

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In Re:)	
MVP Health Insurance Company)	GMCB 22-14-rr
First and Second Quarter 2015)	
Large Group EPO/PPO)	SERFF No.: MVPH-129681821
New Product Rate Filing)	

HCA MEMORANDUM IN LIEU OF HEARING

I. Introduction

MVP Health Insurance Company (MVP) submitted its proposed rate filing for its large group EPO/PPO new product plans for the first and second quarters of 2015 to the Green Mountain Care Board (the Board) on August 14, 2014. MVP is requesting approval of rates for new products it plans to offer in the large group market in 2015. A related filing, the MVP Health Insurance Company 1Q/2Q15 Large Group EPO/PPO Rate Filing, GMCB 21-14-rr, is also currently pending.

On October 13, 2014, the Department of Financial Regulation (DFR) submitted its review of MVP's financial solvency and on October 10, 2014, Lewis and Ellis (L&E), the contracted actuaries for the Board, submitted their Actuarial Opinion on this filing.

The Office of Health Care Advocate (HCA) entered an appearance in this matter pursuant to GMCB Rule 2.000 §§2.105(b) and 2.303 on August 21, 2014. The parties have agreed to waive the hearing for the filing scheduled for October 28, 2014.

II. Standard of Review

Health insurance organizations operating in Vermont must obtain approval from the Green Mountain Care Board before implementing health insurance rates. 8 V.S.A.

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§4062(a). The Green Mountain Care Board has the power to approve, modify, or disapprove requests for health insurance rates. 18 V.S.A. §9375(b)(6); 8 V.S.A. §4062(a). The insurer has the burden to show that its proposed rates are reasonable. GMCB Rule 2.00 §2.104(c).

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

III. Analysis

Pharmacy Trend

L& E has found that the instant filing does not produce rates that are excessive, inadequate or unfairly discriminatory. Actuarial Memorandum at page 4. L& E did not explicitly recommend any modifications to the requested rate for this filing. However, the L & E recommendation is based on “the usage of revised Rx trends for the large group filing (SERFF# MVPH-129676042), which proposes manual rate for the base plan VE021. *If the recommended Rx changes are in effect* for MVPH-129676042, we consider

the application of proposed benefit relativity factors to the updated VE021 manual rate to be reasonable and appropriate.” Actuarial Memorandum at page 3 (emphasis supplied).

The rate filing referenced by L & E is the MVP Health Insurance Company 1Q/2Q15 Large Group EPO/PPO Rate Filing, GMCB-021-14rr, which has not yet been decided by the Board. L& E has recommended a modification to the pharmacy rate for that filing:

Rx Trend: We consider MVPHIC’s approach of using Rx trends from its vendor without accounting for its Vermont specific block of business to be a limitation on the reasonableness of their proposed Rx trend assumption. ...

We recommend using the approved Rx trend from the 2015 Exchange filing as the starting point for the Rx trend. The adjustment to the specialty trend [proposed by MVP] is still appropriate, since this analysis was based on MVPHIC’s own experience. This will decrease the overall annual requested Rx trend from 7.8% to 7.2% for Non-HDHP and from 10.2% to 9.6% for HDHP products. This will results [sic] in a -0.1% change to the overall rate change for 1Q15 and the Rx riders rate change for 2Q15.

GMCB 21-14rr Actuarial Memorandum at page 6.

The HCA agrees with L & E’s proposed modification to the pharmacy trend.

Contribution to Surplus

MVP proposes a 2% contribution to surplus in its SERFF No. MVPH-129676042 filing for GMCB 21-14-rr at page 52. However, the Board found a 1% contribution to be adequate for MVP’s 2015 Vermont Exchange Products filing based on MVP’s strong financial position, a holistic view of the company, the small impact of Vermont business on MVP’s overall company, and the goal of increasing affordability for Vermont policyholders. GMCB 17-14-rr Decision at pages 13-14. Based on its review of this filing,

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DFR has opined that “the proposed rate will likely have no impact on MVPHIC’s solvency.”
DFR Solvency Opinion at page 2.

MVP has not met its burden of showing a need for a 2% contribution to surplus for its large group products. The HCA asks the Board to reduce the contribution for this filing to the 1% level of the Exchange filing. As the Board explained in the Exchange filing, “reducing the contribution to surplus ... to 1.0% makes the rate more affordable for Vermonters, who are most directly impacted by each increase in the cost of health care premiums. This reduction strikes an appropriate balance between our statutory charge to determine whether rates are affordable, while protecting the solvency of insurers. 8 V.S.A. § 4062(a)(3).” Id. at page 14.

Affordability and Access

The L & E analysis of this rate filing focuses on the traditional actuarial tests of whether the proposed rates are excessive, inadequate, or unfairly discriminatory. Actuarial Memorandum at 9. It does not include a consideration of whether the rate will be affordable, promote quality care and promote access to health care. These additional criteria, set forth in 8 V.S.A. §4062(a)(3), were first incorporated into the rate review process in Vermont as part of Act 48, An act relating to a universal and unified health system, of the 2011-2012 legislative session (Act 48).

Modifying and lowering the rate requested for this filing will further the goals of Act 48 by making the rate more affordable for Vermonters, thereby promoting access to health care.

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IV. Conclusion

The HCA asks the Board to reduce the pharmacy trend assumptions and the contribution to surplus for this filing and GMCB 21-14-rr to be consistent with the Board's decision in the 2015 MVP Exchange Filing and to promote the goals of Act 48.

Dated at Montpelier, Vermont this 28th day of October, 2014.

s/ Lila Richardson
Lila Richardson
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CERTIFICATE OF SERVICE

I, Lila Richardson, hereby certify that I have served the above Memorandum on Michael N. Donofrio, General Counsel to the Green Mountain Care Board; Judith Henkin, Health Policy Director of the Green Mountain Care Board, and Susan Gretkowski, representative of MVP, by electronic mail, return receipt requested, this 28th day of October, 2014.

s/ Lila Richardson
Lila Richardson
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