Exhibit 2c -- Rx Trend Development - HDHP

MVP Health Insurance Company 2015 Vermont Large Group Rate Filing
For Effective Dates Beginning Between January 1, 2015 - June 30, 2015

Experience Period: Jan 2013 - Dec 2013
Paid Through: May-14
Member Months: 50,105

| Rx Claim Information | Generic | Brand | Specialty | Total |
|---|---|---|---|---|
| Experience Period Scripts / 1000 | 8,826 | 1,296 | 45 | 10,167 |
| Experience Period Allowed PMPM | $14.19 | $18.99 | $11.16 | $44.34 |
| Experience Period Deductible PMPM | $7.58 | $6.59 | $1.55 | $15.71 |
| Experience Period Copay PMPM | $1.03 | $0.76 | $0.02 | $1.82 |
| Experience Period Coinsurance PMPM | $0.17 | $0.49 | $0.02 | $0.67 |
| Experience Period Cost Sharing PMPM | $8.78 | $7.83 | $1.59 | $18.20 |
| Experience Period Paid PMPM | $5.41 | $11.15 | $9.58 | $26.14 |
| Annual Util Trend | 1.037 | 0.942 | 1.035 | 1.025 |
| Annual Unit Cost Trend | 0.984 | 1.113 | 1.120 | 1.043 |
| Annual Deductible Trend | 1.021 | 1.021 | 1.021 | 1.021 |
| Annual Paid Trend | 1.016 | 1.071 | 1.181 | 1.102 |
| Months of Trend to Q1 2015** | 24 | 24 | 24 | 24 |
| Projected Scripts / 1000 as of Q1 2015 | 9,488 | 1,150 | 48 | 10,686 |
| Projected Allowed PMPM as of Q1 2015 | $14.77 | $20.87 | $15.01 | $50.65 |
| Projected Deductible PMPM | $7.90 | $6.86 | $1.61 | $16.37 |
| Projected Copay PMPM | $1.11 | $0.68 | $0.03 | $1.81 |
| Projected Coinsurance PMPM | $0.17 | $0.53 | $0.02 | $0.73 |
| Projected Cost Sharing PMPM as of Q1 2015 | $9.18 | $8.07 | $1.66 | $18.91 |
| Projected Paid PMPM as of Q1 2015 | $5.59 | $12.80 | $13.35 | $31.74 |

**Midpoint of Experience Period -- 07/01/2013, Midpoint of Q1 2015 Rating Period -- 07/01/2015

## Exhibit 3a -- Display of Revenue Neutrality

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - June 30, 2015

| | | | | Q4 2014 Manual Rates | | | Re-sloped Q4 Manual Rates | | |
|---|---|---|---|---|---|---|---|---|---|
| **Medical Coplan** | **Rx Coplan** | **Prev. Rx Rider** | **CY 2013 MMs** | **Medical + Prev Rx Coverage** | **Rx** | **Total** | **Medical + Prev Rx Coverage** | **Rx** | **Total** |
| VE001 | MANDATE | NO | 15 | $394.19 | $0.00 | $394.19 | $401.19 | $0.00 | $401.19 |
| VE001 | V500L | NO | 3,202 | $394.19 | $45.87 | $440.06 | $401.19 | $42.89 | $444.08 |
| VE001 | V501L | NO | 1,652 | $394.19 | $38.05 | $432.24 | $401.19 | $37.59 | $438.78 |
| VE002 | V500L | NO | 71 | $388.71 | $45.87 | $434.58 | $397.47 | $42.89 | $440.36 |
| VE003 | V500L | NO | 2,966 | $379.87 | $45.87 | $425.74 | $392.63 | $42.89 | $435.52 |
| VE016 | V500L | NO | 1,559 | $324.73 | $45.87 | $370.60 | $345.42 | $42.89 | $388.31 |
| VE020 | V500L | NO | 2,808 | $334.92 | $45.87 | $380.79 | $355.10 | $42.89 | $397.99 |
| VE020 | V501L | NO | 716 | $334.92 | $38.05 | $372.97 | $355.10 | $37.59 | $392.70 |
| VE021 | V500L | NO | 243 | $296.37 | $45.87 | $342.24 | $324.84 | $42.89 | $367.73 |
| VE031 | V500L | NO | 313 | $341.14 | $45.87 | $387.01 | $364.79 | $42.89 | $407.68 |
| VE033 | V500L | NO | 264 | $277.78 | $45.87 | $323.65 | $310.32 | $42.89 | $353.20 |
| VE036 | V500L | NO | 272 | $322.48 | $45.87 | $368.35 | $351.47 | $42.89 | $394.36 |
| VE037 | V501L | NO | 809 | $286.05 | $38.05 | $324.10 | $320.00 | $37.59 | $357.59 |
| VE038 | V500L | NO | 1,316 | $265.83 | $45.87 | $311.70 | $302.88 | $42.89 | $345.77 |
| VE052 | V500L | NO | 712 | $313.94 | $45.87 | $359.81 | $346.63 | $42.89 | $389.52 |
| VE054 | V500L | NO | 1,237 | $260.00 | $45.87 | $305.87 | $298.73 | $42.89 | $341.62 |
| VE060 | V500L | NO | 653 | $318.03 | $45.87 | $363.90 | $341.79 | $42.89 | $384.68 |
| VE063 | V500L | NO | 1,773 | $276.03 | $45.87 | $321.90 | $308.07 | $42.89 | $350.96 |
| VE064 | V500L | NO | 4,329 | $171.85 | $45.87 | $217.72 | $191.17 | $42.89 | $234.06 |
| VE065 | V500L | NO | 818 | $291.23 | $45.87 | $337.10 | $322.42 | $42.89 | $365.31 |
| VE069 | V606 | NO | 10,369 | $183.47 | $38.11 | $221.58 | $204.72 | $35.55 | $240.27 |
| VE072 | V502L | NO | 522 | $174.02 | $29.15 | $203.17 | $204.74 | $33.55 | $238.29 |
| VE072 | V606 | NO | 156 | $174.02 | $38.11 | $212.13 | $204.74 | $35.55 | $240.29 |
| VEHD-01F | IN BASE | RX-VHD510-A | 605 | $389.79 | $0.00 | $389.79 | $329.68 | $28.59 | $358.28 |
| VEHD-01S | IN BASE | RX-VHD510-A | 104 | $389.79 | $0.00 | $389.79 | $329.68 | $28.59 | $358.28 |
| VEHD-02F | IN BASE | NO | 216 | $332.58 | $0.00 | $332.58 | $287.32 | $21.61 | $308.93 |
| VEHD-02F | IN BASE | RX-VHD510-B | 15,714 | $335.44 | $0.00 | $335.44 | $287.32 | $25.56 | $312.87 |
| VEHD-02S | IN BASE | NO | 92 | $332.58 | $0.00 | $332.58 | $287.32 | $21.61 | $308.93 |
| VEHD-02S | IN BASE | RX-VHD510-B | 5,586 | $335.44 | $0.00 | $335.44 | $287.32 | $25.56 | $312.87 |
| VEHD-03F | IN BASE | RX-VHD510-C | 6,754 | $265.78 | $0.00 | $265.78 | $224.37 | $32.20 | $256.57 |
| VEHD-03S | IN BASE | RX-VHD510-C | 2,866 | $265.78 | $0.00 | $265.78 | $224.37 | $32.20 | $256.57 |
| VEHD-09F | IN BASE | NO | 3,401 | $290.63 | $0.00 | $290.63 | $247.72 | $25.56 | $273.27 |
| VEHD-09S | IN BASE | NO | 1,094 | $290.63 | $0.00 | $290.63 | $247.72 | $25.56 | $273.27 |
| VEHD-15F | IN BASE | RX-VHD510-O | 541 | $289.23 | $0.00 | $289.23 | $249.45 | $29.16 | $278.60 |
| VEHD-15S | IN BASE | RX-VHD510-O | 429 | $289.23 | $0.00 | $289.23 | $249.45 | $29.16 | $278.60 |
| VEHD-17S | IN BASE | RX-VHD510-Q | 12 | $305.81 | $0.00 | $305.81 | $263.45 | $27.81 | $291.26 |
| VEHD-18 | IN BASE | RX-VHD510-R | 1,518 | $355.54 | $0.00 | $355.54 | $295.62 | $26.68 | $322.30 |
| VEHD-19 | IN BASE | RX-VHD510-S | 2,526 | $280.46 | $0.00 | $280.46 | $239.07 | $35.14 | $274.21 |
| VFEPO-1 | VT First Rx | NO | 251 | $224.80 | $36.86 | $261.66 | $272.10 | $35.44 | $307.53 |
| VFEPO-2 | VT First Rx | NO | 1,321 | $284.10 | $36.86 | $320.96 | $323.39 | $35.44 | $358.82 |
| VFHDHP-2 | IN BASE | NO | 2,717 | $229.09 | $0.00 | $229.09 | $203.82 | $26.37 | $230.19 |
| VFHDHP-3F | IN BASE | NO | 24 | $244.89 | $0.00 | $244.89 | $223.31 | $22.91 | $246.22 |
| VFHDHP-4F | IN BASE | NO | 1,346 | $219.12 | $0.00 | $219.12 | $190.34 | $23.02 | $213.36 |
| VFHDHP-4S | IN BASE | NO | 413 | $219.12 | $0.00 | $219.12 | $190.34 | $23.02 | $213.36 |
| VP015 | V500L | NO | 3,674 | $370.59 | $45.87 | $416.46 | $386.84 | $42.89 | $429.73 |
| VP019 | V500L | NO | 2,396 | $379.74 | $45.87 | $425.61 | $397.01 | $42.89 | $439.90 |
| VP049 | V500L | NO | 99 | $277.31 | $45.87 | $323.18 | $319.31 | $42.89 | $362.20 |
| VP050 | V500L | NO | 261 | $254.56 | $45.87 | $300.43 | $300.21 | $42.89 | $343.10 |
| VP054 | V500L | NO | 63 | $262.50 | $45.87 | $308.37 | $307.69 | $42.89 | $350.58 |
| VPHD-05F | IN BASE | RX-VHD510-E | 3,363 | $343.52 | $0.00 | $343.52 | $291.27 | $31.63 | $322.90 |
| VPHD-05S | IN BASE | RX-VHD510-E | 784 | $343.52 | $0.00 | $343.52 | $291.27 | $31.63 | $322.90 |
| VT03LA | V601 | NO | 70 | $387.64 | $47.79 | $435.43 | $399.38 | $44.53 | $443.91 |
| VT03LB | V601 | NO | 8 | $387.64 | $47.79 | $435.43 | $399.38 | $44.53 | $443.91 |
| | | | **Total Revenue PMPM Based on 2013 Member Months** | | | **$316.32** | | | **$316.32** |

## Exhibit 3 -- Claim Projection & Proposed Rate Change

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

## LG HIC Non-HDHP Claim Projection and Proposed Rate Change

Experience Period: Jan 2013 - Dec 2013
Paid Through: May 31, 2014

| | |
|---|---|
| Experience Period Member Months | 44,918 |
| 1) Experience Period Medical Claims PMPM | $258.33 |
| 1a) Claims in Excess of $100k over Experience Period | $13.27 |
| 1b) Pooling Charge | 1.074 |
| 2) IBNR Factor | 1.042 |
| 3) Experience Period Incurred Medical Claims<br>*= [ 1) - 1a) ] * 1b) * 2)* | $274.29 |
| 4) Annual Medical Trend<br>*Includes Paid Leveraging* | 1.081 |
| 5) Months of Trend to Q1 2015* | 24 |
| 6a) Capitations and Non-FFS Claim Expenses | $8.15 |
| 6b) Mental Health/Substance Abuse Mandate | $0.08 |
| 7) Trended Incurred Medical Claims PMPM as of Q1 2015<br>*= [ 3) * 4) ^ [ 5) / 12 ] + 6a) + 6b) ]* | $329.02 |
| 8) Experience Period Rx Claims PMPM | $43.65 |
| 8a) % of Non-HDHP Members Purchasing Rx | 99.97% |
| 8b) Experience Period Rx Claims PMPM to Rate Entire Block<br>*= 8) * 8a)* | $43.63 |
| 9) Annual Rx Trend<br>*Includes Paid Leveraging* | 1.078 |
| 10) Months of Trend to Q1 2015* | 24 |
| 11) Trended Gross Rx Claims PMPM as of Q1 2015<br>*= 8b) * 9) ^ [ 10) / 12 ]* | $50.66 |
| 11a) Impact of Bill H559 | $0.35 |
| 11b) Rx Rebates | ($4.75) |
| 12) Trended Net Rx Claims PMPM as of Q1 2015<br>*= 11) + 11a) + 11b)* | $46.26 |
| 13) Age/Gender Normalization Factor | 0.946 |
| 13a) Industry Normalization Factor | 0.946 |
| 13b) NY State HCRA Surcharge | 0.25% |
| 14) Total Claim Cost as of Q1 2015<br>*= [ 7) + 12) ] * 13) * 13a) * [ 1+ 13b) ]* | $336.50 |
| 15) Resloped Projected Net Revenue Collected at Q4 2014 Rate Level<br>*Based on distribution of experience period members* | $346.11 |
| 16) Proposed Quarterly Rate Change<br>*= 14) / 15) -1* | **-2.8%** |

**Midpoint of Experience Period -- 07/01/2013, Midpoint of Q1 2015 Rating Period -- 07/01/2015

## Exhibit 3 -- Claim Projection & Proposed Rate Change

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

## LG HIC HDHP Claim Projection and Proposed Rate Change

Experience Period: Jan 2013 - Dec 2013
Paid Through: May 31, 2014

| | |
|---|---|
| Experience Period Member Months | 50,105 |
| 1) Experience Period Medical Claims PMPM | $218.86 |
| 1a) Claims in Excess of $100k over Experience Period | $15.61 |
| 1b) Pooling Charge | 1.074 |
| 2) IBNR Factor | 1.024 |
| 3) Experience Period Incurred Medical Claims<br>*= [ 1) - 1a) ] * 1b) * 2)* | $223.55 |
| 4) Annual Medical Trend<br>*Includes Paid Leveraging* | 1.082 |
| 5) Months of Trend to Q1 2015* | 24 |
| 6a) Capitations and Non-FFS Claim Expenses | $8.15 |
| 6b) Mental Health/Substance Abuse Mandate | $0.00 |
| 7) Trended Incurred Medical Claims PMPM as of Q1 2015<br>*= [ 3) * 4) ^ [ 5) / 12 ] + 6a) + 6b) ]* | $269.95 |
| 8) Experience Period Rx Claims PMPM | $26.14 |
| 9) Annual Rx Trend<br>*Includes Paid Leveraging* | 1.102 |
| 10) Months of Trend to Q1 2015* | 24 |
| 11) Trended Gross Rx Claims PMPM as of Q1 2015<br>*= 8) * 9) ^ [ 10) / 12 ]* | $31.74 |
| 11a) Impact of Bill H559 | $3.64 |
| 11b) Rx Rebates | ($8.03) |
| 12) Trended Net Rx Claims PMPM as of Q1 2015<br>*= 11) + 11a) + 11b)* | $27.35 |
| 13) Age/Gender Normalization Factor | 0.970 |
| 13a) Industry Normalization Factor | 1.023 |
| 13b) NY State HCRA Surcharge | 0.25% |
| 14) Total Claim Cost as of Q1 2015<br>*= [ 7) + 12) ] * 13) * 13a) * [ 1 + 13b) ]* | $295.73 |
| 15) Resloped Projected Net Revenue Collected at Q4 2014 Rate Level<br>*Based on distribution of experience period members* | $289.62 |
| 16) Proposed Quarterly Rate Change<br>*= 14) / 15) -1* | **2.1%** |

**Midpoint of Experience Period -- 07/01/2013, Midpoint of Q1 2015 Rating Period -- 07/01/2015

## Exhibit 3 -- Claim Projection & Proposed Rate Change

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

### LG HIC Claim Projection and Proposed Rate Change

| | Current Membership | Projected Net Revenue Collected at Q4 2014 Resloped Rate Level | Total Normalized Claim Cost for Q1 2015 | Proposed Change to Pure Premium |
|---|---|---|---|---|
| **Non-HDHP** | 2,370 | $346.11 | $336.50 | -2.8% |
| **HDHP** | 4,338 | $289.62 | $295.73 | 2.1% |
| **Total** | 6,708 | $309.58 | $310.13 | **0.2%** |

## Exhibit 4a -- Medical Manual Rates (Q1 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Impact of Benefit Changes Due to Mandates |
|---|---|---|---|---|---|
| VE021L | HyEPO | $325.42 | 9.8% | 9.8% | 0.0% |
| VE054L | HyEPO | $299.26 | 15.1% | 15.1% | 0.0% |
| VE060L | HYEPO | $342.40 | 7.7% | 7.7% | 0.0% |
| VE085L | EPO | $403.20 | 2.3% | 2.3% | 0.3% |
| VE087L | EPO | $394.54 | 3.9% | 3.9% | 0.3% |
| VE088L | EPO | $389.69 | 4.1% | 4.1% | 0.3% |
| VE089L | EPO | $382.41 | 6.4% | 6.4% | 0.3% |
| VE090L | HyEPO | $346.03 | 6.6% | 6.6% | 0.0% |
| VE091L | HyEPO | $310.87 | 15.8% | 15.0% | 1.1% |
| VE092L | HyEPO | $355.73 | 6.2% | 5.9% | 0.0% |
| VE093L | HyEPO | $325.42 | 9.8% | 9.8% | 0.0% |
| VE095L | HyEPO | $341.18 | 9.3% | 8.5% | 0.0% |
| VE096L | HyEPO | $313.29 | 12.8% | 12.5% | 1.2% |
| VE100L | HyEPO | $320.57 | 12.1% | 11.3% | 0.0% |
| VE101L | HyEPO | $305.50 | 14.9% | 14.3% | 0.7% |
| VE102L | HyEPO | $363.01 | 9.7% | 7.3% | 0.0% |
| VE103L | HyEPO | $336.33 | 10.7% | 9.1% | 0.0% |
| VE105L | HyEPO | $347.25 | 10.6% | 8.2% | 0.0% |
| VE106L | HyEPO | $316.93 | 13.1% | 11.4% | 0.0% |
| VE107L | HyEPO | $302.38 | 16.3% | 14.9% | 1.0% |
| VE108L | EPO | $359.37 | 8.5% | 8.5% | 0.7% |
| VE109L | HYEPO | $342.40 | 7.7% | 7.3% | 0.0% |
| VE110L | HYEPO | $310.87 | 12.6% | 12.4% | 1.1% |
| VE111L | HYEPO | $325.42 | 11.7% | 11.3% | 0.4% |
| VE114L | HyEPO | $344.82 | 8.6% | 7.2% | 0.4% |
| VE115L | HyEPO | $309.65 | 17.0% | 14.7% | 1.0% |
| VP015L | HyPPO | $387.53 | 4.6% | 4.6% | 0.0% |
| VP017L | HyPPO | $323.27 | 10.1% | 10.1% | 0.0% |
| VP019L | HyPPO | $397.71 | 4.7% | 4.7% | 0.0% |
| VP020L | HyPPO | $369.96 | 6.3% | 6.3% | 0.0% |
| VP060L | HyPPO | $387.53 | 4.6% | 4.1% | 0.0% |
| VP061L | HyPPO | $359.87 | 6.7% | 6.7% | 0.0% |
| VP062L | HyPPO | $325.74 | 10.9% | 10.9% | 0.8% |
| VP063L | HyPPO | $397.71 | 4.7% | 3.9% | 0.0% |
| VP065L | HyPPO | $354.83 | 9.4% | 8.6% | 0.0% |
| VP066L | HyPPO | $319.56 | 12.9% | 12.6% | 1.2% |
| VP067L | HyPPO | $308.55 | 18.5% | 16.9% | 1.0% |
| VP071L | HyPPO | $349.79 | 10.9% | 9.2% | 0.0% |
| VP072L | HyPPO | $315.85 | 13.9% | 13.0% | 0.7% |
| VP073L | HyPPO | $305.40 | 20.0% | 17.6% | 1.4% |
| VT08LA | EPO | $401.31 | 3.5% | 3.5% | 0.0% |
| VT08LB | EPO | $401.31 | 3.5% | 3.5% | 0.0% |
| VT08LC | EPO | $401.31 | 3.5% | 3.5% | 0.0% |
| VEHD-01L | HDEPOagg | $357.42 | -8.0% | -7.8% | 0.0% |
| VEHD-02L | HDEPOagg | $309.48 | -6.9% | -6.8% | 0.0% |
| VEHD-03L | HDEPOagg | $244.12 | -7.1% | -6.9% | 0.0% |
| VEHD-06L | HDEPOagg | $288.03 | -6.6% | -6.4% | 0.0% |
| VEHD-07L | HDEPOagg | $319.07 | -9.1% | -9.0% | 0.0% |
| VEHD-08L | HDEPOagg | $292.59 | -7.8% | -7.6% | 0.0% |
| VEHD-09L | HDEPOagg | $273.76 | -5.8% | -5.6% | 0.0% |
| VEHD-15L | HDEPOagg | $275.94 | -4.0% | -3.8% | 0.0% |
| VEHD-17L | HDEPOagg | $287.83 | -5.1% | -4.9% | 0.0% |
| VEHD-18L | HDEPO | $319.26 | -9.6% | -9.4% | 0.0% |
| VEHD-19L | HDEPO | $262.12 | -5.1% | -5.0% | 0.0% |
| VEHD-20L | HDEPO | $281.93 | -9.6% | -9.5% | 0.0% |
| VEHD-31L | HDEPOagg | $241.91 | -6.2% | -6.0% | 0.0% |
| VPHD-03L | HDPPOagg | $245.22 | -7.1% | -6.9% | 0.0% |

## Exhibit 4a -- Medical Manual Rates (Q1 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Impact of Benefit Changes Due to Mandates |
|---|---|---|---|---|---|
| VPHD-05L | HDPPOagg | $314.30 | -8.0% | -7.8% | 0.0% |
| VPHD-07L | HDPPOagg | $327.70 | -9.3% | -9.2% | 0.0% |
| VPHD-09L | HDPPOagg | $276.24 | -5.9% | -5.7% | 0.0% |
| VPHD-15L | HDPPOagg | $278.44 | -4.1% | -3.9% | 0.0% |

# Exhibit 4a -- Medical Manual Rates (Q2 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|---|---|---|---|---|
| VE021L | HyEPO | $330.30 | 1.5% | 10.0% |
| VE054L | HyEPO | $303.75 | 1.5% | 15.3% |
| VE060L | HYEPO | $347.53 | 1.5% | 7.9% |
| VE085L | EPO | $409.25 | 1.5% | 2.5% |
| VE087L | EPO | $400.46 | 1.5% | 4.1% |
| VE088L | EPO | $395.53 | 1.5% | 4.3% |
| VE089L | EPO | $388.15 | 1.5% | 6.6% |
| VE090L | HyEPO | $351.22 | 1.5% | 6.8% |
| VE091L | HyEPO | $315.53 | 1.5% | 15.2% |
| VE092L | HyEPO | $361.07 | 1.5% | 6.1% |
| VE093L | HyEPO | $330.30 | 1.5% | 10.0% |
| VE095L | HyEPO | $346.30 | 1.5% | 8.7% |
| VE096L | HyEPO | $317.99 | 1.5% | 12.8% |
| VE100L | HyEPO | $325.38 | 1.5% | 11.5% |
| VE101L | HyEPO | $310.08 | 1.5% | 14.6% |
| VE102L | HyEPO | $368.46 | 1.5% | 7.6% |
| VE103L | HyEPO | $341.38 | 1.5% | 9.3% |
| VE105L | HyEPO | $352.45 | 1.5% | 8.4% |
| VE106L | HyEPO | $321.68 | 1.5% | 11.6% |
| VE107L | HyEPO | $306.91 | 1.5% | 15.1% |
| VE108L | EPO | $364.76 | 1.5% | 8.7% |
| VE109L | HYEPO | $347.53 | 1.5% | 7.5% |
| VE110L | HYEPO | $315.53 | 1.5% | 12.6% |
| VE111L | HYEPO | $330.30 | 1.5% | 11.5% |
| VE114L | HyEPO | $349.99 | 1.5% | 7.4% |
| VE115L | HyEPO | $314.30 | 1.5% | 15.0% |
| VP015L | HyPPO | $393.34 | 1.5% | 4.8% |
| VP017L | HyPPO | $328.12 | 1.5% | 10.3% |
| VP019L | HyPPO | $403.68 | 1.5% | 4.9% |
| VP020L | HyPPO | $375.51 | 1.5% | 6.5% |
| VP060L | HyPPO | $393.34 | 1.5% | 4.4% |
| VP061L | HyPPO | $365.27 | 1.5% | 6.9% |
| VP062L | HyPPO | $330.63 | 1.5% | 11.1% |
| VP063L | HyPPO | $403.68 | 1.5% | 4.1% |
| VP065L | HyPPO | $360.15 | 1.5% | 8.8% |
| VP066L | HyPPO | $324.35 | 1.5% | 12.8% |
| VP067L | HyPPO | $313.18 | 1.5% | 17.2% |
| VP071L | HyPPO | $355.03 | 1.5% | 9.4% |
| VP072L | HyPPO | $320.58 | 1.5% | 13.2% |
| VP073L | HyPPO | $309.98 | 1.5% | 17.8% |
| VT08LA | EPO | $407.33 | 1.5% | 3.7% |
| VT08LB | EPO | $407.33 | 1.5% | 3.7% |
| VT08LC | EPO | $407.33 | 1.5% | 3.7% |
| VEHD-01L | HDEPOagg | $362.78 | 1.5% | -7.7% |
| VEHD-02L | HDEPOagg | $314.12 | 1.5% | -6.7% |
| VEHD-03L | HDEPOagg | $247.78 | 1.5% | -6.8% |
| VEHD-06L | HDEPOagg | $292.35 | 1.5% | -6.3% |
| VEHD-07L | HDEPOagg | $323.85 | 1.5% | -8.9% |
| VEHD-08L | HDEPOagg | $296.98 | 1.5% | -7.5% |
| VEHD-09L | HDEPOagg | $277.86 | 1.5% | -5.5% |
| VEHD-15L | HDEPOagg | $280.08 | 1.5% | -3.7% |
| VEHD-17L | HDEPOagg | $292.15 | 1.5% | -4.8% |
| VEHD-18L | HDEPO | $324.05 | 1.5% | -9.4% |
| VEHD-19L | HDEPO | $266.05 | 1.5% | -4.9% |
| VEHD-20L | HDEPO | $286.16 | 1.5% | -9.4% |
| VEHD-31L | HDEPOagg | $245.54 | 1.5% | -5.9% |
| VPHD-03L | HDPPOagg | $248.90 | 1.5% | -6.8% |

