

**STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company	)	
First and Second Quarter 2015 Large	)	Docket #:
Group New Products EPO/PPO Rate Filing	)	GMCB-022-14rr

**MVPHIC Health Insurance Company's Memorandum in Lieu of Hearing**

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) adopt the Lewis and Ellis (L&E) actuarial recommendation (with the exception of their Rx trend modification) in the above captioned matter. MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding, which was scheduled for October 28, 2014 and submit on memoranda.

**Description of the Filing**

This filing covers nine new EPO/PPO products that MVPHIC will introduce into the market in 2015. One is a non-high deductible (non-HDHP) plan, and the rest are HDHPs. The filing contains the manual rate development for the 1Q and 2Q of 2015. MVPHIC will use the proposed manual rates as well as the experience rating addendum and formula to determine group-specific rates. The filing includes a quarterly increase of 1.5% for 2Q2015 rates over 1Q2015 rates.

The filing also includes rates for two riders that will be sold with these plans: a vision rider and a safe harbor rider (which would amend the benefits to waive the plan deductible for a specific list of preventive drugs).

Because these are new products to be sold, there are no current members covered by this filing.

**L&E Recommendation**

L&E recommended approval of the rates as filed, saying they "would not produce rates that are excessive, inadequate or unfairly discriminatory". They did base this recommendation on an assumption that MVPHIC would revise its Rx trends to mirror those the GMCB approved in its 2015 Exchange filing (GMCB 017-14rr), and that they suggested for use in MVPHIC's 1Q and 2Q2015 large group existing products rate filing (GMCB 021-14rr), which is still pending before the GMCB. Otherwise, their analysis was straightforward and they did not identify any issues with any of the various components of the filing.

## **MVPHIC Response**

MVPHIC disagrees with use of the revised Rx trend proposed by L&E. These reasons were laid out in detail in both the hearing and its post-hearing memorandum in its 2015 Exchange rate filing (GMCB 017-14rr), and in the rate filing currently pending before the GMCB (Small Group EPO/PPO 1Q and 2Q2015 filing, GMCB 020-14rr).

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

## **Conclusion**

For the reasons stated above MVPHIC requests that this rate filing be approved as filed and not as modified by L&E.

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October 22, 2014

### **Certificate of Service**

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

*s/ Susan Gretkowski*

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