# Exhibit 4a -- Medical Manual Rates (Q2 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|---|---|---|---|---|
| VPHD-05L | HDPPOagg | $319.02 | 1.5% | -7.7% |
| VPHD-07L | HDPPOagg | $332.62 | 1.5% | -9.1% |
| VPHD-09L | HDPPOagg | $280.38 | 1.5% | -5.6% |
| VPHD-15L | HDPPOagg | $282.62 | 1.5% | -3.8% |

## Exhibit 4b -- Medical Riders (Q1 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|---|---|---|---|---|---|
| V301 | Vision Exam 1 Every 2 Calendar Yr | EPO/PPO | $3.19 | 0.2% | 0.2% |
| V305L | Advanced Infertility Services - (Large Only) | EPO/PPO | $4.27 | 0.2% | 0.2% |
| V306 | 60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Combined) | EPO/PPO | $4.03 | 0.2% | 0.2% |
| V307 | Exclusion For Elective Abortions | EPO/PPO | ($0.17) | 0.2% | 0.2% |
| V308 | Preventive Dental For Kids - $25 Office Copayment | EPO/PPO | $2.38 | 0.2% | 0.2% |
| V309L-a | Outpatient X-Ray Covered At 100% (Not High Tech) - $500 Ded; 2x OOP Max plans | EPO/PPO | $1.91 | 0.2% | -0.3% |
| V309L-b | Outpatient X-Ray Covered At 100% (Not High Tech) - $500 Ded; 3x OOP Max plans | EPO/PPO | $2.21 | 0.2% | 0.2% |
| V309L-c | Outpatient X-Ray Covered At 100% (Not High Tech) - $1000 Ded; 2x OOP Max plans | EPO/PPO | $3.46 | 0.2% | -0.1% |
| V309L-d | Outpatient X-Ray Covered At 100% (Not High Tech) - $1000 Ded; 3x OOP Max plans | EPO/PPO | $3.97 | 0.2% | 0.2% |
| V309L-e | Outpatient X-Ray Covered At 100% (Not High Tech) - $2000 Ded; 2x OOP Max plans | EPO/PPO | $8.00 | 0.2% | 0.2% |
| V309L-f | Outpatient X-Ray Covered At 100% (Not High Tech) - $2000 Ded; 3x OOP Max plans | EPO/PPO | $8.43 | 0.2% | 0.2% |
| V309L-g | Outpatient X-Ray Covered At 100% (Not High Tech) - $3000+ Ded; 2x OOP Max plans | EPO/PPO | $11.38 | 0.2% | 0.2% |
| V309L-h | Outpatient X-Ray Covered At 100% (Not High Tech) - $3000+ Ded; 3x OOP Max plans | EPO/PPO | $11.71 | 0.2% | 0.2% |
| V310 | Annual Vision Exam - Per Calendar Yr | EPO/PPO | $5.89 | 0.2% | 0.2% |
| V312 | Dme, External Pros/Ostomy Buy - Up To 80% In-Network Only | EPO/PPO | $0.77 | 0.2% | 0.2% |
| VE313 | Rider To Change Outpt Hosp Surg Copay In Copay EPO Plans From $250 to $150 | EPO/PPO | $1.72 | 0.2% | 0.2% |
| V314 | Adult Preventative Dental | EPO/PPO | $13.53 | 0.2% | 0.2% |
| V315 | Adult Prev Dental w/ Family Restorative | EPO/PPO | $18.42 | 0.2% | 0.2% |
| V316 | Disposable Medical Supplies | EPO/PPO | $0.88 | 0.2% | 0.2% |
| V317 | Changes Contract Yr To Calendar Year | EPO/PPO | $0.00 | n/a | n/a |
| V356 | Deductible Carryover Rider | EPO/PPO | $3.73 | 0.2% | 0.2% |
| V361 | Gym Membership Reimbursement - $300 Maximum per Subscriber | EPO/PPO | $2.55 | -0.2% | -5.2% |
| V362 | Youth Sports Reimbursement - $300 Maximum per Subscriber | EPO/PPO | $0.65 | -0.1% | -5.1% |
| V363 | Weight Loss Program Reimbursement - $100 Maximum per Subscriber | EPO/PPO | $0.21 | -1.4% | -6.3% |
| V700 | Domestic Partners (Same And Opp Sex) | EPO/PPO | $0.00 | n/a | n/a |
| V702 | Domestic Partners (Same And Opp Sex) | EPO/PPO | $0.00 | n/a | n/a |
| VT314 | 80% reimbursment for glasses/contacts up to $160 once every 2 calendar years | EPO/PPO | $1.58 | 0.2% | 0.2% |
| V341L | Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only | EPO/PPO | $0.00 | n/a | n/a |
| V342L | Eligibility definition for dependent to 26 for Large Grandfathered Groups | EPO/PPO | $0.00 | n/a | n/a |
| VEHD 312a | Exam & Hardware, attaches to $1250 INN Ded | HDEPO | $2.71 | 0.2% | 0.6% |
| VEHD 312b | Exam & Hardware, attaches to $1500 INN Ded | HDEPO | $2.47 | 0.2% | 0.2% |
| VEHD 312c | Exam & Hardware, attaches to $2000 INN Ded | HDEPO | $2.05 | 0.2% | 0.7% |
| VEHD 312d | Exam & Hardware, attaches to $2500 INN Ded | HDEPO | $1.74 | 0.2% | 0.2% |
| VEHD 312e | Exam & Hardware, attaches to $3000 INN Ded | HDEPO | $1.50 | 0.2% | 0.2% |
| VEHD 312f | Exam & Hardware, attaches to $4000 INN Ded | HDEPO | $1.14 | 0.2% | 1.1% |
| VEHD 312g | Exam & Hardware, attaches to $5000 INN Ded | HDEPO | $0.93 | 0.2% | 0.2% |
| VEHD 312h | Exam & Hardware, attaches to $10000 INN Ded | HDEPO | $0.39 | 0.2% | 2.8% |
| VPHD 312a | Exam & Hardware, attaches to $1250 INN Ded | HDPPO | $2.71 | 0.2% | 0.6% |
| VPHD 312b | Exam & Hardware, attaches to $1500 INN Ded | HDPPO | $2.47 | 0.2% | 0.2% |
| VPHD 312c | Exam & Hardware, attaches to $2000 INN Ded | HDPPO | $2.05 | 0.2% | 0.7% |
| VPHD 312d | Exam & Hardware, attaches to $2500 INN Ded | HDPPO | $1.74 | 0.2% | 0.2% |
| VPHD 312e | Exam & Hardware, attaches to $3000 INN Ded | HDPPO | $1.50 | 0.2% | 0.2% |
| VPHD 312f | Exam & Hardware, attaches to $4000 INN Ded | HDPPO | $1.14 | 0.2% | 1.1% |
| VPHD 312g | Exam & Hardware, attaches to $5000 INN Ded | HDPPO | $0.93 | 0.2% | 0.2% |
| VPHD 312h | Exam & Hardware, attaches to $10000 INN Ded | HDPPO | $0.39 | 0.2% | 2.8% |
| VHD305L | Advanced Infertility Services - (Large Only) | HDHP | $4.21 | 0.2% | 0.4% |
| VHD306 | 60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Combined) | HDHP | $4.28 | 0.2% | 0.4% |
| VHD307 | Exclusion For Elective Abortions | HDHP | ($0.15) | 0.2% | 0.2% |
| VHD316 | Disposable Medical Supplies | HDHP | $0.57 | 0.2% | 0.2% |
| VHDC317 | Changes Contract Yr To Calendar Year | HDHP | $0.00 | n/a | n/a |
| VHD341L | Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only | HDHP | $0.00 | n/a | n/a |
| VHD342L | Eligibility definition for dependent to 26 for Large Grandfathered Groups | HDHP | $0.00 | n/a | n/a |
| VHDC343 | Gym Membership Reimbursement - $300 Maximum per Subscriber | HDHP | $2.55 | -0.2% | -5.2% |
| VHDC344 | Youth Sports Reimbursement - $300 Maximum per Subscriber | HDHP | $0.65 | -0.1% | -5.1% |

## Exhibit 4b -- Medical Riders (Q1 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|---|---|---|---|---|---|
| VHDC345 | Weight Loss Program Reimbursement - $100 Maximum per Subscriber | HDHP | $0.21 | -1.4% | -6.3% |
| VHD356L | Deductible Carryover Rider | HDHP | $7.47 | 0.2% | 0.3% |
| VHD700 | Domestic Partners (Same And Opp Sex) | HDHP | $0.00 | n/a | n/a |
| VHD702 | Domestic Partners (Same And Opp Sex) | HDHP | $0.00 | n/a | n/a |
| VHD510-a | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01) | HDHP | $1.49 | 1.6% | 1.6% |
| VHD510-b | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02) | HDHP | $3.95 | 38.0% | 38.5% |
| VHD510-c | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-03 & VPHD-03) | HDHP | $12.90 | 323.0% | 323.0% |
| VHD510-e | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-05 & VPHD-05) | HDHP | $9.17 | 347.6% | 349.8% |
| VHD510-f | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-06 & VPHD-06) | HDHP | $4.37 | 64.4% | 65.1% |
| VHD510-g | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07 & VPHD-07) | HDHP | $2.37 | 87.0% | 87.0% |
| VHD510-h | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08 & VPHD-08) | HDHP | $3.13 | 69.4% | 70.3% |
| VHD510-i | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-09, VPHD-09) | HDHP | $4.74 | 163.1% | 164.6% |
| VHD510-o | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-015 & VPHD-015) | HDHP | $3.16 | 82.5% | 82.5% |
| VHD510-q | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17) | HDHP | $3.95 | 50.1% | 50.7% |
| VHD510-r | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-18) | HDHP | $3.61 | 56.9% | 56.9% |
| VHD510-s | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19) | HDHP | $12.58 | 201.6% | 202.3% |
| VHD510-t | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-20) | HDHP | $3.64 | 84.1% | 85.0% |
| VHD510-v | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-31) | HDHP | $8.05 | 286.9% | 286.9% |

## Exhibit 4b -- Medical Riders (Q2 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|---|---|---|---|---|---|
| V301 | Vision Exam 1 Every 2 Calendar Yr | EPO/PPO | $3.23 | 1.4% | 0.3% |
| V305L | Advanced Infertility Services - (Large Only) | EPO/PPO | $4.33 | 1.4% | 0.2% |
| V306 | 60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Combined) | EPO/PPO | $4.09 | 1.5% | 0.5% |
| V307 | Exclusion For Elective Abortions | EPO/PPO | ($0.17) | -0.2% | 0.0% |
| V308 | Preventive Dental For Kids - $25 Office Copayment | EPO/PPO | $2.42 | 1.5% | 0.4% |
| V309L-a | Outpatient X-Ray Covered At 100% (Not High Tech) - $500 Ded; 2x OOP Max plans | EPO/PPO | $1.94 | 1.4% | 0.0% |
| V309L-b | Outpatient X-Ray Covered At 100% (Not High Tech) - $500 Ded; 3x OOP Max plans | EPO/PPO | $2.25 | 1.6% | 0.4% |
| V309L-c | Outpatient X-Ray Covered At 100% (Not High Tech) - $1000 Ded; 2x OOP Max plans | EPO/PPO | $3.51 | 1.5% | 0.3% |
| V309L-d | Outpatient X-Ray Covered At 100% (Not High Tech) - $1000 Ded; 3x OOP Max plans | EPO/PPO | $4.03 | 1.6% | 0.5% |
| V309L-e | Outpatient X-Ray Covered At 100% (Not High Tech) - $2000 Ded; 2x OOP Max plans | EPO/PPO | $8.12 | 1.6% | 0.5% |
| V309L-f | Outpatient X-Ray Covered At 100% (Not High Tech) - $2000 Ded; 3x OOP Max plans | EPO/PPO | $8.55 | 1.5% | 0.4% |
| V309L-g | Outpatient X-Ray Covered At 100% (Not High Tech) - $3000 Ded; 2x OOP Max plans | EPO/PPO | $11.55 | 1.5% | 0.3% |
| V309L-h | Outpatient X-Ray Covered At 100% (Not High Tech) - $3000 Ded; 3x OOP Max plans | EPO/PPO | $11.89 | 1.5% | 0.4% |
| V310 | Annual Vision Exam - Per Calendar Yr | EPO/PPO | $5.98 | 1.5% | 0.3% |
| V312 | Dme, External Pros/Ostomy Buy - Up To 80% In-Network Only | EPO/PPO | $0.78 | 1.1% | 0.0% |
| VE313 | Rider To Change Outpt Hosp Surg Copay In Copay EPO Plans From $250 to $150 | EPO/PPO | $1.75 | 1.5% | 0.6% |
| V314 | Adult Preventative Dental | EPO/PPO | $13.73 | 1.5% | 0.4% |
| V315 | Adult Prev Dental w/ Family Restorative | EPO/PPO | $18.69 | 1.5% | 0.4% |
| V316 | Disposable Medical Supplies | EPO/PPO | $0.89 | 0.9% | 0.0% |
| V317 | Changes Contract Yr To Calendar Year | EPO/PPO | $0.00 | n/a | n/a |
| V356 | Deductible Carryover Rider | EPO/PPO | $3.78 | 1.4% | 0.3% |
| V361 | Gym Membership Reimbursement - $300 Maximum per Subscriber | EPO/PPO | $2.55 | 0.0% | -5.2% |
| V362 | Youth Sports Reimbursement - $300 Maximum per Subscriber | EPO/PPO | $0.65 | 0.0% | -5.1% |
| V363 | Weight Loss Program Reimbursement - $100 Maximum per Subscriber | EPO/PPO | $0.21 | 0.0% | -6.3% |
| V700 | Domestic Partners (Same And Opp Sex) | EPO/PPO | $0.00 | n/a | n/a |
| V702 | Domestic Partners (Same And Opp Sex) | EPO/PPO | $0.00 | n/a | n/a |
| VT314 | 80% reimbursment for glasses/contacts up to $160 once every 2 calendar years | EPO/PPO | $1.61 | 1.7% | 0.6% |
| V341L | Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only | EPO/PPO | $0.00 | n/a | n/a |
| V342L | Eligibility definition for dependent to 26 for Large Grandfathered Groups | EPO/PPO | $0.00 | n/a | n/a |
| VEHD 312a | Exam & Hardware, attaches to $1250 INN Ded | HDEPO | $2.75 | 1.6% | 0.7% |
| VEHD 312b | Exam & Hardware, attaches to $1500 INN Ded | HDEPO | $2.51 | 1.4% | 0.4% |
| VEHD 312c | Exam & Hardware, attaches to $2000 INN Ded | HDEPO | $2.08 | 1.3% | 0.5% |
| VEHD 312d | Exam & Hardware, attaches to $2500 INN Ded | HDEPO | $1.77 | 1.5% | 0.6% |
| VEHD 312e | Exam & Hardware, attaches to $3000 INN Ded | HDEPO | $1.53 | 1.8% | 0.7% |
| VEHD 312f | Exam & Hardware, attaches to $4000 INN Ded | HDEPO | $1.16 | 1.6% | 0.9% |
| VEHD 312g | Exam & Hardware, attaches to $5000 INN Ded | HDEPO | $0.95 | 1.9% | 1.1% |
| VEHD 312h | Exam & Hardware, attaches to $10000 INN Ded | HDEPO | $0.40 | 2.4% | 2.6% |
| VPHD 312a | Exam & Hardware, attaches to $1250 INN Ded | HDPPO | $2.75 | 1.6% | 0.7% |
| VPHD 312b | Exam & Hardware, attaches to $1500 INN Ded | HDPPO | $2.51 | 1.4% | 0.4% |
| VPHD 312c | Exam & Hardware, attaches to $2000 INN Ded | HDPPO | $2.08 | 1.3% | 0.5% |
| VPHD 312d | Exam & Hardware, attaches to $2500 INN Ded | HDPPO | $1.77 | 1.5% | 0.6% |
| VPHD 312e | Exam & Hardware, attaches to $3000 INN Ded | HDPPO | $1.53 | 1.8% | 0.7% |
| VPHD 312f | Exam & Hardware, attaches to $4000 INN Ded | HDPPO | $1.16 | 1.6% | 0.9% |
| VPHD 312g | Exam & Hardware, attaches to $5000 INN Ded | HDPPO | $0.95 | 1.9% | 1.1% |
| VPHD 312h | Exam & Hardware, attaches to $10000 INN Ded | HDPPO | $0.40 | 2.4% | 2.6% |
| VHD305L | Advanced Infertility Services - (Large Only) | HDHP | $4.27 | 1.5% | 0.5% |
| VHD306 | 60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Combined) | HDHP | $4.34 | 1.4% | 0.5% |
| VHD307 | Exclusion For Elective Abortions | HDHP | ($0.15) | -0.2% | 0.0% |
| VHD316 | Disposable Medical Supplies | HDHP | $0.58 | 1.6% | 0.0% |
| VHDC317 | Changes Contract Yr To Calendar Year | HDHP | $0.00 | n/a | n/a |
| VHD341L | Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only | HDHP | $0.00 | n/a | n/a |
| VHD342L | Eligibility definition for dependent to 26 for Large Grandfathered Groups | HDHP | $0.00 | n/a | n/a |
| VHDC343 | Gym Membership Reimbursement - $300 Maximum per Subscriber | HDHP | $2.55 | 0.0% | -5.2% |
| VHDC344 | Youth Sports Reimbursement - $300 Maximum per Subscriber | HDHP | $0.65 | 0.0% | -5.1% |

## Exhibit 4b -- Medical Riders (Q2 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|---|---|---|---|---|---|
| VHDC345 | Weight Loss Program Reimbursement - $100 Maximum per Subscriber | HDHP | $0.21 | 0.0% | -6.3% |
| VHD356L | Deductible Carryover Rider | HDHP | $7.59 | 1.5% | 0.5% |
| VHD700 | Domestic Partners (Same And Opp Sex) | HDHP | $0.00 | n/a | n/a |
| VHD702 | Domestic Partners (Same And Opp Sex) | HDHP | $0.00 | n/a | n/a |
| VHD510-a | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01) | HDHP | $1.52 | 1.7% | 2.0% |
| VHD510-b | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02) | HDHP | $4.01 | 1.6% | 38.8% |
| VHD510-c | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-03 & VPHD-03) | HDHP | $13.10 | 1.5% | 323.9% |
| VHD510-e | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-05 & VPHD-05) | HDHP | $9.31 | 1.5% | 349.8% |
| VHD510-f | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-06 & VPHD-06) | HDHP | $4.44 | 1.5% | 65.1% |
| VHD510-g | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07 & VPHD-07) | HDHP | $2.41 | 1.5% | 86.8% |
| VHD510-h | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08 & VPHD-08) | HDHP | $3.18 | 1.5% | 70.1% |
| VHD510-i | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-09, VPHD-09) | HDHP | $4.81 | 1.5% | 164.3% |
| VHD510-o | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-015 & VPHD-015) | HDHP | $3.21 | 1.7% | 83.4% |
| VHD510-q | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17) | HDHP | $4.01 | 1.6% | 50.8% |
| VHD510-r | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-18) | HDHP | $3.66 | 1.4% | 57.1% |
| VHD510-s | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19) | HDHP | $12.77 | 1.5% | 202.6% |
| VHD510-t | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-20) | HDHP | $3.70 | 1.5% | 85.0% |
| VHD510-v | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-31) | HDHP | $8.17 | 1.5% | 287.2% |

## Exhibit 4c -- Rx Riders (Q1 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Total Annual Revenue Change |
|---|---|---|---|---|---|---|
| V500 | $10/$30/$50 | EPO/PPO | $42.97 | -6.3% | -7.6% | -7.6% |
| V501 | $10/30%/50% | EPO/PPO | $37.67 | -1.0% | -2.4% | -2.4% |
| V502 | 50% | EPO/PPO | $33.62 | 15.3% | 13.8% | 13.8% |
| V504 | $0/$30/$50 | EPO/PPO | $50.03 | -4.7% | -6.0% | -6.0% |
| V601 | $5/$35/$70 | EPO/PPO | $44.62 | -6.6% | -7.9% | -7.9% |
| V602 | $5/$35/$70 - $250 Brand Ded | EPO/PPO | $39.17 | -8.6% | -9.8% | -9.8% |
| V604 | $5/$45/$90 | EPO/PPO | $43.30 | -5.4% | -6.7% | -6.7% |
| V605 | $5/$45/$90 - $250 Brand Ded | EPO/PPO | $38.35 | -6.9% | -8.1% | -8.1% |
| V606 | $5/$45/$90 - $500 Brand Ded | EPO/PPO | $35.62 | -6.5% | -7.8% | -7.8% |
| V550L | Removes MAC Pricing | EPO/PPO | $0.71 | -1.0% | -2.4% | -2.4% |
| V551L | Change mail copay from 2.5 to 2.0 | EPO/PPO | $0.30 | -2.4% | -2.4% | -2.4% |
| V611 | First $300 Covered in Full, then $750 Ded/30% Coins | Bridgewell EPO | $24.93 | -31.0% | -32.0% | -32.0% |

## Exhibit 4c -- Rx Riders (Q2 2015)

Large Group VT HIC AR42 Rate Filing
For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Total Annual Revenue Change |
|---|---|---|---|---|---|---|
| V500 | $10/$30/$50 | EPO/PPO | $43.78 | 1.9% | -5.8% | -5.8% |
| V501 | $10/30%/50% | EPO/PPO | $38.38 | 1.9% | -0.5% | -0.5% |
| V502 | 50% | EPO/PPO | $34.25 | 1.9% | 15.9% | 15.9% |
| V504 | $0/$30/$50 | EPO/PPO | $50.97 | 1.9% | -4.2% | -4.2% |
| V601 | $5/$35/$70 | EPO/PPO | $45.46 | 1.9% | -6.2% | -6.2% |
| V602 | $5/$35/$70 - $250 Brand Ded | EPO/PPO | $39.91 | 1.9% | -8.1% | -8.1% |
| V604 | $5/$45/$90 | EPO/PPO | $44.12 | 1.9% | -4.9% | -4.9% |
| V605 | $5/$45/$90 - $250 Brand Ded | EPO/PPO | $39.08 | 1.9% | -6.4% | -6.4% |
| V606 | $5/$45/$90 - $500 Brand Ded | EPO/PPO | $36.29 | 1.9% | -6.1% | -6.1% |
| V550L | Removes MAC Pricing | EPO/PPO | $0.73 | 2.4% | 0.0% | 0.0% |
| V551L | Change mail copay from 2.5 to 2.0 | EPO/PPO | $0.31 | 2.4% | 0.0% | 0.0% |
| V611 | First $300 Covered in Full, then $750 Ded/30% Coins | Bridgewell EPO | $25.40 | 1.9% | -30.7% | -30.7% |

# MVP Health Insurance Co. ("MVP") Experience Rated Addendum – 1Q/2Q 2015 Effective Dates

This document is an Addendum to MVP's 1Q/2Q 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 1Q/2Q 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 | 8.8% | 6.5% |
| 2015 & Beyond | 4.9% | 6.7% |

| | HDHP | Non-HDHP |
|---|---|---|
| Annual Leveraging Factor | 1.3% | 1.3% |

**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 not yet published on the DOH website so a trend rate of 5% was added to the published 2014 CLA rates. These estimated 2015 rates will be replaced with actual 2015 rates once they are publically available.

| | 2014 Actual | | 2015 Estimate (2014+5%) | |
|---|---|---|---|---|
| Region | Individual | Family | Individual | Family |
| New York City | $16.47 | $54.37 | $17.29 | $57.09 |
| Long Island | $5.16 | $17.04 | $5.42 | $17.89 |
| Northern Metro | $3.01 | $9.93 | $3.16 | $10.43 |
| Northeastern | $3.33 | $10.98 | $3.50 | $11.53 |
| Utica/Watertown | $0.71 | $2.35 | $0.75 | $2.47 |
| Central | $4.63 | $15.29 | $4.86 | $16.05 |
| Rochester | $8.81 | $29.07 | $9.25 | $30.52 |
| Western | $3.28 | $10.84 | $3.44 | $11.38 |

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 table reflects the loads:

Percent of Premium Retention:
General Administration = 9.5%
Bad Debt = 0.25%
Premium Tax = 2.0%
Contribution to Surplus = 2.0%
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, Estimated 2016 coverage dates = $2.00(will be replaced with the actual 2016 fee once it is published)

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 Co, Inc.

**Exhibit A**

## MVP Health Care - Large Group Experience Rating Formula

| | | | |
|---|---|---|---|
| **I. Case Information** | | | |
| Group Name: | *Input* | Date: | *Input* |
| Group #: | *Input* | Effective Date: | *Input* |
| Marketing Rep: | *Input* | | |
| Underwriter: | *Input* | | |

| **II. Manual Pure Premium Calculation** | **Medical w/ Non-Pharmacy Riders** | **Pharmacy** | |
|---|---|---|---|
| 1 - Manual Pure Premium | *Addendum Value* | *Addendum Value* | |
| 2 - Industry Factor | *Addendum Value* | *Addendum Value* | |
| 3 - Demographic Factor | *Addendum Value* | *Addendum Value* | |
| 4 - Area Factor | *Addendum Value* | *n/a* | |
| 5 - Manual Group Risk Assessment | *Addendum Value* | *Addendum Value* | |
| 6 - HRA/HSA Funding Load Factor | *Addendum Value* | *Addendum Value* | |
| **7 - Adjusted Manual Pure Premium** | *1.x2.x3.x4.x5.x6.* | *1.x2.x3.x5.x6.* | Total PMPM |
| **III. Experience Pure Premium Calculation** | | | |
| Experience Period Start Date | *Input* | *Input* | |
| Experience Period End Date | *Input* | *Input* | |
| Paid Through Date | *Input* | *Input* | |
| Midpoint of Experience Period | *Input* | *Input* | |
| Product Reflected in Experience | *Input* | *Input* | |
| Product in the Rate Quote | *Input* | *Input* | |
| Member Months | *Input* | *Input* | |
| Out-of-Area Subscribers | *Input* | *n/a* | |
| ***Claims Information*** | | | |
| 1 - Date of Service Paid Claims | *Input* | *Input* | |
| 2 - Composite Completion Factor Adjustment | *Input* | *Input* | |
| 3 - Incurred Claims | *1x2* | *1x2* | |
| 4 - Other non fee for service medical expenses | *Input* | *n/a* | |
| 5 - Pooling Level (PL) | *Addendum Value* | *n/a* | |
| 6 - Actual Large Claims (Excess Over PL) | *Input* | *n/a* | |
| 7 Pharmacy Rebate Factor | n/a | *Addendum Value* | |
| 8 - Incurred Claims Less Large Claims | *3+4-6* | *3 x 7* | |
| 9 - Trend Factor to MP of Projection Period | *Addendum Value* | *Addendum Value* | |
| 10 - Trended Net Claims | *8x9* | *8x9* | |
| 11 - Trended pmpm Net Claims | *10 / membermonths* | *10 / membermonths* | |
| ***Experience Adjustments*** | | | |
| 12 - Demographic Adjustment (Carrier Replacement Only) | *Addendum Value* | *Addendum Value* | |
| 13 Prior Period Adjustment, if applicable | *Value from Exhibit B* | *Value from Exhibit B* | |
| 14 - Network Efficiency Factor | *Addendum Value* | *Addendum Value* | |
| 15 - Benefit Adjustment | *Addendum Value* | *Addendum Value* | |
| 16 - Pooling Charge % | *Addendum Value* | n/a | |
| 17 - Adjusted pmpm Net Claims | *product(11 thru 15) x (1+16)* | *product(11 thru 15) x (1+16)* | |
| 18 - Covered Lives Assessment | *Addendum Value* | n/a | |
| 19 - Indigent Care | *Addendum Value* | n/a | **Total pmpm** |
| **20 - Experience Pure Premium** | ***17 + 18 +19*** | ***17*** | |

| **IV. Employer Specific Premium Rates** | **Total** |
|---|---|
| ***Blending the Manual Pure Premium and Experience*** | |
| 1 - Adjusted Manual Pure Premium | *6 From Section II* |
| 2 - Experience Pure Premium | *20 From Section III* |
| 3 - Experience Credibility Weight | *Addendum Value* |
| 4 - Blended Pure Premium | 2x3 + 1x(1-3) |
| 5 - Group Risk Assessment Factor | *Addendum Value* |
| 6 - Retrospective Financial Underwriting Factor | *Addendum Value* |
| 7 - Network Access Fee | *Addendum Value* |
| 8 - Retention Charges excluding Premium Tax | *Addendum Value* |
| 9 - Premium Taxes | *Addendum Value* |
| **10 - Group Required Pure Premium** | ***4x5+6+7+8+9*** |

***Premium Rate Development***

| | **Single** | **EE/SP** | **EE/Ch(ren)** | **Family** |
|---|---|---|---|---|
| 11 - Employer Specific Loading Factors | *Computed as illustrated in Exhibit C based on the Group's desired rate ratios/census* | | | |
| 12 - Final Premium Rates | *10x11* | *10x11* | *10x11* | *10x11* |

| **V. Minimum Premium Funding** | **Single** | **EE/SP** | **EE/Ch(ren)** | **Family** |
|---|---|---|---|---|
| 1 - Final Premium Rates | From Section IV., line 12 | | | |
| 2 - Retention Rate | From Section IV., lines 8+9 x Employer Specific Loading Factors | | | |
| 3 - Claims Liability Rate | 1-2 | | | |
| 4 - Claims Fluctuation Margin | *Addendum Value* | | | |
| 6 - Maximum Monthly Premium Liability | 3X4 | | | |

**Exhibit B**

## MVP Health Care - Large Group Experience Rating Formula - Two Periods of Experience calculation

| | | | |
|---|---|---|---|
| Group Name: | *Input* | Date: | *Input* |
| Group #: | *Input* | Effective Date: | *Input* |
| Marketing Rep: | *Input* | | |
| Underwriter: | *Input* | | |

| **Experience Pure Premium Calculation** | **Medical Claims** | | **Pharmacy Claims** | |
|---|---|---|---|---|
| | Period 1 | Period 2 | Period 1 | Period 2 |
| Experience Period Start Date | *Input* | *Input* | *Input* | *Input* |
| Experience Period End Date | *Input* | *Input* | *Input* | *Input* |
| Paid Through Date | *Input* | *Input* | *Input* | *Input* |
| Midpoint of Experience Period | *Input* | *Input* | *Input* | *Input* |
| Product Reflected in Experience | *Input* | *Input* | *Input* | *Input* |
| Product in the Rate Quote | *Input* | *Input* | *Input* | *Input* |
| Member Months | *Input* | *Input* | *Input* | *Input* |
| ***Claims Information*** | | | | |
| 1 - Date of Service Paid Claims | *Input* | *Input* | *Input* | *Input* |
| 2 - Composite Completion Factor Adjustment | *Input* | *Input* | *Input* | *Input* |
| 3 - Incurred Claims | *1x2* | *1x2* | *1x2* | *1x2* |
| 4 - Other non fee for service medical expenses | *Input* | *Input* | *n/a* | *n/a* |
| 5 - Pooling Level (PL) | *Addendum Value* | *Addendum Value* | *n/a* | *n/a* |
| 6 - Actual Large Claims (Excess Over PL) | *Input* | *Input* | *n/a* | *n/a* |
| 7 - Incurred Claims Less Large Claims | *3+4-6* | *3+4-6* | *n/a* | *n/a* |
| 8 - Trend Factor to MP of Projection Period | *Addendum Value* | *Addendum Value* | *Addendum Value* | *Addendum Value* |
| 9 - Trended Net Claims | *7x8* | *7x8* | *3x8* | *3x8* |
| 10 - Trended pmpm Net Claims | *9 / membermonths* | *9 / membermonths* | *9 / membermonths* | *9 / membermonths* |
| ***Experience Adjustments*** | | | | |
| 11 - Demographic Adjustment (Carrier Replacement Only) | *Addendum Value* | *Addendum Value* | *Addendum Value* | *Addendum Value* |
| 12 - Network Efficiency Factor | *Addendum Value* | *Addendum Value* | *Addendum Value* | *Addendum Value* |
| 13 - Benefit Adjustment | *Addendum Value* | *Addendum Value* | *Addendum Value* | *Addendum Value* |
| 14 - Pharmacy Rebate Factor | n/a | n/a | *Addendum Value* | *Addendum Value* |
| 15 - Pooling Charge % | *Addendum Value* | *Addendum Value* | n/a | n/a |
| 16 - Adjusted pmpm Net Claims | *product(11 thru 13) x (1+15)* | *product(11 thru 13) x (1+15)* | *product(11 thru 14) x (1+15)* | *product(11 thru 14) x (1+15)* |
| Period Weight | *Addendum Value* | *Addendum Value* | *Addendum Value* | *Addendum Value* |
| Prior Period Adjustment Factor | P1 and P2 Weighted Average line 16 / P1 line 16 | | P1 and P2 Weighted Average line 16 / P1 line 16 | |

**MVP Health Care - Large Group**
**Loading Ratio Development**

| 2 Tier | % of Contracts | Tier Ratio |
|---|---|---|
| Single | a | 1.000 |
| Family | b | w |
| Total | 100% | y |

| | Single | Family |
|---|---|---|
| Sub | c | d |
| Mem | e | f |

**Avg. Contract Size**
**g**

**2 Tier - Loading Factors**

| | |
|---|---|
| **Single** | A |
| **Family** | B |

| 3 Tier | % of Contracts | Tier Ratio |
|---|---|---|
| Single | | |
| Double | | |
| Family | | |
| Total | | |

| | Single | Double | Family |
|---|---|---|---|
| Sub | | | |
| Mem | | | |

**Avg. Contract Size**

**3 Tier - Loading Factors**

**S**
**D**
**F**

| 4 Tier | % of Contracts | Tier Ratio |
|---|---|---|
| Single | | |
| Double | | |
| Parent | | |
| Family | | |

| | Single | Double | Parent | Family |
|---|---|---|---|---|
| Sub | | | | |
| Mem | | | | |

**Avg. Contract Size**

**4 Tier - Loading Factors**

**S**
**D**
**P**
**F**

**2 Tier Loading Factor Example:**

| | |
|---|---|
| Percentage of single contracts | a = c/(c+d) |
| Percentage of family contracts | b = d/(c+d) |
| Average Contract Size | g = (e+f)/(c+d) |
| Desired Family Tier Ratio | w = Desired relationship between Single and Family rate |
| Avg Unit of Revenue per Contract | y = a x 1 + b x w |
| | |
| Single Loading Factor | A = g/y |
| Family Loading Factor | B = w x A |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 111 | Wheat | 0.90 |
| 112 | Rice | 0.90 |
| 115 | Corn | 0.90 |
| 116 | Soybeans | 0.90 |
| 119 | Cash Grains, NEC | 0.90 |
| 131 | Cotton | 0.90 |
| 132 | Tobacco | 0.90 |
| 133 | Sugarcane and Sugar Beets | 0.90 |
| 134 | Irish Potatoes | 0.90 |
| 139 | Field Crops, Except Cash Grains, NEC | 0.90 |
| 161 | Vegetables and Melons | 0.90 |
| 171 | Berry Crops | 0.90 |
| 172 | Grapes | 0.90 |
| 173 | Tree Nuts | 0.90 |
| 174 | Citrus Fruits | 0.90 |
| 175 | Deciduous Tree Fruits | 0.90 |
| 179 | Fruits and Tree Nuts, NEC | 0.90 |
| 181 | Ornamental Floriculture and Nursery Products | 0.90 |
| 182 | Food Crops Grown Under Cover | 0.90 |
| 191 | General Farms, Primarily Crop | 0.90 |
| 211 | Beef Cattle Feedlots | 0.95 |
| 212 | Beef Cattle, Except Feedlots | 0.95 |
| 213 | Hogs | 0.95 |
| 214 | Sheep and Goats | 0.95 |
| 219 | General Livestock, Except Dairy and Poultry | 1.00 |
| 241 | Dairy Farms | 1.00 |
| 251 | Broiler, Fryers, and Roaster Chickens | 0.95 |
| 252 | Chicken Eggs | 0.95 |
| 253 | Turkey and Turkey Eggs | 0.95 |
| 254 | Poultry Hatcheries | 0.95 |
| 259 | Poultry and Eggs, NEC | 0.95 |
| 271 | Fur-Bearing Animals and Rabbits | 0.95 |
| 272 | Horses and Other Equines | 0.95 |
| 273 | Animal Aquaculture | 0.95 |
| 279 | Animal Specialities, NEC | 0.95 |
| 291 | General Farms, Primarily Livestock and Animal Specialties | 1.00 |
| 711 | Soil Preparation Services | 0.95 |
| 721 | Crop Planting, Cultivating, and Protecting | 0.95 |
| 722 | Crop Harvesting, Primarily by Machine | 0.95 |
| 723 | Crop Preparation Services For Market, except Cotton Ginning | 0.95 |
| 724 | Cotton Ginning | 0.95 |
| 741 | Veterinary Services For Livestock | 0.95 |
| 742 | Veterinary Services for Animal Specialties | 0.95 |
| 751 | Livestock Services, Except Veterinary | 1.00 |
| 752 | Animal Specialty Services, Except Veterinary | 0.95 |
| 761 | Farm Labor Contractors and Crew Leaders | 0.95 |
| 762 | Farm Management Services | 0.95 |
| 781 | Landscape Counseling and Planning | 0.90 |
| 782 | Lawn and Garden Services | 1.10 |
| 783 | Ornamental Shrub and Tree Services | 1.10 |
| 811 | Timber Tracts | 0.90 |
| 831 | Forest Nurseries and Gathering of Forest Products | 0.90 |
| 851 | Forestry Services | 0.95 |
| 912 | Finfish | 1.05 |
| 913 | Shellfish | 1.05 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 919 | Miscellaneous Marine Products | 0.95 |
| 921 | Fish Hatcheries and Preserves | 0.95 |
| 971 | Hunting and Trapping, and Game Propagation | 0.95 |
| 1011 | Iron Ores | 1.15 |
| 1021 | Copper Ores | 1.15 |
| 1031 | Lead and Zinc Ores | 1.15 |
| 1041 | Gold Ores | 1.15 |
| 1044 | Silver Ores | 1.15 |
| 1061 | Ferroalloy Ores, Except Vanadium | 1.15 |
| 1081 | Metal Mining Services | 1.05 |
| 1094 | Uranium-Radium-Vanadium Ores | 1.15 |
| 1099 | Miscellaneous Metal Ores, NEC | 1.15 |
| 1221 | Bituminous Coal and Lignite Surface Mining | 1.15 |
| 1222 | Bituminous Coal Underground Mining | 1.15 |
| 1231 | Anthracite Mining | 1.15 |
| 1241 | Coal Mining Services | 1.15 |
| 1311 | Crude Petroleum and Natural Gas | 1.05 |
| 1321 | Natural Gas Liquids | 1.05 |
| 1381 | Drilling Oil and Gas Wells | 1.05 |
| 1382 | Oil and Gas Field Exploration Services | 0.95 |
| 1389 | Oil and Gas Field Services, NEC | 1.05 |
| 1411 | Dimension Stone | 1.15 |
| 1422 | Crushed and Broken Limestone | 1.15 |
| 1423 | Crushed and Broken Granite | 1.15 |
| 1429 | Crushed and Broken Stone, NEC | 1.15 |
| 1442 | Construction Sand and Gravel | 1.15 |
| 1446 | Industrial Sand | 1.15 |
| 1455 | Kaolin and Ball Clay | 1.15 |
| 1459 | Clay, Ceramic, and Refractory Minerals, NEC | 1.15 |
| 1474 | Potash, Soda, and Borate Minerals | 1.15 |
| 1475 | Phosphate Rock | 1.15 |
| 1479 | Chemical and Fertilizer Mineral Mining, NEC | 1.15 |
| 1481 | Nonmetallic Minerals Services Except Fuels | 1.05 |
| 1499 | Miscellaneous Nonmetallic Minerals, Except Fuels | 1.15 |
| 1521 | General Contractors-Single-Family Houses | 0.95 |
| 1522 | General Contractors-Residential Buildings, Other Than Single-Family | 1.00 |
| 1531 | Operative Builders | 1.00 |
| 1541 | General Contractors-Industrial Buildings and Warehouses | 1.00 |
| 1542 | General Contractors-Nonresidential Buildings, Other than Industrial Buildings and Warehouses | 1.00 |
| 1611 | Highway and Street Construction, Except Elevated Highways | 1.00 |
| 1622 | Bridge, Tunnel, and Elevated Highway Construction | 1.00 |
| 1623 | Water, Sewer, Pipeline, and Communications and Power Line Construction | 1.00 |
| 1629 | Heavy Construction, NEC | 1.00 |
| 1711 | Plumbing, Heating, and Air-Conditioning | 1.00 |
| 1721 | Painting and Paper Hanging | 1.00 |
| 1731 | Electrical Work | 1.00 |
| 1741 | Masonry, Stone Setting, and Other Stone Work | 1.00 |
| 1742 | Plastering, Drywall, Acoustical, and Insulation Work | 1.00 |
| 1743 | Terrazzo, Tile, Marble, and Mosaic Work | 1.00 |
| 1751 | Carpentry Work | 1.00 |
| 1752 | Floor Laying and Other Floor Work, NEC | 1.00 |
| 1761 | Roofing, Siding, and Sheet Metal Work | 1.00 |
| 1771 | Concrete Work | 1.00 |
| 1781 | Water Well Drilling | 1.00 |
| 1791 | Structural Steel Erection | 1.00 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 1793 | Glass and Glazing Work | 1.00 |
| 1794 | Excavation Work | 1.00 |
| 1795 | Wrecking and Demolition Work | 1.00 |
| 1796 | Installation or Erection of Building Equipment, NEC | 1.00 |
| 1799 | Special Trade Contractors, NEC | 1.00 |
| 2011 | Meat Packing Plants | 1.05 |
| 2013 | Sausages and Other Prepared Meats | 1.05 |
| 2015 | Poultry Slaughtering and Processing | 1.00 |
| 2021 | Creamery Butter | 0.95 |
| 2022 | Natural, Processed, and Imitation Cheese | 0.95 |
| 2023 | Dry, Condensed, and Evaporated Dairy Products | 0.95 |
| 2024 | Ice Cream and Frozen Desserts | 0.95 |
| 2026 | Fluid Milk | 0.95 |
| 2032 | Canned Specialties | 0.95 |
| 2033 | Canned Fruits, Vegetables, Preserves, Jams, and Jellies | 0.95 |
| 2034 | Dried and Dehydrated Fruits, Vegetables, and Soup Mixes | 0.95 |
| 2035 | Pickled Fruits and Vegetables, Vegetable Sauces and Seasonings, and Salad Dressings | 0.95 |
| 2037 | Frozen Fruits, Fruit Juices, and Vegetables | 0.95 |
| 2038 | Frozen Specialties, NEC | 0.95 |
| 2041 | Flour and Other Grain Mill Products | 0.95 |
| 2043 | Cereal Breakfast Foods | 0.95 |
| 2044 | Rice Milling | 0.95 |
| 2045 | Prepared Flour Mixes and Doughs | 0.95 |
| 2046 | Wet Corn Milling | 0.95 |
| 2047 | Dog and Cat Food | 0.95 |
| 2048 | Prepared Feed and Feed Ingredients for Animals and Fowls, Except Dogs and Cats | 0.95 |
| 2051 | Bread and Other Bakery Products, Except Cookies and Crackers | 0.95 |
| 2052 | Cookies and Crackers | 0.95 |
| 2053 | Frozen Bakery Products, Except Bread | 0.95 |
| 2061 | Cane Sugar, Except Refining | 0.95 |
| 2062 | Cane Sugar Refining | 0.95 |
| 2063 | Beet Sugar | 0.95 |
| 2064 | Candy and Other Confectionery Products | 0.95 |
| 2066 | Chocolate and Cocoa Products | 0.95 |
| 2067 | Chewing Gum | 0.95 |
| 2068 | Salted and Roasted Nuts and Seeds | 0.95 |
| 2074 | Cottonseed Oil Mills | 0.95 |
| 2075 | Soybean Oil Mills | 0.95 |
| 2076 | Vegetable Oil Mills, Except Corn, Cottonseed, and Soybeans | 0.95 |
| 2077 | Animal and Marine Fats and Oils | 1.00 |
| 2079 | Shortening, Table Oils, Margarine, and Other Edible Fats and Oils, NEC | 0.95 |
| 2082 | Malt Beverages | 0.95 |
| 2083 | Malt | 0.95 |
| 2084 | Wines, Brandy, and Brandy Spirits | 0.95 |
| 2085 | Distilled and Blended Liquors | 0.95 |
| 2086 | Bottled and Canned Soft Drinks and Carbonated Waters | 0.95 |
| 2087 | Flavoring Extracts and Flavoring Syrups NEC | 0.95 |
| 2091 | Canned and Cured Fish and Seafood | 0.95 |
| 2092 | Prepared Fresh or Frozen Fish and Seafoods | 0.95 |
| 2095 | Roasted Coffee | 0.95 |
| 2096 | Potato Chips, Corn Chips, and Similar Snacks | 0.95 |
| 2097 | Manufactured Ice | 0.95 |
| 2098 | Macaroni, Spaghetti, Vermicelli, and Noodles | 0.95 |
| 2099 | Food Preparations, NEC | 0.95 |
| 2111 | Cigarettes | 1.05 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 2121 | Cigars | 1.05 |
| 2131 | Chewing and Smoking Tobacco and Snuff | 1.05 |
| 2141 | Tobacco Stemming and Redrying | 1.05 |
| 2211 | Broadwoven Fabric Mills, Cotton | 0.95 |
| 2221 | Broadwoven Fabric Mills, Manmade Fiber and Silk | 0.95 |
| 2231 | Broadwoven Fabric Mills, Wool (Including Dyeing and Finishing) | 0.95 |
| 2241 | Narrow Fabric and Other Smallware Mills: Cotton, Wool, Silk, and Manmade Fiber | 0.95 |
| 2251 | Women's Full-Length and Knee-Length Hosiery, Except Socks | 1.00 |
| 2252 | Hosiery, NEC | 1.00 |
| 2253 | Knit Outerwear Mills | 1.00 |
| 2254 | Knit Underwear and Nightwear Mills | 1.00 |
| 2257 | Weft Knit Fabric Mills | 0.95 |
| 2258 | Lace and Warp Knit Fabric Mills | 0.95 |
| 2259 | Knitting Mills, NEC | 0.95 |
| 2261 | Finishers of Broadwoven Fabrics of Cotton | 0.95 |
| 2262 | Finishers of Broadwoven Fabrics of Manmade Fiber and Silk | 0.95 |
| 2269 | Finishers of Textiles, NEC | 0.95 |
| 2273 | Carpets and Rugs | 0.95 |
| 2281 | Yarn Spinning Mills | 0.95 |
| 2282 | Yarn Texturizing, Throwing, Twisting, and Winding Mills | 0.95 |
| 2284 | Thread Mills | 0.95 |
| 2295 | Coated Fabrics, Not Rubberized | 0.95 |
| 2296 | Tire Cord and Fabrics | 0.95 |
| 2297 | Nonwoven Fabrics | 0.95 |
| 2298 | Cordage and Twine | 0.95 |
| 2299 | Textile Goods, NEC | 0.95 |
| 2311 | Men's and Boys' Suits, Coats, and Overcoats | 1.00 |
| 2321 | Men's and Boys' Shirts, Except Work Shirts | 1.00 |
| 2322 | Men's and Boys' Underwear and Nightwear | 1.00 |
| 2323 | Men's and Boys' Neckwear | 1.00 |
| 2325 | Men's and Boys' Trousers and Slacks | 1.00 |
| 2326 | Men's and Boys' Work Clothing | 1.00 |
| 2329 | Men's and Boys' Clothing, NEC | 1.00 |
| 2331 | Women's, Misses', and Juniors' Blouses and Shirts | 1.00 |
| 2335 | Women's, Misses', and Juniors' Dresses | 1.00 |
| 2337 | Women's, Misses' and Juniors' Suits, Skirts, and Coats | 1.00 |
| 2339 | Women's, Misses', and Juniors' Outerwear, NEC | 1.00 |
| 2341 | Women's, Misses', Children's, and Infants' Underwear and Nightwear | 1.00 |
| 2342 | Brassieres, Girdles, and Allied Garments | 1.00 |
| 2353 | Hats, Caps, and Millinery | 1.00 |
| 2361 | Girls', Children's, and Infants' Dresses, Blouses, and Shirts | 1.00 |
| 2369 | Girls', Children's, and Infants' Outerwear, NEC | 1.00 |
| 2371 | Fur Goods | 1.00 |
| 2381 | Dress and Work Gloves, Except Knit and All-Leather | 1.00 |
| 2384 | Robes and Dressing Gowns | 1.00 |
| 2385 | Waterproof Outerwear | 1.00 |
| 2386 | Leather and Sheep-Lined Clothing | 1.00 |
| 2387 | Apparel Belts | 1.00 |
| 2389 | Apparel and Accessories, NEC | 1.00 |
| 2391 | Curtains and Draperies | 1.00 |
| 2392 | Housefurnishings, Except Curtains and Draperies | 0.95 |
| 2393 | Textile Bags | 0.95 |
| 2394 | Canvas and Related Products | 0.95 |
| 2395 | Pleating, Decorative and Novelty Stitching, and Tucking for the Trade | 1.00 |
| 2396 | Automotive Trimmings, Apparel Findings, and Related Products | 0.95 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 2397 | Schiffli Machine Embroideries | 0.95 |
| 2399 | Fabricated Textile Products, NEC | 1.00 |
| 2411 | Logging | 1.15 |
| 2421 | Sawmills and Planing Mills, General | 1.15 |
| 2426 | Hardwood Dimension and Flooring Mills | 1.15 |
| 2429 | Special Product Sawmills, NEC | 1.15 |
| 2431 | Millwork | 1.10 |
| 2434 | Wood Kitchen Cabinets | 0.95 |
| 2435 | Hardwood Veneer and Plywood | 1.00 |
| 2436 | Softwood Veneer and Plywood | 1.00 |
| 2439 | Structural Wood Members, NEC | 1.00 |
| 2441 | Nailed and Lock Corner Wood Boxes and Shook | 1.00 |
| 2448 | Wood Pallets and Skids | 1.00 |
| 2449 | Wood Containers, NEC | 1.00 |
| 2451 | Mobile Homes | 1.00 |
| 2452 | Prefabricated Wood Buildings and Components | 1.00 |
| 2491 | Wood Preserving | 1.00 |
| 2493 | Reconstituted Wood Products | 1.00 |
| 2499 | Wood Products, NEC | 1.00 |
| 2511 | Wood Household Furniture, Except Upholstered | 0.95 |
| 2512 | Wood Household Furniture, Upholstered | 0.95 |
| 2514 | Metal Household Furniture | 0.95 |
| 2515 | Mattresses, Foundations, and Convertible Beds | 0.95 |
| 2517 | Wood Television, Radio, Phonograph and Sewing Machine Cabinets | 0.95 |
| 2519 | Household Furniture, NEC | 0.95 |
| 2521 | Wood Office Furniture | 0.95 |
| 2522 | Office Furniture, Except Wood | 0.95 |
| 2531 | Public Building and Related Furniture | 0.95 |
| 2541 | Wood Office and Store Fixtures, Partitions, Shelving, and Lockers | 0.95 |
| 2542 | Office and Store Fixtures, Partitions, Shelving, and Lockers, Except Wood | 0.95 |
| 2591 | Drapery Hardware and Window Blinds and Shades | 0.95 |
| 2599 | Furniture and Fixtures, NEC | 0.95 |
| 2611 | Pulp Mills | 0.95 |
| 2621 | Paper Mills | 0.95 |
| 2631 | Paperboard Mills | 0.95 |
| 2652 | Setup Paperboard Boxes | 0.95 |
| 2653 | Corrugated and Solid Fiber Boxes | 0.95 |
| 2655 | Fiber Cans, Tubes, Drums, and Similar Products | 0.95 |
| 2656 | Sanitary Food Containers, Except Folding | 0.95 |
| 2657 | Folding Paperboard Boxes, Including Sanitary | 0.95 |
| 2671 | Packaging Paper and Plastics Film, Coated and Laminated | 0.95 |
| 2672 | Coated and Laminated Paper, NEC | 0.95 |
| 2673 | Plastics, Foil, and Coated Paper Bags | 0.95 |
| 2674 | Uncoated Paper and Multiwall Bags | 0.95 |
| 2675 | Die-Cut Paper and Paperboard and Cardboard | 0.95 |
| 2676 | Sanitary Paper Products | 0.95 |
| 2677 | Envelopes | 0.95 |
| 2678 | Stationery, Tablets, and Related Products | 0.95 |
| 2679 | Converted Paper and Paperboard Products, NEC | 0.95 |
| 2711 | Newspapers: Publishing, or Publishing and Printing | 0.90 |
| 2721 | Periodicals: Publishing, or Publishing and Printing | 0.90 |
| 2731 | Books: Publishing, or Publishing and Printing | 0.95 |
| 2732 | Book Printing | 0.90 |
| 2741 | Miscellaneous Publishing | 0.90 |
| 2752 | Commercial Printing, Lithographic | 0.90 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 2754 | Commercial Printing, Gravure | 0.90 |
| 2759 | Commercial Printing, NEC | 0.90 |
| 2761 | Manifold Business Forms | 0.90 |
| 2771 | Greeting Cards | 0.90 |
| 2782 | Blankbooks, Loose-leaf Binders and Devices | 0.90 |
| 2789 | Bookbinding and Related Work | 0.90 |
| 2791 | Typesetting | 0.90 |
| 2796 | Platemaking and Related Services | 0.90 |
| 2812 | Alkalies and Chlorine | 1.00 |
| 2813 | Industrial Gases | 1.00 |
| 2816 | Inorganic Pigments | 1.00 |
| 2819 | Industrial Inorganic Chemicals, NEC | 1.00 |
| 2821 | Plastics Material and Synthetic Resins, and Nonvulcanizable Elastomers | 1.00 |
| 2822 | Synthetic Rubber | 1.00 |
| 2823 | Cellulosic Manmade Fibers | 1.00 |
| 2824 | Manmade Organic Fibers, Except Cellulosic | 1.00 |
| 2833 | Medicinal Chemicals and Botanical Products | 0.90 |
| 2834 | Pharmaceutical Preparations | 0.90 |
| 2835 | In Vitro and In Vivo Diagnostic Substances | 0.90 |
| 2836 | Biological Products, Except Diagnostic Substances | 0.90 |
| 2841 | Soaps and Other Detergents, Except Speciality Cleaners | 0.90 |
| 2842 | Speciality Cleaning, Polishing, and Sanitary Preparations | 0.90 |
| 2843 | Surface Active Agents, Finishing Agents, Sulfonated Oils, and Assistants | 0.90 |
| 2844 | Perfumes, Cosmetics, and Other Toilet Preparations | 0.90 |
| 2851 | Paints, Varnishes, Lacquers, Enamels, and Allied Products | 0.95 |
| 2861 | Gum and Wood Chemicals | 1.00 |
| 2865 | Cyclic Organic Crudes and Intermediates, and Organic Dyes and Pigments | 1.00 |
| 2869 | Industrial Organic Chemicals, NEC | 1.00 |
| 2873 | Nitrogenous Fertilizers | 1.00 |
| 2874 | Phosphatic Fertilizers | 1.00 |
| 2875 | Fertilizers, Mixing Only | 1.00 |
| 2879 | Pesticides and Agricultural Chemicals, NEC | 1.00 |
| 2891 | Adhesives and Sealants | 0.95 |
| 2892 | Explosives | 1.15 |
| 2893 | Printing Ink | 0.95 |
| 2895 | Carbon Black | 1.00 |
| 2899 | Chemicals and Chemical Preparations, NEC | 0.95 |
| 2911 | Petroleum Refining | 1.05 |
| 2951 | Asphalt Paving Mixtures and Blocks | 1.05 |
| 2952 | Asphalt Felts and Coatings | 1.05 |
| 2992 | Lubricating Oils and Greases | 1.05 |
| 2999 | Products of Petroleum and Coal, NEC | 1.05 |
| 3011 | Tires and Inner Tubes | 0.95 |
| 3021 | Rubber and Plastics Footwear | 0.95 |
| 3052 | Rubber and Plastics Hose and Belting | 0.95 |
| 3053 | Gaskets, Packing, and Sealing Devices | 0.90 |
| 3061 | Molded, Extruded, and Lathe-Cut Mechanical Rubber Goods | 0.95 |
| 3069 | Fabricated Rubber Products, NEC | 0.95 |
| 3081 | Unsupported Plastics Film and Sheet | 0.95 |
| 3082 | Unsupported Plastics Profile Shapes | 0.95 |
| 3083 | Laminated Plastics Plate, Sheet, and Profile Shapes | 0.95 |
| 3084 | Plastics Pipe | 0.95 |
| 3085 | Plastics Bottles | 0.95 |
| 3086 | Plastics Foam Products | 0.95 |
| 3087 | Custom Compounding of Purchased Plastics Resins | 0.95 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 3088 | Plastics Plumbing Fixtures | 0.95 |
| 3089 | Plastics Products, NEC | 0.95 |
| 3111 | Leather Tanning and Finishing | 1.15 |
| 3131 | Boot and Shoe Cut Stock and Findings | 1.00 |
| 3142 | House Slippers | 0.95 |
| 3143 | Men's Footwear, Except Athletic | 0.95 |
| 3144 | Women's Footwear, Except Athletic | 0.95 |
| 3149 | Footwear, Except Rubber, NEC | 0.95 |
| 3151 | Leather Gloves and Mittens | 1.00 |
| 3161 | Luggage | 0.95 |
| 3171 | Women's Handbags and Purses | 0.95 |
| 3172 | Personal Leather Goods, Except Women's Handbags and Purses | 0.95 |
| 3199 | Leather Goods, NEC | 0.95 |
| 3211 | Flat Glass | 0.95 |
| 3221 | Glass Containers | 0.95 |
| 3229 | Pressed and Blown Glass and Glassware, NEC | 0.95 |
| 3231 | Glass Products, Made of Purchased Glass | 0.95 |
| 3241 | Cement, Hydraulic | 0.95 |
| 3251 | Brick and Structural Clay Tile | 0.95 |
| 3253 | Ceramic Wall and Floor Tile | 0.95 |
| 3255 | Clay Refractories | 0.95 |
| 3259 | Structural Clay Products, NEC | 0.95 |
| 3261 | Vitreous China Plumbing Fixtures and China and Earthenware Fittings and Bathroom Accessories | 0.95 |
| 3262 | Vitreous China Table and Kitchen Articles | 0.95 |
| 3263 | Fine Earthenware (Whiteware) Table and Kitchen Articles | 0.95 |
| 3264 | Porcelain Electrical Supplies | 0.95 |
| 3269 | Pottery Products, NEC | 0.95 |
| 3271 | Concrete Block and Brick | 0.95 |
| 3272 | Concrete Products, Except Block and Brick | 1.05 |
| 3273 | Ready-Mixed Concrete | 0.95 |
| 3274 | Lime | 0.95 |
| 3275 | Gypsum Products | 0.95 |
| 3281 | Cut Stone and Stone Products | 0.95 |
| 3291 | Abrasive Products | 1.05 |
| 3292 | Asbestos Products | 1.05 |
| 3295 | Minerals and Earths, Ground or Otherwise Treated | 1.10 |
| 3296 | Mineral Wool | 0.95 |
| 3297 | Nonclay Refractories | 0.95 |
| 3299 | Nonmetallic Mineral Products, NEC | 1.05 |
| 3312 | Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills | 1.10 |
| 3313 | Electrometallurgical Products, Except Steel | 1.10 |
| 3315 | Steel Wiredrawing and Steel Nails and Spikes | 1.05 |
| 3316 | Cold-Rolled Steel Sheet, Strip, and Bars | 1.10 |
| 3317 | Steel Pipe and Tubes | 1.10 |
| 3321 | Gray and Ductile Iron Foundries | 1.10 |
| 3322 | Malleable Iron Foundries | 1.10 |
| 3324 | Steel Investment Foundries | 1.10 |
| 3325 | Steel Foundries, NEC | 1.10 |
| 3331 | Primary Smelting and Refining of Copper | 1.10 |
| 3334 | Primary Production of Aluminum | 1.10 |
| 3339 | Primary Smelting and Refining of Nonferrous Metals, Except Copper and Aluminum | 1.10 |
| 3341 | Secondary Smelting and Refining of Nonferrous Metals | 1.10 |
| 3351 | Rolling, Drawing, and Extruding of Copper | 1.10 |
| 3353 | Aluminum Sheet, Plate, and Foil | 1.10 |
| 3354 | Aluminum Extruded Products | 1.10 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 3355 | Aluminum Rolling and Drawing, NEC | 1.10 |
| 3356 | Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum | 1.10 |
| 3357 | Drawing and Insulating of Nonferrous Wire | 1.00 |
| 3363 | Aluminum Die-Castings | 1.10 |
| 3364 | Nonferrous Die-Castings, Except Aluminum | 1.10 |
| 3365 | Aluminum Foundries | 1.10 |
| 3366 | Copper Foundries | 1.10 |
| 3369 | Nonferrous Foundries, Except Aluminum and Copper | 1.10 |
| 3398 | Metal Heat Treating | 0.95 |
| 3399 | Primary Metal Products, NEC | 1.05 |
| 3411 | Metal Cans | 0.95 |
| 3412 | Metal Shipping Barrels, Drums, Kegs, and Pails | 0.95 |
| 3421 | Cutlery | 0.95 |
| 3423 | Hand and Edge Tools, Except Machine Tools and Handsaws | 0.95 |
| 3425 | Saw Blades and Handsaws | 0.95 |
| 3429 | Hardware, NEC | 0.95 |
| 3431 | Enameled Iron and Metal Sanitary Ware | 0.95 |
| 3432 | Plumbing Fixture Fittings and Trim | 0.95 |
| 3433 | Heating Equipment, Except Electric and Warm Air Furnaces | 0.95 |
| 3441 | Fabricated Structural Metal | 0.95 |
| 3442 | Metal Doors, Sash, Frames, Molding, and Trim Manufacturing | 0.95 |
| 3443 | Fabricated Plate Work (Boiler Shops) | 0.95 |
| 3444 | Sheet Metal Work | 0.95 |
| 3446 | Architectural and Ornamental Metal Work | 0.95 |
| 3448 | Prefabricated Metal Buildings and Components | 0.95 |
| 3449 | Miscellaneous Structural Metal Work | 0.95 |
| 3451 | Screw Machine Products | 0.95 |
| 3452 | Bolts, Nuts, Screws, Rivets, and Washers | 0.95 |
| 3462 | Iron and Steel Forgings | 0.95 |
| 3463 | Nonferrous Forgings | 0.95 |
| 3465 | Automotive Stamping | 0.95 |
| 3466 | Crowns and Closures | 0.95 |
| 3469 | Metal Stamping, NEC | 0.95 |
| 3471 | Electroplating, Plating, Polishing, Anodizing, and Coloring | 0.95 |
| 3479 | Coating, Engraving, and Allied Services, NEC | 0.90 |
| 3482 | Small Arms Ammunition | 0.95 |
| 3483 | Ammunition, Except for Small Arms | 0.95 |
| 3484 | Small Arms | 0.95 |
| 3489 | Ordnance and Accessories, NEC | 0.95 |
| 3491 | Industrial Valves | 0.95 |
| 3492 | Fluid Power Valves and Hose Fittings | 0.95 |
| 3493 | Steel Springs, Except Wire | 0.95 |
| 3494 | Valves and Pipe Fittings, NEC | 0.95 |
| 3495 | Wire Springs | 0.95 |
| 3496 | Miscellaneous Fabricated Wire Products | 0.95 |
| 3497 | Metal Foil and Leaf | 0.95 |
| 3498 | Fabricated Pipe and Pipe Fittings | 0.95 |
| 3499 | Fabricated Metal Products, NEC | 0.95 |
| 3511 | Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units | 0.95 |
| 3519 | Internal Combustion Engines, NEC | 0.95 |
| 3523 | Farm Machinery and Equipment | 0.95 |
| 3524 | Lawn and Garden Tractors and Home Lawn and Garden Equipment | 0.95 |
| 3531 | Construction Machinery and Equipment | 0.95 |
| 3532 | Mining Machinery and Equipment, Except Oil and Gas Field Machinery and Equipment | 0.95 |
| 3533 | Oil and Gas Field Machinery and Equipment | 0.95 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 3534 | Elevators and Moving Stairways | 0.95 |
| 3535 | Conveyors and Conveying Equipment | 0.95 |
| 3536 | Overhead Traveling Cranes, Hoists, and Monorail Systems | 0.95 |
| 3537 | Industrial Trucks, Tractors, Trailers, and Stackers | 0.95 |
| 3541 | Machine Tools, Metal Cutting Type | 0.95 |
| 3542 | Machine Tools, Metal Forming Type | 0.95 |
| 3543 | Industrial Patterns | 0.95 |
| 3544 | Special Dies and Tools, Die Sets, Jigs and Fixtures, and Industrial Molds | 0.95 |
| 3545 | Cutting Tools, Machine Tool Accessories, and Machinists' Precision Measuring Devices | 0.95 |
| 3546 | Power-Driven Handtools | 0.95 |
| 3547 | Rolling Mill Machinery and Equipment | 0.95 |
| 3548 | Electric and Gas Welding and Soldering Equipment | 0.95 |
| 3549 | Metalworking Machinery, NEC | 0.95 |
| 3552 | Textile Machinery | 0.95 |
| 3553 | Woodworking Machinery | 0.95 |
| 3554 | Paper Industries Machinery | 0.95 |
| 3555 | Printing Trades Machinery and Equipment | 0.95 |
| 3556 | Food Products Machinery | 0.95 |
| 3559 | Special Industry Machinery, NEC | 0.95 |
| 3561 | Pumps and Pumping Equipment | 0.95 |
| 3562 | Ball and Roller Bearings | 0.95 |
| 3563 | Air and Gas Compressors | 0.95 |
| 3564 | Industrial and Commercial Fans and Blowers and Air Purification Equipment | 0.95 |
| 3565 | Packaging Machinery | 0.95 |
| 3566 | Speed Changers, Industrial High-Speed Drives, and Gears | 0.95 |
| 3567 | Industrial Process Furnaces and Ovens | 0.95 |
| 3568 | Mechanical Power Transmission Equipment, NEC | 0.95 |
| 3569 | General Industrial Machinery and Equipment, NEC | 0.95 |
| 3571 | Electronic Computers | 0.90 |
| 3572 | Computer Storage Devices | 0.90 |
| 3575 | Computer Terminals | 0.90 |
| 3577 | Computer Peripheral Equipment, NEC | 0.90 |
| 3578 | Calculating and Accounting Machines, Except Electronic Computers | 0.95 |
| 3579 | Office Machines, NEC | 0.90 |
| 3581 | Automatic Vending Machines | 0.95 |
| 3582 | Commercial Laundry, Drycleaning, and Pressing Machines | 0.95 |
| 3585 | Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment | 0.95 |
| 3586 | Measuring and Dispensing Pumps | 0.95 |
| 3589 | Service Industry Machinery, NEC | 0.95 |
| 3592 | Carburetors, Pistons, Piston Rings, and Valves | 0.95 |
| 3593 | Fluid Power Cylinders and Actuators | 0.95 |
| 3594 | Fluid Power Pumps and Motors | 0.95 |
| 3596 | Scales and Balances, Except Laboratory | 0.95 |
| 3599 | Industrial and Commercial Machinery and Equipment, NEC | 0.95 |
| 3612 | Power, Distribution, and Specialty Transformers | 0.90 |
| 3613 | Switchgear and Switchboard Apparatus | 0.90 |
| 3621 | Motors and Generators | 0.90 |
| 3624 | Carbon and Graphite Products | 0.90 |
| 3625 | Relays and Industrial Controls | 0.90 |
| 3629 | Electrical Industrial Apparatus, NEC | 0.90 |
| 3631 | Household Cooking Equipment | 0.90 |
| 3632 | Household Refrigerators and Home and Farm Freezers | 0.90 |
| 3633 | Household Laundry Equipment | 0.90 |
| 3634 | Electric Housewares and Fans | 0.90 |
| 3635 | Household Vacuum Cleaners | 0.90 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 3639 | Household Appliances, NEC | 0.90 |
| 3641 | Electric Lamp Bulbs and Tubes | 0.90 |
| 3643 | Current-Carrying Wiring Devices | 0.90 |
| 3644 | Noncurrent-Carrying Wiring Devices | 0.95 |
| 3645 | Residential Electric Lighting Fixtures | 0.90 |
| 3646 | Commercial, Industrial, and Institutional Electric Lighting Fixtures | 0.90 |
| 3647 | Vehicular Lighting Equipment | 0.95 |
| 3648 | Lighting Equipment, NEC | 0.90 |
| 3651 | Household Audio and Video Equipment | 0.90 |
| 3652 | Phonograph Records and Prerecorded Audio Tapes and Disks | 0.95 |
| 3661 | Telephone and Telegraph Apparatus | 0.90 |
| 3663 | Radio and Television Broadcasting and Communications Equipment | 0.90 |
| 3669 | Communications Equipment, NEC | 0.90 |
| 3671 | Electron Tubes | 0.90 |
| 3672 | Printed Circuit Boards | 0.90 |
| 3674 | Semiconductors and Related Devices | 0.90 |
| 3675 | Electronic Capacitors | 0.90 |
| 3676 | Electronic Resistors | 0.90 |
| 3677 | Electronic Coils, Transformers, and Other Inductors | 0.90 |
| 3678 | Electronic Connectors | 0.90 |
| 3679 | Electronic Components, NEC | 0.90 |
| 3691 | Storage Batteries | 0.90 |
| 3692 | Primary Batteries, Dry and Wet | 0.90 |
| 3694 | Electrical Equipment for Internal Combustion Engines | 0.95 |
| 3695 | Magnetic and Optical Recording Media | 0.90 |
| 3699 | Electrical Machinery, Equipment, and Supplies, NEC | 0.95 |
| 3711 | Motor Vehicles and Passenger Car Bodies | 0.95 |
| 3713 | Truck and Bus Bodies | 0.95 |
| 3714 | Motor Vehicle Parts and Accessories | 0.95 |
| 3715 | Truck Trailers | 0.95 |
| 3716 | Motor Homes | 0.95 |
| 3721 | Aircraft | 0.95 |
| 3724 | Aircraft Engines and Engine Parts | 0.95 |
| 3728 | Aircraft Parts and Auxiliary Equipment, NEC | 0.95 |
| 3731 | Ship Building and Repairing | 1.00 |
| 3732 | Boat Building and Repairing | 1.00 |
| 3743 | Railroad Equipment | 0.95 |
| 3751 | Motorcycles, Bicycles, and Parts | 0.95 |
| 3761 | Guided Missiles and Space Vehicles | 0.95 |
| 3764 | Guided Missile and Space Vehicle Propulsion Units and Propulsion Unit Parts | 0.95 |
| 3769 | Guided Missile Space Vehicle Parts and Auxiliary Equipment, NEC | 0.95 |
| 3792 | Travel Trailers and Campers | 0.95 |
| 3795 | Tanks and Tank Components | 0.95 |
| 3799 | Transportation Equipment, NEC | 0.95 |
| 3812 | Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments | 0.90 |
| 3821 | Laboratory Apparatus and Furniture | 0.90 |
| 3822 | Automatic Controls for Regulating Residential and Commercial Environments and Appliances | 0.90 |
| 3823 | Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products | 0.90 |
| 3824 | Totalizing Fluid Meters and Counting Devices | 0.90 |
| 3825 | Instruments for Measuring and Testing of Electricity and Electrical Signals | 0.90 |
| 3826 | Laboratory Analytical Instruments | 0.90 |
| 3827 | Optical Instruments and Lenses | 0.95 |
| 3829 | Measuring and Controlling Devices, NEC | 0.90 |
| 3841 | Surgical and Medical Instruments and Apparatus | 0.90 |
| 3842 | Orthopedic, Prosthetic, and Surgical Appliances and Supplies | 0.90 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 3843 | Dental Equipment and Supplies | 0.90 |
| 3844 | X-Ray Apparatus and Tubes and Related Irradiation Apparatus | 0.90 |
| 3845 | Electromedical and Electrotherapeutic Apparatus | 0.90 |
| 3851 | Ophthalmic Goods | 0.90 |
| 3861 | Photographic Equipment and Supplies | 0.95 |
| 3873 | Watches, Clocks, Clockwork Operated Devices and Parts | 0.90 |
| 3911 | Jewelry, Precious Metal | 0.90 |
| 3914 | Silverware, Plated Ware, and Stainless Steel Ware | 0.95 |
| 3915 | Jewelers' Findings and Materials, and Lapidary Work | 0.90 |
| 3931 | Musical Instruments | 0.90 |
| 3942 | Dolls and Stuffed Toys | 0.90 |
| 3944 | Games, Toys, and Children's Vehicles, Except Dolls and Bicycles | 0.95 |
| 3949 | Sporting and Athletic Goods, NEC | 0.90 |
| 3951 | Pens, Mechanical Pencils, and Parts | 0.90 |
| 3952 | Lead Pencils, Crayons, and Artist's Materials | 0.95 |
| 3953 | Marking Devices | 0.90 |
| 3955 | Carbon Paper and Inked Ribbons | 0.90 |
| 3961 | Costume Jewelry and Costume Novelties, Except Precious Metals | 0.90 |
| 3965 | Fasteners, Buttons, Needles, and Pins | 0.90 |
| 3991 | Brooms and Brushes | 0.90 |
| 3993 | Signs and Advertising Specialties | 0.90 |
| 3995 | Burial Caskets | 0.90 |
| 3996 | Linoleum, Asphalted-Felt-Base, and Other Hard Surface Floor Coverings, NEC | 0.95 |
| 3999 | Manufacturing Industries, NEC | 0.95 |
| 4011 | Railroads, Line-haul Operating | 1.05 |
| 4013 | Railroad Switching and Terminal Establishments | 1.05 |
| 4111 | Local and Suburban Transit | 1.10 |
| 4119 | Local Passenger Transportation, NEC | 1.10 |
| 4121 | Taxicabs | 1.15 |
| 4131 | Intercity and Rural Bus Transportation | 1.10 |
| 4141 | Local Bus Charter Service | 1.10 |
| 4142 | Bus Charter Service, Except Local | 1.10 |
| 4151 | School Buses | 1.10 |
| 4173 | Terminal and Service Facilities for Motor Vehicle Passenger Transportation | 1.05 |
| 4212 | Local Trucking Without Storage | 1.00 |
| 4213 | Trucking, Except Local | 1.05 |
| 4214 | Local Trucking with Storage | 1.05 |
| 4215 | Courier Services Except by Air | 1.05 |
| 4221 | Farm Product Warehousing and Storage | 1.05 |
| 4222 | Refrigerated Warehousing and Storage | 1.05 |
| 4225 | General Warehousing and Storage | 1.10 |
| 4226 | Special Warehousing and Storage, NEC | 1.05 |
| 4231 | Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation | 1.05 |
| 4311 | United States Postal Service | 0.95 |
| 4412 | Deep Sea Foreign Transportation of Freight | 0.95 |
| 4424 | Deep Sea Domestic Transportation of Freight | 0.95 |
| 4432 | Freight Transportation on the Great Lakes - St. Lawrence Seaway | 0.95 |
| 4449 | Water Transportation of Freight, NEC | 0.95 |
| 4481 | Deep Sea Transportation of Passengers, Except by Ferry | 0.95 |
| 4482 | Ferries | 0.95 |
| 4489 | Water Transportation of Passengers, NEC | 1.00 |
| 4491 | Marine Cargo Handling | 1.05 |
| 4492 | Towing and Tugboat Services | 1.05 |
| 4493 | Marinas | 1.15 |
| 4499 | Water Transportation Services, NEC | 1.05 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 4512 | Air Transportation, Scheduled | 0.95 |
| 4513 | Air Courier Services | 1.05 |
| 4522 | Air Transportation, Nonscheduled | 1.00 |
| 4581 | Airports, Flying Fields, and Airport Terminal Services | 1.05 |
| 4612 | Crude Petroleum Pipelines | 0.95 |
| 4613 | Refined Petroleum Pipelines | 0.95 |
| 4619 | Pipelines, NEC | 0.95 |
| 4724 | Travel Agencies | 0.95 |
| 4725 | Tour Operators | 0.95 |
| 4729 | Arrangement of Passenger Transportation, NEC | 1.00 |
| 4731 | Arrangement of Transportation of Freight and Cargo | 1.00 |
| 4741 | Rental of Railroad Cars | 1.00 |
| 4783 | Packing and Crating | 1.05 |
| 4785 | Fixed Facilities and Inspection and Weighing Services for Motor Vehicle Transportation | 1.05 |
| 4789 | Transportation Services, NEC | 1.10 |
| 4812 | Radiotelephone Communications | 0.90 |
| 4813 | Telephone Communications, Except Radiotelephone | 0.90 |
| 4822 | Telegraph and Other Message Communications | 0.90 |
| 4832 | Radio Broadcasting Stations | 0.90 |
| 4833 | Television Broadcasting Stations | 0.90 |
| 4841 | Cable and Other Pay Television Services | 0.90 |
| 4899 | Communications Services, NEC | 1.00 |
| 4911 | Electric Services | 0.95 |
| 4922 | Natural Gas Transmission | 0.95 |
| 4923 | Natural Gas Transmission and Distribution | 0.95 |
| 4924 | Natural Gas Distribution | 0.95 |
| 4925 | Mixed, Manufactured, or Liquefied Petroleum Gas Production and/or Distribution | 0.95 |
| 4931 | Electric and Other Services Combined | 0.95 |
| 4932 | Gas and Other Services Combined | 0.95 |
| 4939 | Combination Utilities, NEC | 0.95 |
| 4941 | Water Supply | 0.95 |
| 4952 | Sewerage Systems | 0.95 |
| 4953 | Refuse Systems | 1.05 |
| 4959 | Sanitary Services, NEC | 1.10 |
| 4961 | Steam and Air-Conditioning Supply | 0.95 |
| 4971 | Irrigation Systems | 0.95 |
| 5012 | Automobiles and Other Motor Vehicles | 0.95 |
| 5013 | Motor Vehicle Supplies and New Parts | 1.05 |
| 5014 | Tires and Tubes | 1.05 |
| 5015 | Motor Vehicle Parts, Used | 1.05 |
| 5021 | Furniture | 0.95 |
| 5023 | Home Furnishings | 0.95 |
| 5031 | Lumber, Plywood, Millwork, and Wood Panels | 0.95 |
| 5032 | Brick, Stone and Related Construction Materials | 0.95 |
| 5033 | Roofing, Siding, and Insulation Materials | 0.95 |
| 5039 | Construction Materials, NEC | 0.95 |
| 5043 | Photographic Equipment and Supplies | 0.95 |
| 5044 | Office Equipment | 0.95 |
| 5045 | Computers and Computer Peripheral Equipment and Software | 0.95 |
| 5046 | Commercial Equipment, NEC | 0.95 |
| 5047 | Medical, Dental, and Hospital Equipment and Supplies | 0.95 |
| 5048 | Ophthalmic Goods | 0.95 |
| 5049 | Professional Equipment and Supplies, NEC | 0.95 |
| 5051 | Metals Service Centers and Offices | 0.95 |
| 5052 | Coal and Other Minerals and Ores | 0.95 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 5063 | Electrical Apparatus and Equipment Wiring Supplies, and Construction Materials | 0.95 |
| 5064 | Electrical Appliances, Television and Radio Sets | 0.95 |
| 5065 | Electronic Parts and Equipment, NEC | 0.95 |
| 5072 | Hardware | 0.95 |
| 5074 | Plumbing and Heating Equipment and Supplies (Hydronics) | 0.95 |
| 5075 | Warm Air Heating and Air-Conditioning Equipment and Supplies | 0.95 |
| 5078 | Refrigeration Equipment and Supplies | 0.95 |
| 5082 | Construction and Mining (Except Petroleum) Machinery and Equipment | 0.95 |
| 5083 | Farm and Garden Machinery and Equipment | 0.95 |
| 5084 | Industrial Machinery and Equipment | 0.95 |
| 5085 | Industrial Supplies | 0.95 |
| 5087 | Service Establishment Equipment and Supplies | 0.95 |
| 5088 | Transportation Equipment and Supplies, Except Motor Vehicles | 0.95 |
| 5091 | Sporting and Recreational Goods and Supplies | 0.95 |
| 5092 | Toys and Hobby Goods and Supplies | 0.95 |
| 5093 | Scrap and Waste Materials | 1.10 |
| 5094 | Jewelry, Watches, Precious Stones, and Precious Metals | 0.95 |
| 5099 | Durable Goods, NEC | 0.95 |
| 5111 | Printing and Writing Paper | 0.95 |
| 5112 | Stationery and Office Supplies | 0.95 |
| 5113 | Industrial and Personal Service Paper | 0.95 |
| 5122 | Drugs, Drug Proprietaries, and Druggists' Sundries | 0.95 |
| 5131 | Piece Goods, Notions, and Other Dry Goods | 0.95 |
| 5136 | Men's and Boys' Clothing and Furnishings | 0.95 |
| 5137 | Women's, Children's, and Infants' Clothing and Accessories | 0.95 |
| 5139 | Footwear | 0.95 |
| 5141 | Groceries, General Line | 0.95 |
| 5142 | Packaged Frozen Foods | 0.95 |
| 5143 | Dairy Products, Except Dried or Canned | 0.95 |
| 5144 | Poultry and Poultry Products | 0.95 |
| 5145 | Confectionery | 0.95 |
| 5146 | Fish and Seafoods | 0.95 |
| 5147 | Meats and Meat Products | 1.00 |
| 5148 | Fresh Fruits and Vegetables | 0.95 |
| 5149 | Groceries and Related Products, NEC | 0.95 |
| 5153 | Grain and Field Beans | 0.95 |
| 5154 | Livestock | 0.95 |
| 5159 | Farm-Product Raw Materials, NEC | 0.95 |
| 5162 | Plastics Materials and Basic Forms and Shapes | 0.95 |
| 5169 | Chemicals and Allied Products, NEC | 0.95 |
| 5171 | Petroleum Bulk Stations and Terminals | 1.00 |
| 5172 | Petroleum and Petroleum Products Wholesalers, Except Bulk Stations and Terminals | 0.95 |
| 5181 | Beer and Ale | 1.05 |
| 5182 | Wine and Distilled Alcoholic Beverages | 1.05 |
| 5191 | Farm Supplies | 0.95 |
| 5192 | Books, Periodicals, and Newspapers | 0.95 |
| 5193 | Flowers, Nursery Stock, and Florists' Supplies | 0.95 |
| 5194 | Tobacco and Tobacco Products | 0.95 |
| 5198 | Paint, Varnishes, and Supplies | 0.95 |
| 5199 | Nondurable Goods, NEC | 1.00 |
| 5211 | Lumber and Other Building Materials Dealers | 0.95 |
| 5231 | Paint, Glass, and Wallpaper Stores | 0.95 |
| 5251 | Hardware Stores | 0.95 |
| 5261 | Retail Nurseries, Lawn and Garden Supply Stores | 0.95 |
| 5271 | Mobile Home Dealers | 1.10 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 5311 | Department Stores | 0.90 |
| 5331 | Variety Stores | 0.90 |
| 5399 | Miscellaneous General Merchandise Stores | 0.90 |
| 5411 | Grocery Stores | 1.00 |
| 5421 | Meat and Fish (Seafood) Markets, Including Freezer Provisioners | 0.95 |
| 5431 | Fruit and Vegetable Markets | 0.95 |
| 5441 | Candy, Nut, and Confectionery Stores | 0.95 |
| 5451 | Dairy Products Stores | 0.95 |
| 5461 | Retail Bakeries | 1.05 |
| 5499 | Miscellaneous Food Stores | 0.95 |
| 5511 | Motor Vehicle Dealers (New and Used) | 1.10 |
| 5521 | Motor Vehicle Dealers (Used Only) | 1.10 |
| 5531 | Auto and Home Supply Stores | 1.05 |
| 5541 | Gasoline Service Stations | 1.10 |
| 5551 | Boat Dealers | 1.10 |
| 5561 | Recreational Vehicle Dealers | 1.10 |
| 5571 | Motorcycle Dealers | 1.10 |
| 5599 | Automotive Dealers, NEC | 1.10 |
| 5611 | Men's and Boys' Clothing and Accessory Stores | 0.95 |
| 5621 | Women's Clothing Stores | 0.95 |
| 5632 | Women's Accessory and Specialty Stores | 0.95 |
| 5641 | Children's and Infants' Wear Stores | 0.95 |
| 5651 | Family Clothing Stores | 0.95 |
| 5661 | Shoe Stores | 0.95 |
| 5699 | Miscellaneous Apparel and Accessory Stores | 0.95 |
| 5712 | Furniture Stores | 0.95 |
| 5713 | Floor Covering Stores | 0.95 |
| 5714 | Drapery, Curtain, and Upholstery Stores | 0.95 |
| 5719 | Miscellaneous Homefurnishings Stores | 0.95 |
| 5722 | Household Appliance Stores | 0.95 |
| 5731 | Radio, Television, and Consumer Electronics Stores | 1.05 |
| 5734 | Computer and Computer Software Stores | 0.95 |
| 5735 | Record and Prerecorded Tape Stores | 0.95 |
| 5736 | Musical Instrument Stores | 0.95 |
| 5812 | Eating and Drinking Places | 1.15 |
| 5813 | Drinking Places (Alcoholic Beverages) | 1.15 |
| 5912 | Drug Stores and Proprietary Stores | 0.95 |
| 5921 | Liquor Stores | 1.15 |
| 5932 | Used Merchandise Stores | 0.90 |
| 5941 | Sporting Goods Stores and Bicycle Shops | 0.95 |
| 5942 | Book Stores | 0.95 |
| 5943 | Stationery Stores | 0.95 |
| 5944 | Jewelry Stores | 0.95 |
| 5945 | Hobby, Toy, and Game Shops | 0.95 |
| 5946 | Camera and Photographic Supply Stores | 0.95 |
| 5947 | Gift, Novelty, and Souvenir Shops | 0.95 |
| 5948 | Luggage and Leather Goods Stores | 0.95 |
| 5949 | Sewing, Needlework, and Piece Goods Stores | 0.95 |
| 5961 | Catalog and Mail-Order Houses | 0.95 |
| 5962 | Automatic Merchandising Machine Operator | 0.95 |
| 5963 | Direct Selling Establishments | 1.05 |
| 5983 | Fuel Oil Dealers | 1.05 |
| 5984 | Liquefied Petroleum Gas (Bottled Gas) Dealers | 1.05 |
| 5989 | Fuel Dealers, NEC | 1.05 |
| 5992 | Florists | 0.95 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 5993 | Tobacco Stores and Stands | 0.95 |
| 5994 | News Dealers and Newsstands | 0.95 |
| 5995 | Optical Goods Stores | 0.95 |
| 5999 | Miscellaneous Retail Stores, NEC | 0.95 |
| 6011 | Federal Reserve Banks | 0.90 |
| 6019 | Central Reserve Depository Institutions, NEC | 0.90 |
| 6021 | National Commercial Banks | 0.90 |
| 6022 | State Commercial Banks | 0.90 |
| 6029 | Commercial Banks, NEC | 0.90 |
| 6035 | Savings Institutions, Federally Chartered | 0.90 |
| 6036 | Savings institutions, Not Federally Chartered | 0.90 |
| 6061 | Credit Unions, Federally Chartered | 0.90 |
| 6062 | Credit Unions, Not Federally Chartered | 0.90 |
| 6081 | Branches and Agencies of Foreign Banks | 0.90 |
| 6082 | Foreign Trade and International Banking Institutions | 0.90 |
| 6091 | Nondeposit Trust Facilities | 0.95 |
| 6099 | Functions Related to Deposit Banking, NEC | 0.90 |
| 6111 | Federal and Federally-Sponsored Credit Agencies | 0.90 |
| 6141 | Personal Credit Institutions | 0.90 |
| 6153 | Short-Term Business Credit Institutions, Except Agricultural | 0.90 |
| 6159 | Miscellaneous Business Credit Institutions | 0.90 |
| 6162 | Mortgage Bankers and Loan Correspondents | 0.90 |
| 6163 | Loan Brokers | 0.90 |
| 6211 | Security Brokers, Dealers, and Flotation Companies | 0.95 |
| 6221 | Commodity Contracts Brokers and Dealers | 0.95 |
| 6231 | Security and Commodity Exchanges | 0.95 |
| 6282 | Investment Advice | 0.95 |
| 6289 | Services Allied With the Exchange of Securities or Commodities, NEC | 0.95 |
| 6311 | Life Insurance | 0.90 |
| 6321 | Accident and Health Insurance | 0.90 |
| 6324 | Hospital and Medical Service Plans | 0.90 |
| 6331 | Fire, Marine, and Casualty Insurance | 0.90 |
| 6351 | Surety Insurance | 0.90 |
| 6361 | Title Insurance | 0.90 |
| 6371 | Pension, Health, and Welfare Funds | 0.95 |
| 6399 | Insurance Carriers, NEC | 0.90 |
| 6411 | Insurance Agents, Brokers, and Service | 1.00 |
| 6512 | Operators of Nonresidential Buildings | 1.15 |
| 6513 | Operators of Apartment Buildings | 1.10 |
| 6514 | Operators of Dwellings Other Than Apartment Buildings | 1.10 |
| 6515 | Operators of Residential Mobile Home Sites | 1.10 |
| 6517 | Lessors of Railroad Property | 1.10 |
| 6519 | Lessors of Real Property, NEC | 1.10 |
| 6531 | Real Estate Agents and Managers | 1.10 |
| 6541 | Title Abstract Offices | 1.00 |
| 6552 | Land Subdividers and Developers, Except Cemeteries | 1.00 |
| 6553 | Cemetery Subdividers and Developers | 0.95 |
| 6712 | Offices of Bank Holding Companies | 0.90 |
| 6719 | Offices of Holding Companies, NEC | 0.90 |
| 6722 | Management Investment Offices, Open-End | 0.90 |
| 6726 | Unit Investment Trusts, Face-Amount Certificate Offices, and Closed-End Management Investment Offices | 0.90 |
| 6732 | Education, Religious, and Charitable Trusts | 0.90 |
| 6733 | Trusts, Except Educational, Religious, and Charitable | 0.95 |
| 6792 | Oil Royalty Traders | 0.95 |
| 6794 | Patent Owners and Lessors | 0.90 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 6798 | Real Estate Investment Trusts | 0.90 |
| 6799 | Investors, NEC | 0.95 |
| 7011 | Hotels and Motels | 1.15 |
| 7021 | Rooming and Boarding Houses | 1.15 |
| 7032 | Sporting and Recreational Camps | 1.15 |
| 7033 | Recreational Vehicle Parks and Campsites | 1.15 |
| 7041 | Organization Hotels and Lodging Houses, on Membership Basis | 1.15 |
| 7211 | Power Laundries, Family and Commercial | 1.15 |
| 7212 | Garment Pressing, and Agents for Laundries and Drycleaners | 1.15 |
| 7213 | Linen Supply | 1.15 |
| 7215 | Coin-Operated Laundries and Drycleaning | 1.15 |
| 7216 | Drycleaning Plants, Except Rug Cleaning | 1.15 |
| 7217 | Carpet and Upholstery Cleaning | 1.10 |
| 7218 | Industrial Launderers | 1.15 |
| 7219 | Laundry and Garment Services, NEC | 1.15 |
| 7221 | Photographic Studios, Portrait | 0.95 |
| 7231 | Beauty Shops | 1.10 |
| 7241 | Barber Shops | 1.05 |
| 7251 | Shoe Repair Shops and Shoeshine Parlors | 1.00 |
| 7261 | Funeral Services and Crematories | 0.95 |
| 7291 | Tax Return Preparation Services | 0.90 |
| 7299 | Miscellaneous Personal Services, NEC | 1.05 |
| 7311 | Advertising Agencies | 1.05 |
| 7312 | Outdoor Advertising Services | 1.05 |
| 7313 | Radio, Television, and Publishers' Advertising Representatives | 1.05 |
| 7319 | Advertising, NEC | 1.05 |
| 7322 | Adjustment and Collection Services | 0.95 |
| 7323 | Credit Reporting Services | 0.95 |
| 7331 | Direct Mail Advertising Services | 1.00 |
| 7334 | Photocopying and Duplicating Services | 0.95 |
| 7335 | Commercial Photography | 0.95 |
| 7336 | Commercial Art and Graphic Design | 0.95 |
| 7338 | Secretarial and Court Reporting Services | 0.95 |
| 7342 | Disinfecting and Pest Control Services | 1.15 |
| 7349 | Building Cleaning and Maintenance Services, NEC | 1.10 |
| 7352 | Medical Equipment Rental and Leasing | 0.95 |
| 7353 | Heavy Construction Equipment Rental and Leasing | 1.00 |
| 7359 | Equipment Rental and Leasing, NEC | 0.95 |
| 7361 | Employment Agencies | 0.95 |
| 7363 | Help Supply Services | 0.95 |
| 7371 | Computer Programming Services | 0.90 |
| 7372 | Prepackaged Software | 0.90 |
| 7373 | Computer Integrated Systems Design | 0.90 |
| 7374 | Computer Processing and Data Preparation and Processing Services | 0.95 |
| 7375 | Information Retrieval Services | 0.95 |
| 7376 | Computer Facilities Management Services | 0.90 |
| 7377 | Computer Rental and Leasing | 0.95 |
| 7378 | Computer Maintenance and Repair | 1.00 |
| 7379 | Computer Related Services, NEC | 0.90 |
| 7381 | Detective, Guard, and Armored Car Services | 1.00 |
| 7382 | Security Systems Services | 1.00 |
| 7383 | News Syndicates | 1.05 |
| 7384 | Photofinishing Laboratories | 0.95 |
| 7389 | Business Services, NEC | 0.95 |
| 7513 | Truck Rental and Leasing, Without Drivers | 1.10 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 7514 | Passenger Car Rental | 1.10 |
| 7515 | Passenger Car Leasing | 1.10 |
| 7519 | Utility Trailer and Recreational Vehicle Rental | 1.10 |
| 7521 | Automobile Parking | 1.10 |
| 7532 | Top, Body, and Upholstery Repair Shops and Paint Shops | 1.10 |
| 7533 | Automotive Exhaust System Repair Shops | 1.10 |
| 7534 | Tire Retreading and Repair Shops | 1.05 |
| 7536 | Automotive Glass Replacement Shops | 1.10 |
| 7537 | Automotive Transmission Repair Shops | 1.10 |
| 7538 | General Automotive Repair Shops | 1.10 |
| 7539 | Automotive Repair Shops, NEC | 1.10 |
| 7542 | Carwashes | 1.10 |
| 7549 | Automotive Services, Except Repair and Carwashes | 1.10 |
| 7622 | Radio and Television Repair Shops | 1.00 |
| 7623 | Refrigeration and Air-Conditioning Services and Repair Shops | 1.00 |
| 7629 | Electrical and Electronic Repair Shops, NEC | 1.00 |
| 7631 | Watch, Clock, and Jewelry Repair | 1.00 |
| 7641 | Reupholstery and Furniture Repair | 1.00 |
| 7692 | Welding Repair | 1.00 |
| 7694 | Armature Rewinding Shops | 0.95 |
| 7699 | Repair Shops and Related Services, NEC | 1.00 |
| 7812 | Motion Picture and Video Tape Production | 0.95 |
| 7819 | Services Allied to Motion Picture Production | 0.95 |
| 7822 | Motion Picture and Video Tape Distribution | 0.95 |
| 7829 | Services Allied to Motion Picture Distribution | 0.95 |
| 7832 | Motion Picture Theaters, Except Drive-In | 0.95 |
| 7833 | Drive-In Motion Picture Theaters | 0.95 |
| 7841 | Video Tape Rental | 0.95 |
| 7911 | Dance Studios, Schools, and Halls | 1.05 |
| 7922 | Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services | 1.10 |
| 7929 | Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups | 1.15 |
| 7933 | Bowling Centers | 1.15 |
| 7941 | Professional Sports Clubs and Promoters | 1.15 |
| 7948 | Racing, Including Track Operations | 1.15 |
| 7991 | Physical Fitness Facilities | 1.15 |
| 7992 | Public Golf Courses | 1.15 |
| 7993 | Coin-Operated Amusement Devices | 1.15 |
| 7996 | Amusement Parks | 1.15 |
| 7997 | Membership Sports and Recreation Clubs | 1.15 |
| 7999 | Amusement and Recreation Services, NEC | 1.10 |
| 8011 | Offices and Clinics of Doctors of Medicine | 1.15 |
| 8021 | Offices and Clinics of Dentists | 1.15 |
| 8031 | Offices and Clinics of Doctors of Osteopathy | 1.15 |
| 8041 | Offices and Clinics of Chiropractors | 1.15 |
| 8042 | Offices and Clinics of Optometrists | 1.15 |
| 8043 | Offices and Clinics of Podiatrists | 1.15 |
| 8049 | Offices and Clinics of Health Practitioners, NEC | 1.15 |
| 8051 | Skilled Nursing Care Facilities | 1.15 |
| 8052 | Intermediate Care Facilities | 1.15 |
| 8059 | Nursing and Personal Care Facilities, NEC | 1.15 |
| 8062 | General Medical and Surgical Hospitals | 1.15 |
| 8063 | Psychiatric Hospitals | 1.15 |
| 8069 | Specialty Hospitals, Except Psychiatric | 1.15 |
| 8071 | Medical Laboratories | 1.05 |
| 8072 | Dental Laboratories | 1.00 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 8082 | Home Health Care Services | 1.15 |
| 8092 | Kidney Dialysis Centers | 1.15 |
| 8093 | Specialty Outpatient Facilities, NEC | 1.15 |
| 8099 | Health and Allied Services, NEC | 1.05 |
| 8111 | Legal Services | 0.95 |
| 8211 | Elementary and Secondary Schools | 1.05 |
| 8221 | Colleges, Universities, and Professional Schools | 1.05 |
| 8222 | Junior Colleges and Technical Institutes | 1.05 |
| 8231 | Libraries | 0.90 |
| 8243 | Data Processing Schools | 0.95 |
| 8244 | Business and Secretarial Schools | 0.95 |
| 8249 | Vocational Schools, NEC | 0.95 |
| 8299 | Schools and Educational Services, NEC | 0.95 |
| 8322 | Individual and Family Social Services | 1.00 |
| 8331 | Job Training and Vocational Rehabilitation Services | 1.00 |
| 8351 | Child Day Care Services | 1.00 |
| 8361 | Residential Care | 1.15 |
| 8399 | Social Services, NEC | 1.00 |
| 8412 | Museums and Art Galleries | 1.05 |
| 8422 | Arboreta and Botanical or Zoological Gardens | 1.05 |
| 8611 | Business Associations | 1.15 |
| 8621 | Professional Membership Organizations | 1.15 |
| 8631 | Labor Unions and Similar Labor Organizations | 1.15 |
| 8641 | Civic, Social, and Fraternal Associations | 1.15 |
| 8651 | Political Organizations | 1.15 |
| 8661 | Religious Organizations | 1.15 |
| 8699 | Membership Organizations, NEC | 1.10 |
| 8711 | Engineering Services | 0.90 |
| 8712 | Architectural Services | 0.90 |
| 8713 | Surveying Services | 0.90 |
| 8721 | Accounting, Auditing, and Bookkeeping Services | 0.90 |
| 8731 | Commercial Physical and Biological Research | 0.95 |
| 8732 | Commercial Economic, Sociological, and Educational Research | 0.95 |
| 8733 | Noncommercial Research Organizations | 0.95 |
| 8734 | Testing Laboratories | 0.90 |
| 8741 | Management Services | 0.95 |
| 8742 | Management Consulting Services | 0.90 |
| 8743 | Public Relations Services | 1.05 |
| 8744 | Facilities Support Management Services | 0.95 |
| 8748 | Business Consulting Services, NEC | 0.90 |
| 8811 | Private Households | 1.15 |
| 8999 | Services, NEC | 0.95 |
| 9111 | Executive Offices | 1.15 |
| 9121 | Legislative Bodies | 1.15 |
| 9131 | Executive and Legislative Offices, Combined | 1.15 |
| 9199 | General Government, NEC | 1.15 |
| 9211 | Courts | 1.15 |
| 9221 | Police Protection | 1.15 |
| 9222 | Legal Counsel and Prosecution | 1.15 |
| 9223 | Correctional Institutions | 1.15 |
| 9224 | Fire Protection | 1.15 |
| 9229 | Public Order and Safety, NEC | 1.15 |
| 9311 | Public Finance, Taxation, and Monetary Policy | 1.15 |
| 9411 | Administration of Educational Programs | 1.15 |
| 9431 | Administration of Public Health Programs | 1.15 |

**Appendix A**

| SIC Codes and Industry Factors | | |
|---|---|---|
| **SIC** | **SIC Description** | **SIC Fx** |
| 9441 | Administration of Social, Human Resource and Income Maintenance Programs | 1.15 |
| 9451 | Administration of Veterans' Affairs, Except Health Insurance | 1.15 |
| 9511 | Air and Water Resource and Solid Waste Management | 1.15 |
| 9512 | Land, Mineral, Wildlife, and Forest Conservation | 1.15 |
| 9531 | Administration of Housing Programs | 1.15 |
| 9532 | Administration of Urban Planning and Community and Rural Development | 1.15 |
| 9611 | Administration of General Economic Programs | 1.15 |
| 9621 | Regulation and Administration of Transportation Programs | 1.10 |
| 9631 | Regulation and Administration of Communications, Electric, Gas, and Other Utilities | 1.15 |
| 9641 | Regulation of Agricultural Marketing and Commodities | 1.15 |
| 9651 | Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors | 1.15 |
| 9661 | Space Research and Technology | 1.15 |
| 9711 | National Security | 1.15 |
| 9721 | International Affairs | 1.15 |

**Appendix B**

| Demographic Adjustment Factors | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | | | | | | | | |
| TIER | 2T | 3T | 4T | 3T | 4T | 4T | 2T | 3T | 4T |
| Age | S | S | S | D | D | PC | F | F | F |
| 0 - 24 | 0.3395 | 0.3395 | 0.3395 | 1.2591 | 1.3470 | 1.1866 | 1.7344 | 2.5299 | 2.6538 |
| 25 - 29 | 0.4068 | 0.4068 | 0.4068 | 1.3562 | 1.4945 | 1.2398 | 2.0644 | 2.6348 | 2.7746 |
| 30 - 34 | 0.4978 | 0.4978 | 0.4978 | 1.4225 | 1.6405 | 1.3087 | 2.3544 | 2.6995 | 2.8419 |
| 35 - 39 | 0.6108 | 0.6108 | 0.6108 | 1.4834 | 1.7633 | 1.4269 | 2.4629 | 2.6882 | 2.8284 |
| 40 - 44 | 0.7567 | 0.7567 | 0.7567 | 1.6802 | 1.9887 | 1.5347 | 2.5672 | 2.7667 | 2.8966 |
| 45 - 49 | 0.9659 | 0.9659 | 0.9659 | 2.0775 | 2.3412 | 1.7290 | 2.8084 | 3.0605 | 3.1845 |
| 50 - 54 | 1.3238 | 1.3238 | 1.3238 | 2.7038 | 2.8719 | 2.0546 | 3.1881 | 3.5356 | 3.6443 |
| 55 - 59 | 1.6963 | 1.6963 | 1.6963 | 3.3593 | 3.4471 | 2.3802 | 3.5925 | 4.0303 | 4.1194 |
| 60 - 64 | 2.2284 | 2.2284 | 2.2284 | 4.1862 | 4.2312 | 2.9050 | 4.2571 | 4.6220 | 4.6850 |
| 65 - 199 | 3.0976 | 3.0976 | 3.0976 | 5.4747 | 5.4928 | 3.8257 | 5.4856 | 5.6214 | 5.8211 |

| | Female | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TIER | 2T | 3T | 4T | 3T | 4T | 4T | 2T | 3T | 4T |
| Age | S | S | S | D | D | PC | F | F | F |
| 0 - 24 | 0.6814 | 0.6814 | 0.6814 | 1.4047 | 1.0665 | 1.7429 | 1.6468 | 2.2494 | 2.2447 |
| 25 - 29 | 0.9275 | 0.9275 | 0.9275 | 1.5599 | 1.3805 | 1.8797 | 1.9704 | 2.4575 | 2.5646 |
| 30 - 34 | 1.0772 | 1.0772 | 1.0772 | 1.6990 | 1.6348 | 1.9834 | 2.2917 | 2.6103 | 2.7539 |
| 35 - 39 | 1.0984 | 1.0984 | 1.0984 | 1.7268 | 1.8380 | 1.9518 | 2.3761 | 2.6164 | 2.7916 |
| 40 - 44 | 1.1528 | 1.1528 | 1.1528 | 1.8389 | 2.1320 | 1.9242 | 2.4839 | 2.7437 | 2.9431 |
| 45 - 49 | 1.3235 | 1.3235 | 1.3235 | 2.2498 | 2.6149 | 2.0506 | 2.7930 | 3.1288 | 3.3473 |
| 50 - 54 | 1.5560 | 1.5560 | 1.5560 | 2.8582 | 3.1632 | 2.2432 | 3.1900 | 3.6044 | 3.8262 |
| 55 - 59 | 1.8065 | 1.8065 | 1.8065 | 3.5479 | 3.7601 | 2.4398 | 3.6957 | 4.1750 | 4.3776 |
| 60 - 64 | 2.1569 | 2.1569 | 2.1569 | 4.3871 | 4.5268 | 2.7642 | 4.4182 | 4.7749 | 5.0278 |
| 65 - 199 | 2.6198 | 2.6198 | 2.6198 | 5.4825 | 5.5676 | 3.3491 | 5.4819 | 5.4797 | 6.4472 |

| Average Contract Size | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | | | | | | | | |
| TIER | 2T | 3T | 4T | 3T | 4T | 4T | 2T | 3T | 4T |
| Age | S | S | S | D | D | PC | F | F | F |
| 0 - 24 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.143 | 2.521 | 3.389 | 3.438 |
| 25 - 29 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.415 | 2.944 | 3.704 | 3.758 |
| 30 - 34 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.656 | 3.456 | 3.996 | 4.071 |
| 35 - 39 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.851 | 3.779 | 4.183 | 4.280 |
| 40 - 44 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.840 | 3.793 | 4.200 | 4.297 |
| 45 - 49 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.743 | 3.544 | 4.072 | 4.151 |
| 50 - 54 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.580 | 3.060 | 3.825 | 3.873 |
| 55 - 59 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.417 | 2.548 | 3.583 | 3.607 |
| 60 - 64 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.375 | 2.233 | 3.462 | 3.460 |
| 65 - 199 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.500 | 2.114 | 3.444 | 3.500 |

| | Female | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TIER | 2T | 3T | 4T | 3T | 4T | 4T | 2T | 3T | 4T |
| Age | S | S | S | D | D | PC | F | F | F |
| 0 - 24 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.227 | 2.405 | 3.417 | 3.500 |
| 25 - 29 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.415 | 2.726 | 3.583 | 3.706 |
| 30 - 34 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.674 | 3.178 | 3.819 | 3.972 |
| 35 - 39 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.816 | 3.425 | 3.948 | 4.147 |
| 40 - 44 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.750 | 3.355 | 3.907 | 4.084 |
| 45 - 49 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.602 | 3.091 | 3.773 | 3.904 |
| 50 - 54 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.433 | 2.698 | 3.565 | 3.638 |
| 55 - 59 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.259 | 2.316 | 3.341 | 3.368 |
| 60 - 64 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.143 | 2.093 | 3.143 | 3.167 |
| 65 - 199 | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.500 | 2.129 | 3.333 | 3.500 |

The demographic factor input into Exhibit A of the Experience Rating Formula is determined by dividing the average subscriber demographic factor by the weighted average number of members per contract (using the demographic factors and average contract size from the tables above).

**Appendix C**

| HRA/HSA Deductible Funding Adjustment Factors | | | | |
|---|---|---|---|---|
| Single Deductible | 51%-75% Funding | | 76%-100% Funding | |
| | HRA | HSA | HRA | HSA |
| $1,000 | 1.20% | 0.60% | 2.40% | 1.20% |
| $1,250 | 1.30% | 0.70% | 2.60% | 1.40% |
| $1,500 | 1.30% | 0.80% | 2.70% | 1.60% |
| $1,750 | 1.40% | 0.90% | 2.80% | 1.80% |
| $2,000 | 1.50% | 1.00% | 2.90% | 2.00% |
| $2,250 | 1.90% | 1.10% | 3.70% | 2.20% |
| $2,500 | 2.30% | 1.20% | 4.50% | 2.40% |
| $2,750 | 2.70% | 1.30% | 5.30% | 2.70% |
| $3,000 | 3.10% | 1.50% | 6.10% | 2.90% |
| $3,250 | 3.10% | 1.40% | 6.10% | 2.80% |
| $3,500 | 3.10% | 1.30% | 6.10% | 2.70% |
| $3,750 | 3.10% | 1.30% | 6.10% | 2.60% |
| $4,000 | 3.10% | 1.20% | 6.10% | 2.40% |
| $4,250 | 2.90% | 1.20% | 5.90% | 2.30% |
| $4,500 | 2.80% | 1.10% | 5.70% | 2.20% |
| $4,750 | 2.70% | 1.00% | 5.40% | 2.10% |
| $5,000 | 2.60% | 1.00% | 5.20% | 2.00% |

# ACTUARIAL MEMORANDUM

## 1st Quarter and 2nd Quarter 2015 Large Group AR42 Filing

**Purpose**

The purpose of this filing is to demonstrate the development of and seek approval of the manual pure premium rates for MVP Health Insurance Company's Large Group EPO/PPO and High Deductible EPO/PPO experience rated product portfolio. Manual pure premium rates are included for both 1st Quarter and 2nd Quarter 2015 effective dates. The rates are effective for 12 months. The Experience Rating Addendum is also included as part of this rate filing and changes effective for 1/1/2015 are noted below. Collectively the manual rates, the Addendum, and the filed and approved experience rating formula are used to derive group specific premium rates. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

**Summary of Requested Rate Changes**

The requested quarterly manual rate changes from the 4th Quarter approved manual rates vary by product and on average reflect the following change:

EPO/PPO Medical: 8.0%
Rx riders: -3.2%
HDHP: -7.0%

The average requested quarterly rate changes result in average annual rate changes for 1st Quarter group renewals as follows:

**Q1 Renewal Impact**

| | Medical Only | Rx Only | Medical + Rx |
|---|---|---|---|
| HD | -6.8% | N/A | -6.8% |
| Non-HD | 7.5% | -3.4% | 6.3% |
| | | Total | -2.5% |

The requested quarterly manual rate changes from the proposed 1st Quarter manual rates are:

EPO/PPO Medical: 1.5%
Rx riders: 1.5%
HDHP: 1.5%

The requested quarterly rate changes result in average annual rate changes for 2nd Quarter group renewals as follows:

**Q2 Renewal Impact**

| | Medical Only | Rx Only | Medical + Rx |
|---|---|---|---|
| HD | -6.7% | N/A | -6.7% |
| Non-HD | 7.7% | -2.7% | 6.5% |
| | | Total | -2.4% |

**Large Group HIC Enrollment distribution by Renewal Quarter (as of June 2014)**

1st Q: 70%
2nd Q: 11%
3rd Q: 5%
4th Q: 14%

**Rate Slope Adjustment to Benefit Relativities**

The manual rate changes vary due to a realignment of premium relativities by product to reflect more current expectations of benefit cost differences between benefit plans and between medical benefits versus pharmacy benefits. MVP recently revamped its benefit pricing tool with updated claim utilization data, claim distribution tables and factor tables. All benefit plans are valued based on a single risk pool of data with utilization adjustments only based on plan richness.

The basic steps of MVP's benefit relativity model are as follows:

1. Derive the plan pay and the member pay for a plan ignoring plan deductibles and OOPs.
2. Compute the cost of claims under the deductible and over the OOP using member based claim distribution tables and the member based single deductible/OOP for the plan
3. Adjust for impact of family caps on the single benefit or aggregate nature of family benefit. The effect of this adjustment is to reduce the deductible credits that are computed. The adjustment is based on a pricing study done to compare plan costs for member based benefits vs. member based benefits with a family cap vs. aggregate family benefits.
4. Adjust for impact of secondary Rx OOP max on qualified HDHPs.
5. Add back member cost share amounts assumed step #1 for the portions of the cost that are under the deductible and over the OOP.
6. The result of steps #1-5 is a final plan net paid amount.

Please see the table below for the range of annual manual rate changes proposed for 1Q 2015 base plans:

**Q1 Range of Annual Manual Rate Changes**

| | Min | Max | Average |
|---|---|---|---|
| HD | -9.5% | -3.8% | -6.8% |
| Non-HD | 2.3% | 17.6%* | 7.5% |

*Note: 1.4% of increase is due to mandated Federal OOP max regulation

Exhibit 3a demonstrates that the re-sloped manual rates are revenue neutral to the 4Q 2014 manual rates weighted on the experience period membership, calendar year 2013.

**Development of Manual Pure Premium Rate Changes**

Large group EPO/PPO and HDHP incurred claim data for the period 1/1/2013 – 12/31/2013 completed through 5/31/2014 was the basis for this rate development.

Exhibit 3b demonstrates the development of the proposed 3rd quarter rate action. Historical fee for service claims are adjusted to remove claims in excess of $100,000 which are replaced with a pooling charge. The pooling charge being used can be found in the Experience Rating Addendum included with this rate filing. The adjusted claims are then projected to the rating period, and the impact of new benefit mandates, New York's paid claim surcharge expense (HCRA), and non-fee for service medical expenses not reflected in the experience period data are added to the claim projection. Experience period Rx claims are then projected to the rating period. Gross Rx claims are adjusted for the impact of mandates not yet reflected in the experience period data and rebates are removed from the projected claim

cost. The projected net claims are then normalized for the block's age/gender factor and industry factor over the experience period.

Note, the Vermont paid claim surcharge is not included in the manual rate for large groups because it is included in the Retention Section of the Experience Rating Addendum and added to the final blended group rate (as a percentage of the blended pure premium) along with the other Retention items. New York HCRA expense for the experience portion of a group's rate development is based on the group's actual facility claims subject to the tax.

The projected rating period required manual pure premium is compared to the re-sloped 4Q 2014 manual pure premium from Exhibit 3a to indicate the suggested quarterly manual rate change. This analysis is done separately for the HDHP experience block and the EPO/PPO experience block and blended together to determine the proposed book of business quarterly manual rate change. Because the current distribution of membership between HDHP and EPO/PPO products is different than the distribution over the experience period membership, MVP is using a current snapshot of large group members to derive a blended rate increase.

The expected non fee for service medical expenses added to the projection reflect costs associated with net reinsurance expense, Wellstyle Rewards program administrative expense, PCP incentive payments and Medical Home, Healthways capitation expense, and other miscellaneous MVP claim expenses not included in the historical experience period data such as manual checks, FFS write offs and Massachusetts surcharges.

Benefit mandates impacting the projection include the mental health/substance abuse PCP copay mandate and the Rx OOP maximum mandate (Bill H559). The impacts of each are outlined below:

*Copay Adjustment for Mental Health/Substance Abuse*
New legislation has been passed by the State of VT requiring carriers to charge a plan's PCP copay for mental health and substance abuse (MH/SA) claims taking place in the outpatient or office setting. MVP re-priced its experience period MH/SA claims to reflect this modification which resulted in $0.08 PMPM being added to the starting claim cost for non-HDHPs in 2015. MVP's experience period HDHP claims were not impacted by this mandate.

*Bill H559 Impact*
Bill H559 was effective beginning with October 2012 renewals. Included in this regulation is a new out of pocket maximum for prescription drug expenses. This mandate is applicable to drug rider coverage, as well as drug coverage that is part of an integrated benefit plan.

MVP has learned that claim adjustments attributable to Bill H559 were not being processed within MVP's claim system during the experience period driving this rate filing. Therefore, an adjustment to the experience period claims was needed. To quantify the impact of this mandate, MVP analyzed member level drug claims over the experience period. MVP captured amounts paid by members in excess of the Rx OOP maximum. The sum of these amounts was trended to the projection period to quantify the impact of this mandate on drug claims in 2015.

## Trend Factors

The development of annual medical paid claim trend factors is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its medical data. Regression analysis has been performed on MVP's utilization data in the past, and it was concluded that the predictive ability of the historical utilization trends was weak and not reliable. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network. The 2014 unit cost trend factors are consistent with the unit cost trend factors used in MVP's recently submitted 2015 Exchange filing.

In addition to the medical cost inflation rate assumed from the historical experience period to the rating period, an adjustment is needed to reflect the impact of cost share leveraging on the carrier's share of the medical cost. Leveraging is a result of the fixed nature of deductibles and copays in health benefit plans. When there are fixed member deductibles and copays, the carrier bears a greater portion of the cost of medical inflation. Therefore, an additional factor adjustment is made to the trend assumption to capture this cost.

The trend applied to the deductible portion of the experience period was derived using the distribution of claims for MVP's VT book of business. Claims below the average deductible amount over the experience period were trended at the applicable allowed trend rate while claims greater than the deductible were held flat. The average HDHP deductible over the experience period is $3,426 and the average non-HDHP deductible over the experience period is $2,686.

Annual Rx trend factors split by generic, brand and specialty drugs are also illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy vendor and reflect their best estimate of MVP's expected changes to pharmacy costs and drug utilization. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends can be found in Exhibits 2b and 2c.

The 2015 specialty unit cost trend has increased since MVP submitted its 2015 Exchange filing. MVP had conversations with its pharmacy vendor regarding the assumed impact of Sovaldi on its specialty trend. The pharmacy vendor's trend did not adequately capture the impact of Sovaldi based on an analysis performed on MVP's commercial book of business over the first four months of 2014 and an adjustment was made to account for this change. MVP increased its specialty trend by 4.1% to account for the shortfall of the vendor's trend.

**Experience Rating Addendum and Experience Rating Formula**

Included with the Manual Rate filing is the Experience Addendum and Experience Rating Formula which includes all of the applicable rating factors and the formula used to generate group specific premium rates. The following items have been updated in the Addendum to be effective 1/1/2015:

- Trend – 2014 and 2015 medical and Rx trend rates were restated to align with the most recent trend projections used in the manual rate development.

- Covered Lives Assessment – The 2015 covered lives assessment represents a 5% increase over the 2014 assessment. When New York State finalizes the 2015 covered lives assessment, MVP will update the addendum accordingly.

- Retention Expenses – The Federal Reinsurance Fee for 2016 is an estimate and equals $2.00 PMPM. When HHS issues guidance on the fee for 2016, MVP will update the addendum accordingly.

- Retrospective Rating – MVP has modified the surplus refund amount for group sizes of 251+ from 100% to 80% and modified the risk charge to 1.0% for all group sizes.

**Retention Expenses**

Retention expenses are illustrated in the Addendum. See above for changes to this section.

**2Q 2015 Rate Tables**

The trend factor used to derive the 2Q 2015 manual rate table reflects 3 months of the annualized 2015 paid claim trend. Essentially this is the same result as projecting the experience period data an extra 3 months to the midpoint of the 2Q rating period.

**Supplemental Exhibits**

Also included with this filing is a historical claim and membership summary for the past 36 months grouped into rolling 12 month periods. The data is shown by product type (HDHP vs non-HDHP) and also aggregated for the entire Large Group AR42 block. Incurred claims from January 2011 – December 2013 completed through May 31, 2014 are reflected in the data.

**Mandated Benefit Changes – Coplan Level Modifications**

The out-of-pocket maximum for the following coplans have been modified to comply with federal regulations:

| Coplan | 2015 OOP Max | 2014 OOP Max |
|---|---|---|
| VE085L | $5,300 | $6,350 |
| VE087L | $5,300 | $6,350 |
| VE088L | $5,300 | $6,350 |
| VE089L | $5,300 | $6,350 |
| VE091L | $5,300 | $6,350 |
| VE096L | $5,300 | $6,350 |
| VE101L | $5,300 | $6,000 |
| VE107L | $5,300 | $6,000 |
| VE108L | $5,300 | $6,350 |
| VE110L | $5,300 | $6,350 |
| VE111L | $5,300 | $6,350 |
| VE114L | $5,300 | $6,350 |
| VE115L | $5,300 | $6,350 |
| VP062L | $5,300 | $6,350 |
| VP066L | $5,300 | $6,350 |
| VP067L | $5,300 | $6,350 |
| VP072L | $5,300 | $6,350 |
| VP073L | $5,300 | $6,350 |
| VT08LA | $5,300 | $6,350 |
| VT08LB | $5,300 | $6,350 |
| VT08LC | $5,300 | $6,350 |

**Retirements**

The following coplans are being removed from this filing as they will no longer be offered to large groups in Vermont: VE001L, VE002L, VE003L, VE004L, VE006L, VE016L, VE018L, VE020L, VE031L, VE032L, VE033L, VE034L, VE035L, VE036L, VE037L, VE038L, VE047L, VE048L, VE050L, VE052L, VE053L, VE058L, VE063L, VE065L, VE075L, VE076L, VE079L, VE080L, VE086L, VE094L, VE097L, VE098L, VE099L, VE104L, VE112L, VE113L, VP016L, VP032L, VP033L, VP034L, VP036L, VP037L, VP038L, VP048L, VP049L, VP050L, VP051L, VP053L, VP054L, VP064L, VP068L, VP069L, VP070L, VP074L, VP076L, VP077L, VT03LA, VT03LB, VT03LC, VT04LA, VT04LB, VT04LC, VT07LA, VT07LB, VT07LC, VT09LA, VT09LB, VT09LC, VT10LA, VT10LB, VT10LC, VEHD-04L, VEHD-05L, VEHD-12L, VEHD-13L, VEHD-14L, VEHD-24L, VEHD-39L, VEHD-40L, VPHD-04L, VPHD-06L, VPHD-08L, VPHD-12L, VPHD-14L.

**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, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.

_____ 08/11/2014

Matthew Lombardo, FSA, MAAA Date
Actuarial Manager, Commercial Pricing
MVP Health Insurance Co, Inc.

| 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: Executive Vice President & Interim CFO |
| Signature: Date: 08/12/14 |

**Retired Claim Experience Analysis - Non-HDHP**

| | All Experience | Excluding Retired Plans |
|---|---|---|
| 1) Experience Period Medical Claims PMPM | $258.33 | $264.72 |
| 1a) Claims in Excess of $100k over Experience Period | $13.27 | $2.18 |
| 1b) Pooling Charge | 1.074 | 1.074 |
| 2) IBNR Factor | 1.042 | 1.042 |
| 3) Experience Period Incurred Medical Claims | **$274.29** | **$293.86** |
| *= [ 1) - 1a) ] * 1b) * 2)* | | |

**Retired Claim Experience Analysis - HDHP**

| | All Experience | Excluding Retired Plans |
|---|---|---|
| 1) Experience Period Medical Claims PMPM | $218.86 | $225.63 |
| 1a) Claims in Excess of $100k over Experience Period | $15.61 | $16.76 |
| 1b) Pooling Charge | 1.074 | 1.074 |
| 2) IBNR Factor | 1.024 | 1.024 |
| 3) Experience Period Incurred Medical Claims | **$223.55** | **$229.74** |
| *= [ 1) - 1a) ] * 1b) * 2)* | | |

**Historical Rx Rebates as % of Rx Claims, Vermont Large Group**

| Product Type | Year | Rx Rebate % |
|---|---|---|
| EPO/PPO | 2011 | -8.6% |
| HDHP | 2011 | -13.5% |
| HMO/POS | 2011 | -12.0% |
| EPO/PPO | 2012 | -10.1% |
| HDHP | 2012 | -17.6% |
| HMO/POS | 2012 | -7.3% |
| EPO/PPO | 2013 | -9.3% |
| HDHP | 2013 | -25.3% |
| HMO/POS | 2013 | -10.5% |

| Large Group Experience Period MLR - AR42 vs. Total | | | |
|---|---|---|---|
| **Market Segment** | **Incurred Claims*** | **Earned Premium** | **MLR** |
| AR42 Only | $302.15 | $367.04 | 82.3% |
| All Large Group | $308.87 | $378.00 | 81.7% |

*Note: payments associated with risk-share arrangements and other one-time expenses are included in this figure. These payments are not reflected in the rate development as they are not expected to occur again in 2015.

**2014 Anticipated Loss Ratios**

| | Large Group AR42 | Large Group Total |
|---|---|---|
| A) Claims Expense | $357.85 | $363.53 |
| B) Taxes/Assessments | $21.85 | $21.75 |
| C) Quality Improvement | $4.93 | $5.04 |
| D) Premium | $410.84 | $420.01 |
| E) Traditional Loss Ratio *= A) / D)* | **87.1%** | **86.6%** |
| F) Federal Loss Ratio *= [A) + C)] / [D) - B)]* | **93.3%** | **92.5%** |

**Historical Actual-to-Expected Loss Ratios, VT LG AR42, 2011 - 2013**

| | 2011 | 2012 | 2013 |
|---|---|---|---|
| Projected Loss Ratio | 80.8% | 80.8% | 80.7% |
| Actual Loss Ratio | 96.0% | 89.6% | 82.3% |

**Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit**

| | VT Large Group - AR42 & AR44 | | | |
|---|---|---|---|---|
| | Member Months | Premium PMPM | Admin PMPM | Expense Ratio |
| 2010 | 222,832 | $343.13 | $38.74 | 11.3% |
| 2011 | 182,773 | $326.54 | $36.06 | 11.0% |
| 2012 | 136,049 | $335.21 | $33.62 | 10.0% |
| 2013 | 118,563 | $363.04 | $39.18 | 10.8% |

Admin PMPM reflects the following lines from Part I of the SHCE: 6.6, 8.3, 10.1, and 10.4

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August 25, 2014

Ms. Rita Tansen A.S.A., M.A.A.A
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2015 Large Group HIC rate filing
SERFF Tracking #: MVPH-129676042

Dear Ms. Tansen:

This letter is in response to your correspondence received 08/19/14 regarding the above mentioned rate filing. The verbal responses to your questions are provided below, and any numerical examples are included in the attached excel workbook with tabs corresponding to each numbered question.

1. We note that the experience of coplans that are now retired (such as VE001L, VE002L, etc as illustrated in page 6 of the actuarial memorandum) have been included in demonstrating revenue neutrality (Exhibit 3a) and in development of projected claims and re-sloped projected net revenue (Exhibit 3b). Additionally, experience period membership is used in revenue neutrality demonstration. We note that HDHP/non-HDHP membership in the experience period of 53%/47% is materially different from the corresponding current membership of 65%/35%.

i. Please submit an exhibit that demonstrates revenue neutrality with only non-retired coplans and current HDHP/non-HDHP membership.

ii. Please justify the appropriateness of using experience from retired coplans in Exhibit 3b. If non-retired coplans were used, how would the line items 1 and 2 change?

iii. The calculation of the re-sloped projected net revenue collected at Q4 2014 rate level in line item 15 of Exhibit 3b includes retired coplans as well. Please justify the appropriateness of this approach or provide a revised Exhibit that uses only non-retired plan rate levels.

*Response: Please see the attached excel file for the impact of retired plans on the experience period claims shown in Exhibit 3b.*

*Calendar year 2013 claims and membership are the basis of MVP's claim projection. Therefore the product mix that drove the 2013 claim costs is the basis for determining the revenue requirement. Benefits are being re-sloped to better align the manual rates with the expected cost differences by plan based on the average allowed costs for the entire portfolio. Because the membership distribution has changed by product from the experience period to June 2014 and the proposed rate increases vary by product, the re-sloped manual rates based on current membership in active plans will not generate the same revenue as the 4Q 2014 manual rates would have produced.*

*Portfolios are actively managed as a regular course of business with plans retiring and new plans added from time to time. MVP does not think it is appropriate to ignore the claim experience of a portion of the community pool just because the benefits of these members are being retired. There is no greater likelihood that this membership will terminate coverage over membership in plans that aren't being retired.*

*MVP is addressing the fact that its membership mix by product has changed from the experience period to the current time period by re-weighting the suggested rate changes by the two categories of benefit plans (i.e. HDHP vs. non HDHP) using current membership. Given the shift in membership mix between the two product types, if the current*

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*member mix is not reflected, the calculated increase using the experience period weighting would be inadequate.*

2. Please quantitatively reconcile the claims incurred in "Historical Med Claim Summ" worksheet with the Experience Period Medical Claims PMPM in Exhibit 3b ($258.33 for non-HDHP and $218.86 for HDHP plans).

*Response: The raw historical medical claims shown on Exhibit 3b,line 1) do not include IBNR, while the supplemental Rolling 12 exhibits do include IBNR. Please see below:*

| | **Non-HDHP** | **HDHP** |
|---|---|---|
| Experience Pd Medical Claims PMPM (Exhibit 3b, line 1) | $258.33 | $218.86 |
| IBNR Factor | 1.042 | 1.024 |
| Incurred Medical Claims (Validates to Rolling 12 Exhibit) | $269.21 | $224.14 |

3. Provide historic Rx rebates (as a percent of Rx claim experience) by product type for the experience period and preceding two years. Provide justification for the projected Rx rebates seen in Exhibit 3b.

*Response: Please see the attached excel file. The 2013 Rx rebate percentage by product type (HDHP vs. Non-HDHP where Non-HDHP includes EPO/PPO/HMO) was multiplied by the projected Rx claims PMPM to obtain a projection of Rx rebates PMPM. Please see below:*

| | **Non-HDHP** | **HDHP** |
|---|---|---|
| Projected Rx claims PMPM | $50.66 | $31.74 |
| Rx rebate percentage, 2013 | -9.4% | -25.3% |
| Rx rebates PMPM | $4.75 | $8.03 |

4. In determining benefit relativity, the actuarial memorandum states: "Adjust for impact of family caps on the single benefit or aggregate nature of family benefit." We are assuming this adjustment accounts for aggregate family deductible versus stacked deductible. Please demonstrate quantitatively this impact and illustrate where in the rate development this adjustment is being made.

*Response: MVP's benefit pricing model accounts for the impact of the aggregate family deductibles through factor adjustments to the deductible credits computed using member based claims distribution tables. The factor adjustments were computed from a pricing study using MVP's historical claims. Using member based allowed claim detail for a 12 month period, net paid expenses were computed under various deductible and coinsurance scenarios assuming both member-based embedded deductibles and family-based (per contract based) aggregate deductibles. The relative cost difference between the two projected costs was the source of the factor adjustments for each deductible/coinsurance combination. The impact of this adjustment is included in the re-sloped manuals included in Exhibit 3a.*

5. Please provide MVP's 2013 MLR results for the AR42 block impacted by this rate filing and for the entire large group market segment in Vermont.

*Response: Please see the attached excel file.*

6. Please provide the anticipated 2014 unadjusted traditional loss ratio and federal adjusted loss ratio for the AR42 block impacted by this rate filing and for the entire large group market segment in Vermont.

*Response: Please see the attached excel file.*

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7. How many of your current groups are 100% experience rated versus those that use manual rates?

*Response: MVP's only 100% experience rated group is Agriservices, and their experience is not utilized in this rate filing.*

8. How many of your current groups are retrospectively rated? How has the change in surplus refund amount for group sizes of 251+ from 100% to 80% impacted rate development of these groups?

*Response: There are no groups that are retrospectively rated.*

9. Please provide historic actual-to-expected experience for the AR42 product.

*Response: Please see the attached excel file.*

10. What was the actual expense ratio over the 2010-2013 time periods if only large group business is considered?

*Response: Please see the attached excel file.*

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

Sincerely,

Matthew Lombardo, FSA, MAAA
Actuarial Manager, Commercial Pricing
MVP Health Insurance Co., Inc.

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September 22, 2014

Ms. Rita Tansen A.S.A., M.A.A.A
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2015 Large Group HIC rate filing
SERFF Tracking #: MVPH-129676042

Dear Ms. Tansen:

This letter is in response to your correspondence received 09/17/14 regarding the above mentioned rate filing. The verbal responses to your questions are provided below, and any numerical examples are included in the attached excel workbook with tabs corresponding to each numbered question.

1. Please supplement the 2013 traditional loss ratio provided in response to Question 5 of our earlier inquiry letter with a derivation of the adjusted federal loss ratio for the AR42 block impacted by this rate filing and for the entire large market segment in Vermont.

*Response: Please see the attached excel file.*

2. In prior filing of this product portfolio, a snapshot of the large group members was used to derive a blended rate increase for the HDHP and non-HDHP products. We are unable to match the proposed quarterly rate change of 0.2% in Exhibit 3 with the requested quarterly rate change in the actuarial memorandum (8.0% for PPO/EPO Medical, -3.2% for Rx riders, and -7.0% for HDHP). Please reconcile the development of the requested quarterly rate increase in the actuarial memorandum. If a non-HDHP/HDHP blended rate increase is not being requested in this filing, provide reasoning for the change in methodology and elaborate on whether the material rate increase requested for some plans (such as 15.1% for VE054L) is driven by benefit relativity changes and the decision to isolate rate increase by product type. Please illustrate your response using coplan VE054L as an example.

*Response: The required revenue change by product shown on Exhibit 3b was determined using 2013 experience period data after re-sloping the 2013 benefits to be revenue neutral with the 4Q 2014 approved manual rates. The aggregate required revenue change was determined by re-weighting the required revenue change by product based on current enrollment which is consistent with previous rate filings.*

*Please see the attached excel file for a summary of the quarterly rate change calculations. The quarterly change shown on Exhibit 3b is derived from the re-sloped 4Q 2014 manual rates while the figures quoted in the actuarial memorandum are derived from the approved 4Q 2014 manual rates.*

3. We note that “Annual Manual Rate Change” and “Quarterly Rate Change” in Exhibit 4a. Q1 are equal. Why is that so? Also, reconcile the quarterly change implied in Exhibit 4 for various benefit plans with the proposed rate increase of 0.2% in Exhibit 3.

*Response: Please see the attached excel file for the derivation of annual rate changes as a function of quarterly rate changes for four coplans being offered.*

4. For medical trend, we could reconcile the requested rate increase for 2Q15 with one quarter of 2015 medical paid trend. Please reconcile the requested rate change for Rx from 1Q15 to 2Q15 with the projected Rx trends.

*Response: MVP applied one more quarter of 2015 trend to its Rx claim projection. Please see the attached excel file which contains the data displayed on Exhibit 2b trended to 2Q 2015.*

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5. Please quantitatively derive the required annual rate change for 1Q15 and 2Q15, as listed in page 1 of the actuarial memorandum.

*Response: Please see the attached excel file. There was a typographical error shown in the actuarial memorandum for the 1Q 2015 annual rate change for Rx riders. The memorandum shows a (4.5%) annual rate change, but it should have shown (3.4%). This typographical error has no impact on the development of rates.*

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

Sincerely,

Matthew Lombardo, FSA, MAAA
Actuarial Manager, Commercial Pricing
MVP Health Insurance Co., Inc.

**Large Group Experience Period MLR - AR42 vs. Total**

| Market Segment | Incurred Claims* | Earned Premium | Quality Improvement | Taxes/Assessments | Federal MLR | Traditional MLR |
|---|---|---|---|---|---|---|
| AR42 Only | $302.15 | $367.04 | $4.40 | $7.34 | 85.2% | 82.3% |
| All Large Group | $308.87 | $378.00 | $4.54 | $6.98 | 84.5% | 81.7% |

*Note: payments associated with risk-share arrangements and other one-time expenses are included in this figure.
These payments are not reflected in the rate development as they are not expected to occur again in 2015.

**1Q 2015 Quarterly Rate Increase Summary**

| Coplan | Product Type | June 2014 Members | 4Q 2014 Manual Rate Prior to Re-Sloping | Re-Sloped 4Q 2014 Manual Rate | 1Q 2015 Manual Rate |
|---|---|---|---|---|---|
| VE021L | Non-HDHP | 26 | $296.37 | $324.84 | $325.42 |
| VE054L | Non-HDHP | 68 | $260.00 | $298.73 | $299.26 |
| VE060L | Non-HDHP | 49 | $318.03 | $341.79 | $342.40 |
| VP015L | Non-HDHP | 10 | $370.59 | $386.84 | $387.53 |
| VE085L | Non-HDHP | 91 | $394.19 | $402.48 | $403.20 |
| VE087L | Non-HDHP | 217 | $379.87 | $393.84 | $394.54 |
| VE089L | Non-HDHP | 98 | $359.42 | $381.73 | $382.41 |
| VE090L | Non-HDHP | 187 | $324.73 | $345.42 | $346.03 |
| VE092L | Non-HDHP | 204 | $334.92 | $355.10 | $355.73 |
| VE093L | Non-HDHP | 17 | $296.37 | $324.84 | $325.42 |
| VE096L | Non-HDHP | 50 | $277.78 | $312.74 | $313.29 |
| VE100L | Non-HDHP | 68 | $286.05 | $320.00 | $320.57 |
| VE103L | Non-HDHP | 107 | $303.78 | $335.74 | $336.33 |
| VE105L | Non-HDHP | 71 | $313.94 | $346.63 | $347.25 |
| VE107L | Non-HDHP | 183 | $260.00 | $301.84 | $302.38 |
| VE110L | Non-HDHP | 144 | $276.03 | $310.32 | $310.87 |
| VP063L | Non-HDHP | 206 | $379.74 | $397.01 | $397.71 |
| VP073L | Non-HDHP | 29 | $254.56 | $304.86 | $305.40 |
| VT08LA | Non-HDHP | 6 | $387.64 | $400.60 | $401.31 |
| VEHD-02L | HDHP | 1,687 | $332.58 | $308.93 | $309.48 |
| VEHD-03L | HDHP | 912 | $262.73 | $243.69 | $244.12 |
| VEHD-09L | HDHP | 433 | $290.63 | $273.27 | $273.76 |
| VEHD-15L | HDHP | 74 | $287.50 | $275.45 | $275.94 |
| VEHD-17L | HDHP | 54 | $303.18 | $287.32 | $287.83 |
| VEHD-18L | HDHP | 24 | $353.24 | $318.70 | $319.26 |
| VEHD-19L | HDHP | 311 | $276.29 | $261.65 | $262.12 |
| VPHD-05L | HDHP | 376 | $341.47 | $313.74 | $314.30 |
| VEHD-06L | Rx Rider | 67 | $308.43 | $287.52 | $288.03 |
| VEHD-07L | Rx Rider | 332 | $351.15 | $318.50 | $319.07 |
| VEHD-08L | Rx Rider | 68 | $317.24 | $292.07 | $292.59 |

| | Quarterly Increase Approved 4Q '14 Manuals | Quarterly Increase From Re-Sloped 4Q '14 Manuals |
|---|---|---|
| Non-HDHP Average Quarterly Change | 8.0% | 0.2% |
| HDHP Average Quarterly Change | -7.0% | 0.2% |

**Annual Rate Increase Derivation from Quarterly Rate Changes**

| | 2Q 2014 / 1Q 2014 | 3Q 2014 / 2Q 2014 | 4Q 2014 / 3Q 2014 | 1Q 2015 / 4Q 2014 | Annual Increase |
|---|---|---|---|---|---|
| VE060L | 1.3% | -2.6% | 1.3% | 7.7% | 7.7% |
| VP020L | 1.3% | -2.6% | 1.3% | 6.3% | 6.3% |
| VEHD-02L | 1.4% | -2.6% | 1.4% | -6.9% | -6.8% |
| VEHD-17L | 1.4% | -2.6% | 1.4% | -5.1% | -4.9% |

| 2Q 2015 Rx Quarterly Trend Derivation | | | | |
|---|---|---|---|---|
| **Rx Claim Information** | **Generic** | **Brand** | **Specialty** | **Total** |
| Experience Period Scripts / 1000 | 9,988 | 1,360 | 46 | 11,394 |
| Experience Period Allowed PMPM | $18.98 | $22.67 | $12.45 | $54.10 |
| Experience Period Deductible PMPM | $0.17 | $1.57 | $0.03 | $1.78 |
| Experience Period Copay PMPM | $4.84 | $3.05 | $0.13 | $8.02 |
| Experience Period Coinsurance PMPM | $0.01 | $0.57 | $0.08 | $0.66 |
| Experience Period Cost Sharing PMPM | $5.02 | $5.19 | $0.25 | $10.46 |
| Experience Period Paid PMPM | $13.96 | $17.48 | $12.21 | $43.65 |
| Annual Util Trend | 1.037 | 0.942 | 1.035 | 1.026 |
| Annual Unit Cost Trend | 0.984 | 1.113 | 1.120 | 1.039 |
| Annual Deductible Trend | 1.020 | 1.049 | 1.160 | 1.048 |
| Annual Paid Trend | 1.015 | 1.066 | 1.161 | 1.078 |
| Months of Trend to Q1 2015 | 24 | 24 | 24 | 24 |
| Projected Scripts / 1000 as of Q1 2015 | 10,737 | 1,207 | 49 | 11,993 |
| Projected Allowed PMPM as of Q1 2015 | $19.76 | $24.92 | $16.74 | $61.42 |
| Projected Deductible PMPM | $0.18 | $1.73 | $0.04 | $1.95 |
| Projected Copay PMPM | $5.20 | $2.71 | $0.14 | $8.05 |
| Projected Coinsurance PMPM | $0.01 | $0.62 | $0.11 | $0.74 |
| Projected Cost Sharing PMPM as of Q1 2015 | $5.39 | $5.06 | $0.30 | $10.75 |
| Projected Paid PMPM as of Q1 2015 | $14.37 | $19.86 | $16.45 | **$50.68** |
| | | | | |
| 2015 Annual Util Trend | 1.036 | 0.954 | 1.030 | |
| 2015 Annual Unit Cost Trend | 0.982 | 1.101 | 1.131 | |
| 2015 Annual Deductible Trend | 1.020 | 1.049 | 1.160 | |
| Months of Trend to Q2 2015 | 3 | 3 | 3 | |
| Projected Scripts / 1000 as of Q2 2015 | 10,832 | 1,193 | 49 | 12,074 |
| Projected Allowed PMPM as of Q2 2015 | $19.84 | $25.23 | $17.40 | $62.47 |
| Projected Deductible PMPM | $0.18 | $1.75 | $0.05 | $1.97 |
| Projected Copay PMPM | $5.25 | $2.68 | $0.14 | $8.07 |
| Projected Coinsurance PMPM | $0.01 | $0.63 | $0.11 | $0.75 |
| Projected Cost Sharing PMPM as of Q2 2015 | $5.44 | $5.06 | $0.30 | $10.80 |
| Projected Paid PMPM as of Q2 2015 | $14.41 | $20.18 | $17.09 | **$51.68** |
| | | | **Q2/Q1 2015 Rx Quarterly Manual Rate Change** | **1.96%** |

**1Q/2Q 2015 Annual Rate Increase Summary**

| Coplan | Product Type | June 2014 Members | 1Q 2014 Manual Rate | 1Q 2015 Manual Rate | 2Q 2014 Manual Rate | 2Q 2015 Manual Rate |
|---|---|---|---|---|---|---|
| VE021L | HyEPO | 26 | $296.40 | $325.42 | $300.25 | $330.30 |
| VE054L | HyEPO | 68 | $260.02 | $299.26 | $263.40 | $303.75 |
| VE060L | HYEPO | 49 | $318.06 | $342.40 | $322.19 | $347.53 |
| VE085L | EPO | 91 | $394.23 | $403.20 | $399.35 | $409.25 |
| VE087L | EPO | 217 | $379.90 | $394.54 | $384.84 | $400.46 |
| VE089L | EPO | 98 | $359.45 | $382.41 | $364.12 | $388.15 |
| VE090L | HyEPO | 187 | $324.76 | $346.03 | $328.98 | $351.22 |
| VE092L | HyEPO | 204 | $335.95 | $355.73 | $340.32 | $361.07 |
| VE093L | HyEPO | 17 | $296.40 | $325.42 | $300.25 | $330.30 |
| VE096L | HyEPO | 50 | $278.37 | $313.29 | $281.98 | $317.99 |
| VE100L | HyEPO | 68 | $288.07 | $320.57 | $291.82 | $325.38 |
| VE103L | HyEPO | 107 | $308.37 | $336.33 | $312.38 | $341.38 |
| VE105L | HyEPO | 71 | $320.88 | $347.25 | $325.05 | $352.45 |
| VE107L | HyEPO | 183 | $263.14 | $302.38 | $266.56 | $306.91 |
| VE110L | HYEPO | 144 | $276.60 | $310.87 | $280.20 | $315.53 |
| VP015L | HyPPO | 10 | $370.62 | $387.53 | $375.44 | $393.34 |
| VP063L | HyPPO | 206 | $382.81 | $397.71 | $387.79 | $403.68 |
| VP073L | HyPPO | 29 | $259.67 | $305.40 | $263.05 | $309.98 |
| VT08LA | EPO | 6 | $387.67 | $401.31 | $392.71 | $407.33 |
| VEHD-02L | HDEPOagg | 1,687 | $331.95 | $309.48 | $336.60 | $314.12 |
| VEHD-03L | HDEPOagg | 912 | $262.24 | $244.12 | $265.91 | $247.78 |
| VEHD-06L | HDEPOagg | 67 | $307.85 | $288.03 | $312.16 | $292.35 |
| VEHD-07L | HDEPOagg | 332 | $350.49 | $319.07 | $355.40 | $323.85 |
| VEHD-08L | HDEPOagg | 68 | $316.65 | $292.59 | $321.08 | $296.98 |
| VEHD-09L | HDEPOagg | 433 | $290.08 | $273.76 | $294.14 | $277.86 |
| VEHD-15L | HDEPOagg | 74 | $286.96 | $275.94 | $290.98 | $280.08 |
| VEHD-17L | HDEPOagg | 54 | $302.61 | $287.83 | $306.85 | $292.15 |
| VEHD-18L | HDEPO | 24 | $352.57 | $319.26 | $357.51 | $324.05 |
| VEHD-19L | HDEPO | 311 | $275.77 | $262.12 | $279.63 | $266.05 |
| VPHD-05L | HDPPOagg | 376 | $340.83 | $314.30 | $345.60 | $319.02 |
| V500 | Rx Rider | 1,695 | $45.98 | $42.96 | $46.50 | $43.77 |
| V501 | Rx Rider | 254 | $38.15 | $37.66 | $38.58 | $38.37 |
| V502 | Rx Rider | 415 | $29.22 | $33.61 | $29.55 | $34.24 |
| V601 | Rx Rider | 6 | $47.91 | $44.61 | $48.45 | $45.45 |
| | Non-HDHP Average Medical Manual | | $326.87 | $351.42 | $331.12 | $356.69 |
| | | | | **7.5%** | | **7.7%** |
| | Non-HDHP Average Rx Manual | | $42.21 | $40.76 | $42.69 | $41.53 |
| | | | | **-3.4%** | | **-2.7%** |
| | HDHP Average Manual | | $309.65 | $288.55 | $313.98 | $292.87 |
| | | | | **-6.8%** | | **-6.7%** |

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

| Creation Date | Schedule Item Status | Schedule | Schedule Item Name | Replacement Creation Date | Attached Document(s) |
|---|---|---|---|---|---|
| 09/22/2014 | | Supporting Document | Response to Objection Letter #2 | 09/23/2014 | Response to Objection #2.pdf<br>Response to Objection #2 - LG HIC Existing Prods L&E.pdf (Superceded)<br>Response to Objection #2 - LG HIC Existing Prods L&E.xlsx (Superceded) |
| 08/15/2014 | | Supporting Document | Actuarial Memorandum | 09/25/2014 | 1Q 2015 ACT MEMO-HIC Large Group.pdf (Superceded)<br>Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx<br>VT Experience Rated Addendum - 1Q 2015.pdf<br>Experience Rating Formula Filing Exhibits A-C.pdf<br>Appendices A-C.pdf |
| 08/12/2014 | | Supporting Document | Actuarial Memorandum | 08/15/2014 | 1Q 2015 ACT MEMO-HIC Large Group.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx<br>VT Experience Rated Addendum - 1Q 2015.pdf |

**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 LG HIC Existing Products 1Q/2Q 2015*
**Project Name/Number:** */*

| Creation Date | Schedule Item Status | Schedule | Schedule Item Name | Replacement Creation Date | Attached Document(s) |
|---|---|---|---|---|---|
| 08/12/2014 | | Supporting Document | Actuarial Memorandum | 08/12/2014 | 1Q 2015 ACT MEMO-HIC Large Group.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.pdf<br>Rolling 12 Medical and Rx Data - LG HIC.xlsx<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.pdf<br>VT LG HIC Q1 & Q2 2015 Rate Filing - L&E.xlsx |

| | | | |
|---|---|---|---|
| **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 LG HIC Existing Products 1Q/2Q 2015 | | |
| **Project Name/Number:** | / | | |

***Attachment Response to Objection #2 - LG HIC Existing Prods L&E.xlsx is not a PDF document and cannot be reproduced here.***

**Large Group Experience Period MLR - AR42 vs. Total**

| Market Segment | Incurred Claims* | Earned Premium | Quality Improvement | Taxes/Assessments | Federal MLR | Traditional MLR |
|---|---|---|---|---|---|---|
| AR42 Only | $302.15 | $367.04 | $4.40 | $7.34 | 85.2% | 82.3% |
| All Large Group | $308.87 | $378.00 | $4.54 | $6.98 | 84.5% | 81.7% |

*Note: payments associated with risk-share arrangements and other one-time expenses are included in this figure.
These payments are not reflected in the rate development as they are not expected to occur again in 2015.

**1Q 2015 Quarterly Rate Increase Summary**

| Coplan | Product Type | June 2014 Members | 4Q 2014 Manual Rate Prior to Re-Sloping | Re-Sloped 4Q 2014 Manual Rate | 1Q 2015 Manual Rate |
|---|---|---|---|---|---|
| VE001L | Non-HDHP | 0 | $394.19 | $400.89 | $401.68 |
| VE002L | Non-HDHP | 0 | $388.71 | $397.17 | $397.95 |
| VE003L | Non-HDHP | 0 | $379.87 | $392.33 | $393.11 |
| VE016L | Non-HDHP | 0 | $324.73 | $345.16 | $345.84 |
| VE020L | Non-HDHP | 0 | $334.92 | $354.84 | $355.54 |
| VE021L | Non-HDHP | 26 | $296.37 | $324.60 | $325.24 |
| VE031L | Non-HDHP | 0 | $341.14 | $364.51 | $365.23 |
| VE033L | Non-HDHP | 0 | $277.78 | $310.08 | $310.69 |
| VE036L | Non-HDHP | 0 | $322.48 | $351.21 | $351.90 |
| VE037L | Non-HDHP | 0 | $286.05 | $319.76 | $320.39 |
| VE038L | Non-HDHP | 0 | $265.83 | $302.65 | $303.25 |
| VE052L | Non-HDHP | 0 | $313.94 | $346.37 | $347.05 |
| VE054L | Non-HDHP | 68 | $260.00 | $298.51 | $299.09 |
| VE060L | Non-HDHP | 49 | $318.03 | $341.53 | $342.20 |
| VE063L | Non-HDHP | 0 | $276.03 | $307.84 | $308.44 |
| VE064L | Non-HDHP | 0 | $171.85 | $191.03 | $191.40 |
| VE065L | Non-HDHP | 0 | $291.23 | $322.18 | $322.81 |
| VE069EL | Non-HDHP | 0 | $183.47 | $204.57 | $204.97 |
| VE072AL | Non-HDHP | 0 | $174.02 | $204.59 | $204.99 |
| VF EPO-1L | Non-HDHP | 0 | $224.80 | $271.89 | $272.43 |
| VF EPO-2L | Non-HDHP | 0 | $284.10 | $323.14 | $323.78 |
| VP015L | Non-HDHP | 10 | $370.59 | $390.23 | $391.00 |
| VP019L | Non-HDHP | 0 | $379.74 | $400.49 | $401.28 |
| VP049L | Non-HDHP | 0 | $277.31 | $319.07 | $319.70 |
| VP050L | Non-HDHP | 0 | $254.56 | $299.99 | $300.58 |
| VP054L | Non-HDHP | 0 | $262.50 | $307.46 | $308.07 |
| VT03LA | Non-HDHP | 0 | $387.64 | $399.08 | $399.87 |
| VT03LB | Non-HDHP | 0 | $387.64 | $399.08 | $399.87 |
| VE085L | Non-HDHP | 91 | $394.19 | $402.48 | $403.28 |
| VE087L | Non-HDHP | 217 | $379.87 | $393.84 | $394.61 |
| VE089L | Non-HDHP | 98 | $359.42 | $381.73 | $382.49 |
| VE090L | Non-HDHP | 187 | $324.73 | $345.42 | $346.10 |
| VE092L | Non-HDHP | 204 | $334.92 | $355.10 | $355.80 |
| VE093L | Non-HDHP | 17 | $296.37 | $324.84 | $325.48 |
| VE096L | Non-HDHP | 50 | $277.78 | $312.74 | $313.35 |
| VE100L | Non-HDHP | 68 | $286.05 | $320.00 | $320.63 |
| VE103L | Non-HDHP | 107 | $303.78 | $335.74 | $336.40 |
| VE105L | Non-HDHP | 71 | $313.94 | $346.63 | $347.31 |
| VE107L | Non-HDHP | 183 | $260.00 | $301.84 | $302.44 |
| VE110L | Non-HDHP | 144 | $276.03 | $310.32 | $310.93 |
| VP063L | Non-HDHP | 206 | $379.74 | $397.01 | $397.79 |
| VP073L | Non-HDHP | 29 | $254.56 | $304.86 | $305.46 |
| VT08LA | Non-HDHP | 6 | $387.64 | $400.60 | $401.38 |
| VEHD-01L | HDHP | 0 | $388.32 | $356.79 | $357.49 |
| VEHD-02L | HDHP | 1,687 | $332.58 | $308.70 | $309.54 |
| VEHD-03L | HDHP | 912 | $262.73 | $243.69 | $244.17 |
| VEHD-09L | HDHP | 433 | $290.63 | $273.07 | $273.81 |
| VEHD-15L | HDHP | 74 | $287.50 | $275.45 | $275.99 |
| VEHD-17L | HDHP | 54 | $303.18 | $287.32 | $287.89 |
| VEHD-18L | HDHP | 24 | $353.24 | $318.70 | $319.32 |
| VEHD-19L | HDHP | 311 | $276.29 | $261.65 | $262.17 |
| VF HDHP-2L | HDHP | 0 | $229.09 | $230.02 | $230.47 |
| VF HDHP-3L | HDHP | 0 | $244.89 | $246.03 | $246.52 |
| VF HDHP-4L | HDHP | 0 | $219.12 | $213.20 | $213.62 |
| VPHD-05L | HDHP | 376 | $341.47 | $313.74 | $314.36 |
| VEHD-06L | Rx Rider | 67 | $308.43 | $287.52 | $288.09 |
| VEHD-07L | Rx Rider | 332 | $351.15 | $318.50 | $319.13 |
| VEHD-08L | Rx Rider | 68 | $317.24 | $292.07 | $292.65 |

| | Quarterly Increase Approved 4Q '14 Manuals | Quarterly Increase From Re-Sloped 4Q '14 Manuals |
|---|---|---|
| Non-HDHP Average Quarterly Change | 8.0% | 0.2% |
| HDHP Average Quarterly Change | -7.0% | 0.2% |

**Annual Rate Increase Derivation from Quarterly Rate Changes**

| | 2Q 2014 / 1Q 2014 | 3Q 2014 / 2Q 2014 | 4Q 2014 / 3Q 2014 | 1Q 2015 / 4Q 2014 | Annual Increase |
|---|---|---|---|---|---|
| VE060L | 1.3% | -2.6% | 1.3% | 7.6% | 7.6% |
| VP020L | 1.3% | -2.6% | 1.3% | 6.4% | 6.4% |
| VEHD-02L | 1.4% | -2.6% | 1.4% | -6.9% | -6.8% |
| VEHD-17L | 1.4% | -2.6% | 1.4% | -5.0% | -4.9% |

| 2Q 2015 Rx Quarterly Trend Derivation | | | | |
|---|---|---|---|---|
| **Rx Claim Information** | **Generic** | **Brand** | **Specialty** | **Total** |
| Experience Period Scripts / 1000 | 9,988 | 1,360 | 46 | 11,394 |
| Experience Period Allowed PMPM | $18.98 | $22.67 | $12.45 | $54.10 |
| Experience Period Deductible PMPM | $0.17 | $1.57 | $0.03 | $1.78 |
| Experience Period Copay PMPM | $4.84 | $3.05 | $0.13 | $8.02 |
| Experience Period Coinsurance PMPM | $0.01 | $0.57 | $0.08 | $0.66 |
| Experience Period Cost Sharing PMPM | $5.02 | $5.19 | $0.25 | $10.46 |
| Experience Period Paid PMPM | $13.96 | $17.48 | $12.21 | $43.65 |
| Annual Util Trend | 1.037 | 0.942 | 1.035 | 1.026 |
| Annual Unit Cost Trend | 0.984 | 1.113 | 1.120 | 1.039 |
| Annual Deductible Trend | 1.020 | 1.049 | 1.160 | 1.048 |
| Annual Paid Trend | 1.015 | 1.066 | 1.161 | 1.078 |
| Months of Trend to Q1 2015 | 24 | 24 | 24 | 24 |
| Projected Scripts / 1000 as of Q1 2015 | 10,737 | 1,207 | 49 | 11,993 |
| Projected Allowed PMPM as of Q1 2015 | $19.76 | $24.92 | $16.74 | $61.42 |
| Projected Deductible PMPM | $0.18 | $1.73 | $0.04 | $1.95 |
| Projected Copay PMPM | $5.20 | $2.71 | $0.14 | $8.05 |
| Projected Coinsurance PMPM | $0.01 | $0.62 | $0.11 | $0.74 |
| Projected Cost Sharing PMPM as of Q1 2015 | $5.39 | $5.06 | $0.30 | $10.75 |
| Projected Paid PMPM as of Q1 2015 | $14.37 | $19.86 | $16.45 | **$50.68** |
| | | | | |
| 2015 Annual Util Trend | 1.036 | 0.954 | 1.030 | |
| 2015 Annual Unit Cost Trend | 0.982 | 1.101 | 1.131 | |
| 2015 Annual Deductible Trend | 1.020 | 1.049 | 1.160 | |
| Months of Trend to Q2 2015 | 3 | 3 | 3 | |
| Projected Scripts / 1000 as of Q2 2015 | 10,832 | 1,193 | 49 | 12,074 |
| Projected Allowed PMPM as of Q2 2015 | $19.84 | $25.23 | $17.40 | $62.47 |
| Projected Deductible PMPM | $0.18 | $1.75 | $0.05 | $1.97 |
| Projected Copay PMPM | $5.25 | $2.68 | $0.14 | $8.07 |
| Projected Coinsurance PMPM | $0.01 | $0.63 | $0.11 | $0.75 |
| Projected Cost Sharing PMPM as of Q2 2015 | $5.44 | $5.06 | $0.30 | $10.80 |
| Projected Paid PMPM as of Q2 2015 | $14.41 | $20.18 | $17.09 | **$51.68** |
| | | | **Q2/Q1 2015 Rx Quarterly Manual Rate Change** | **1.96%** |

**1Q/2Q 2015 Annual Rate Increase Summary**

| Coplan | Product Type | June 2014 Members | 1Q 2014 Manual Rate | 1Q 2015 Manual Rate | 2Q 2014 Manual Rate | 2Q 2015 Manual Rate |
|---|---|---|---|---|---|---|
| VE021L | HyEPO | 26 | $296.40 | $325.24 | $300.25 | $330.12 |
| VE054L | HyEPO | 68 | $260.02 | $299.09 | $263.40 | $303.58 |
| VE060L | HYEPO | 49 | $318.06 | $342.20 | $322.19 | $347.34 |
| VE085L | EPO | 91 | $394.23 | $403.28 | $399.35 | $409.33 |
| VE087L | EPO | 217 | $379.90 | $394.61 | $384.84 | $400.53 |
| VE089L | EPO | 98 | $359.45 | $382.49 | $364.12 | $388.22 |
| VE090L | HyEPO | 187 | $324.76 | $346.10 | $328.98 | $351.29 |
| VE092L | HyEPO | 204 | $335.95 | $355.80 | $340.32 | $361.14 |
| VE093L | HyEPO | 17 | $296.40 | $325.48 | $300.25 | $330.36 |
| VE096L | HyEPO | 50 | $278.37 | $313.35 | $281.98 | $318.05 |
| VE100L | HyEPO | 68 | $288.07 | $320.63 | $291.82 | $325.44 |
| VE103L | HyEPO | 107 | $308.37 | $336.40 | $312.38 | $341.44 |
| VE105L | HyEPO | 71 | $320.88 | $347.31 | $325.05 | $352.52 |
| VE107L | HyEPO | 183 | $263.14 | $302.44 | $266.56 | $306.97 |
| VE110L | HYEPO | 144 | $276.60 | $310.93 | $280.20 | $315.59 |
| VP015L | HyPPO | 10 | $370.62 | $391.00 | $375.44 | $396.86 |
| VP063L | HyPPO | 206 | $382.81 | $397.79 | $387.79 | $403.76 |
| VP073L | HyPPO | 29 | $259.67 | $305.46 | $263.05 | $310.04 |
| VT08LA | EPO | 6 | $387.67 | $401.38 | $392.71 | $407.41 |
| VEHD-02L | HDEPOagg | 1,687 | $331.95 | $309.54 | $336.60 | $314.18 |
| VEHD-03L | HDEPOagg | 912 | $262.24 | $244.17 | $265.91 | $247.83 |
| VEHD-06L | HDEPOagg | 67 | $307.85 | $288.09 | $312.16 | $292.41 |
| VEHD-07L | HDEPOagg | 332 | $350.49 | $319.13 | $355.40 | $323.92 |
| VEHD-08L | HDEPOagg | 68 | $316.65 | $292.65 | $321.08 | $297.04 |
| VEHD-09L | HDEPOagg | 433 | $290.08 | $273.81 | $294.14 | $277.92 |
| VEHD-15L | HDEPOagg | 74 | $286.96 | $275.99 | $290.98 | $280.13 |
| VEHD-17L | HDEPOagg | 54 | $302.61 | $287.89 | $306.85 | $292.20 |
| VEHD-18L | HDEPO | 24 | $352.57 | $319.32 | $357.51 | $324.11 |
| VEHD-19L | HDEPO | 311 | $275.77 | $262.17 | $279.63 | $266.10 |
| VPHD-05L | HDPPOagg | 376 | $340.83 | $314.36 | $345.60 | $319.08 |
| V500 | Rx Rider | 1,695 | $45.98 | $42.97 | $46.50 | $43.78 |
| V501 | Rx Rider | 254 | $38.15 | $37.67 | $38.58 | $38.38 |
| V502 | Rx Rider | 415 | $29.22 | $33.61 | $29.55 | $34.25 |
| V601 | Rx Rider | 6 | $47.91 | $44.61 | $48.45 | $45.45 |
| | Non-HDHP Average Medical Manual | | $326.87 | $351.49 | $331.12 | $356.76 |
| | | | | **7.5%** | | **7.7%** |
| | Non-HDHP Average Rx Manual | | $42.21 | $40.77 | $42.69 | $41.54 |
| | | | | **-3.4%** | | **-2.7%** |
| | HDHP Average Manual | | $309.65 | $288.60 | $313.98 | $292.93 |
| | | | | **-6.8%** | | **-6.7%** |

# ACTUARIAL MEMORANDUM

## 1st Quarter and 2nd Quarter 2015 Large Group AR42 Filing

**Purpose**

The purpose of this filing is to demonstrate the development of and seek approval of the manual pure premium rates for MVP Health Insurance Company's Large Group EPO/PPO and High Deductible EPO/PPO experience rated product portfolio. Manual pure premium rates are included for both 1st Quarter and 2nd Quarter 2015 effective dates. The rates are effective for 12 months. The Experience Rating Addendum is also included as part of this rate filing and changes effective for 1/1/2015 are noted below. Collectively the manual rates, the Addendum, and the filed and approved experience rating formula are used to derive group specific premium rates. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

**Summary of Requested Rate Changes**

The requested quarterly manual rate changes from the 4th Quarter approved manual rates vary by product and on average reflect the following change:

EPO/PPO Medical: 8.0%
Rx riders: -3.2%
HDHP: -7.0%

The average requested quarterly rate changes result in average annual rate changes for 1st Quarter group renewals as follows:

**Q1 Renewal Impact**

| | Medical Only | Rx Only | Medical + Rx |
|---|---|---|---|
| HD | -6.8% | N/A | -6.8% |
| Non-HD | 7.5% | -4.5% | 5.8% |
| | | Total | -2.5% |

The requested quarterly manual rate changes from the proposed 1st Quarter manual rates are:

EPO/PPO Medical: 1.5%
Rx riders: 1.5%
HDHP: 1.5%

The requested quarterly rate changes result in average annual rate changes for 2nd Quarter group renewals as follows:

**Q2 Renewal Impact**

| | Medical Only | Rx Only | Medical + Rx |
|---|---|---|---|
| HD | -6.7% | N/A | -6.7% |
| Non-HD | 7.7% | -2.7% | 6.2% |
| | | Total | -2.4% |

**Large Group HIC Enrollment distribution by Renewal Quarter (as of June 2014)**

1st Q: 70%
2nd Q: 11%
3rd Q: 5%
4th Q: 14%

**Rate Slope Adjustment to Benefit Relativities**

The manual rate changes vary due to a realignment of premium relativities by product to reflect more current expectations of benefit cost differences between benefit plans and between medical benefits versus pharmacy benefits. MVP recently revamped its benefit pricing tool with updated claim utilization data, claim distribution tables and factor tables. All benefit plans are valued based on a single risk pool of data with utilization adjustments only based on plan richness.

The basic steps of MVP's benefit relativity model are as follows:

1. Derive the plan pay and the member pay for a plan ignoring plan deductibles and OOPs.
2. Compute the cost of claims under the deductible and over the OOP using member based claim distribution tables and the member based single deductible/OOP for the plan
3. Adjust for impact of family caps on the single benefit or aggregate nature of family benefit. The effect of this adjustment is to reduce the deductible credits that are computed. The adjustment is based on a pricing study done to compare plan costs for member based benefits vs. member based benefits with a family cap vs. aggregate family benefits.
4. Adjust for impact of secondary Rx OOP max on qualified HDHPs.
5. Add back member cost share amounts assumed step #1 for the portions of the cost that are under the deductible and over the OOP.
6. The result of steps #1-5 is a final plan net paid amount.

Please see the table below for the range of annual manual rate changes proposed for 1Q 2015 base plans:

**Q1 Range of Annual Manual Rate Changes**

| | Min | Max | Average |
|---|---|---|---|
| HD | -9.5% | -3.8% | -6.8% |
| Non-HD | 2.3% | 17.6%* | 7.5% |

*Note: 1.4% of increase is due to mandated Federal OOP max regulation

Exhibit 3a demonstrates that the re-sloped manual rates are revenue neutral to the 4Q 2014 manual rates weighted on the experience period membership, calendar year 2013.

**Development of Manual Pure Premium Rate Changes**

Large group EPO/PPO and HDHP incurred claim data for the period 1/1/2013 – 12/31/2013 completed through 5/31/2014 was the basis for this rate development.

Exhibit 3b demonstrates the development of the proposed 3rd quarter rate action. Historical fee for service claims are adjusted to remove claims in excess of $100,000 which are replaced with a pooling charge. The pooling charge being used can be found in the Experience Rating Addendum included with this rate filing. The adjusted claims are then projected to the rating period, and the impact of new benefit mandates, New York's paid claim surcharge expense (HCRA), and non-fee for service medical expenses not reflected in the experience period data are added to the claim projection. Experience period Rx claims are then projected to the rating period. Gross Rx claims are adjusted for the impact of mandates not yet reflected in the experience period data and rebates are removed from the projected claim

cost. The projected net claims are then normalized for the block's age/gender factor and industry factor over the experience period.

Note, the Vermont paid claim surcharge is not included in the manual rate for large groups because it is included in the Retention Section of the Experience Rating Addendum and added to the final blended group rate (as a percentage of the blended pure premium) along with the other Retention items. New York HCRA expense for the experience portion of a group's rate development is based on the group's actual facility claims subject to the tax.

The projected rating period required manual pure premium is compared to the re-sloped 4Q 2014 manual pure premium from Exhibit 3a to indicate the suggested quarterly manual rate change. This analysis is done separately for the HDHP experience block and the EPO/PPO experience block and blended together to determine the proposed book of business quarterly manual rate change. Because the current distribution of membership between HDHP and EPO/PPO products is different than the distribution over the experience period membership, MVP is using a current snapshot of large group members to derive a blended rate increase.

The expected non fee for service medical expenses added to the projection reflect costs associated with net reinsurance expense, Wellstyle Rewards program administrative expense, PCP incentive payments and Medical Home, Healthways capitation expense, and other miscellaneous MVP claim expenses not included in the historical experience period data such as manual checks, FFS write offs and Massachusetts surcharges.

Benefit mandates impacting the projection include the mental health/substance abuse PCP copay mandate and the Rx OOP maximum mandate (Bill H559). The impacts of each are outlined below:

*Copay Adjustment for Mental Health/Substance Abuse*
New legislation has been passed by the State of VT requiring carriers to charge a plan's PCP copay for mental health and substance abuse (MH/SA) claims taking place in the outpatient or office setting. MVP re-priced its experience period MH/SA claims to reflect this modification which resulted in $0.08 PMPM being added to the starting claim cost for non-HDHPs in 2015. MVP's experience period HDHP claims were not impacted by this mandate.

*Bill H559 Impact*
Bill H559 was effective beginning with October 2012 renewals. Included in this regulation is a new out of pocket maximum for prescription drug expenses. This mandate is applicable to drug rider coverage, as well as drug coverage that is part of an integrated benefit plan.

MVP has learned that claim adjustments attributable to Bill H559 were not being processed within MVP's claim system during the experience period driving this rate filing. Therefore, an adjustment to the experience period claims was needed. To quantify the impact of this mandate, MVP analyzed member level drug claims over the experience period. MVP captured amounts paid by members in excess of the Rx OOP maximum. The sum of these amounts was trended to the projection period to quantify the impact of this mandate on drug claims in 2015.

## Trend Factors

The development of annual medical paid claim trend factors is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its medical data. Regression analysis has been performed on MVP's utilization data in the past, and it was concluded that the predictive ability of the historical utilization trends was weak and not reliable. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network. The 2014 unit cost trend factors are consistent with the unit cost trend factors used in MVP's recently submitted 2015 Exchange filing.

In addition to the medical cost inflation rate assumed from the historical experience period to the rating period, an adjustment is needed to reflect the impact of cost share leveraging on the carrier's share of the medical cost. Leveraging is a result of the fixed nature of deductibles and copays in health benefit plans. When there are fixed member deductibles and copays, the carrier bears a greater portion of the cost of medical inflation. Therefore, an additional factor adjustment is made to the trend assumption to capture this cost.

The trend applied to the deductible portion of the experience period was derived using the distribution of claims for MVP's VT book of business. Claims below the average deductible amount over the experience period were trended at the applicable allowed trend rate while claims greater than the deductible were held flat. The average HDHP deductible over the experience period is $3,426 and the average non-HDHP deductible over the experience period is $2,686.

Annual Rx trend factors split by generic, brand and specialty drugs are also illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy vendor and reflect their best estimate of MVP's expected changes to pharmacy costs and drug utilization. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends can be found in Exhibits 2b and 2c.

The 2015 specialty unit cost trend has increased since MVP submitted its 2015 Exchange filing. MVP had conversations with its pharmacy vendor regarding the assumed impact of Sovaldi on its specialty trend. The pharmacy vendor's trend did not adequately capture the impact of Sovaldi based on an analysis performed on MVP's commercial book of business over the first four months of 2014 and an adjustment was made to account for this change. MVP increased its specialty trend by 4.1% to account for the shortfall of the vendor's trend.

**Experience Rating Addendum and Experience Rating Formula**

Included with the Manual Rate filing is the Experience Addendum and Experience Rating Formula which includes all of the applicable rating factors and the formula used to generate group specific premium rates. The following items have been updated in the Addendum to be effective 1/1/2015:

- Trend – 2014 and 2015 medical and Rx trend rates were restated to align with the most recent trend projections used in the manual rate development.

- Covered Lives Assessment – The 2015 covered lives assessment represents a 5% increase over the 2014 assessment. When New York State finalizes the 2015 covered lives assessment, MVP will update the addendum accordingly.

- Retention Expenses – The Federal Reinsurance Fee for 2016 is an estimate and equals $2.00 PMPM. When HHS issues guidance on the fee for 2016, MVP will update the addendum accordingly.

- Retrospective Rating – MVP has modified the surplus refund amount for group sizes of 251+ from 100% to 80% and modified the risk charge to 1.0% for all group sizes.

**Retention Expenses**

Retention expenses are illustrated in the Addendum. See above for changes to this section.

**2Q 2015 Rate Tables**

The trend factor used to derive the 2Q 2015 manual rate table reflects 3 months of the annualized 2015 paid claim trend. Essentially this is the same result as projecting the experience period data an extra 3 months to the midpoint of the 2Q rating period.

**Supplemental Exhibits**

Also included with this filing is a historical claim and membership summary for the past 36 months grouped into rolling 12 month periods. The data is shown by product type (HDHP vs non-HDHP) and also aggregated for the entire Large Group AR42 block. Incurred claims from January 2011 – December 2013 completed through May 31, 2014 are reflected in the data.

**Mandated Benefit Changes – Coplan Level Modifications**

The out-of-pocket maximum for the following coplans have been modified to comply with federal regulations:

| Coplan | 2015 OOP Max | 2014 OOP Max |
|---|---|---|
| VE085L | $5,300 | $6,350 |
| VE087L | $5,300 | $6,350 |
| VE088L | $5,300 | $6,350 |
| VE089L | $5,300 | $6,350 |
| VE091L | $5,300 | $6,350 |
| VE096L | $5,300 | $6,350 |
| VE101L | $5,300 | $6,000 |
| VE107L | $5,300 | $6,000 |
| VE108L | $5,300 | $6,350 |
| VE110L | $5,300 | $6,350 |
| VE111L | $5,300 | $6,350 |
| VE114L | $5,300 | $6,350 |
| VE115L | $5,300 | $6,350 |
| VP062L | $5,300 | $6,350 |
| VP066L | $5,300 | $6,350 |
| VP067L | $5,300 | $6,350 |
| VP072L | $5,300 | $6,350 |
| VP073L | $5,300 | $6,350 |
| VT08LA | $5,300 | $6,350 |
| VT08LB | $5,300 | $6,350 |
| VT08LC | $5,300 | $6,350 |

**Retirements**

The following coplans are being removed from this filing as they will no longer be offered to large groups in Vermont: VE001L, VE002L, VE003L, VE004L, VE006L, VE016L, VE018L, VE020L, VE031L, VE032L, VE033L, VE034L, VE035L, VE036L, VE037L, VE038L, VE047L, VE048L, VE050L, VE052L, VE053L, VE058L, VE063L, VE065L, VE075L, VE076L, VE079L, VE080L, VE086L, VE094L, VE097L, VE098L, VE099L, VE104L, VE112L, VE113L, VP016L, VP032L, VP033L, VP034L, VP036L, VP037L, VP038L, VP048L, VP049L, VP050L, VP051L, VP053L, VP054L, VP064L, VP068L, VP069L, VP070L, VP074L, VP076L, VP077L, VT03LA, VT03LB, VT03LC, VT04LA, VT04LB, VT04LC, VT07LA, VT07LB, VT07LC, VT09LA, VT09LB, VT09LC, VT10LA, VT10LB, VT10LC, VEHD-04L, VEHD-05L, VEHD-12L, VEHD-13L, VEHD-14L, VEHD-24L, VEHD-39L, VEHD-40L, VPHD-04L, VPHD-06L, VPHD-08L, VPHD-12L, VPHD-14L.

**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, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.

_____ 08/11/2014

Matthew Lombardo, FSA, MAAA Date
Actuarial Manager, Commercial Pricing
MVP Health Insurance Co, Inc.