

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In Re:)	
MVP Health Plan, Inc.)	GMCB 23-14-rr
First and Second Quarter 2015)	
Large Group HMO Rate Filing)	SERFF No. MVPH-129682581:

HCA MEMORANDUM IN LIEU OF HEARING

I. Introduction

MVP Health Insurance Company (MVP) submitted its proposed rate filing for its Large Group HMO plans for the first and second quarters of 2015 to the Green Mountain Care Board (the Board) on August 14, 2014. MVP requests approval of an average 5.5 % increase in the rates for its plans for those renewing or enrolling in the two quarters. Due to migration from the HMO market to MVP's PPO/EPO products, this filing covers only three subscribers and 245 members.

On October 13, 2014, the Department of Financial Regulation (DFR) submitted its review of MVP's financial solvency for this filing. Lewis and Ellis (L&E), the contracted actuaries for the Board, submitted interrogatories to the carrier but did not supply an Actuarial Opinion for 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), 5104(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 must consider 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

L&E did not supply an Actuarial Opinion for this filing and therefore did not recommend any modifications to the proposed rates. Based on its review of this filing, DFR has opined that “the proposed rate will likely have no impact on MVPHIC’s solvency.” DFR Solvency Opinion at page 2.

The HCA asks the Board to modify this filing based on modifications to the pharmacy trend and contribution to surplus made in the MVP 2015 Vermont Health Connect Exchange filing.

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In its decision in the Exchange filing, the Board modified the pharmacy trend based on its conclusion that “MVP’s vendor-supplied pharmacy trend – which does not take into account state-specific data – should not be used in the carrier’s 2015 exchange rate development.” Due to the lack of data from which MVP could develop a credible prescription drug trend, the Board agreed “with L&E’s recommendation that the 8.4% pharmacy trend developed by BCBSVT – the only other carrier in the exchange, with more than ten-fold MVP’s membership – most accurately reflects the overall pharmacy trend in the Vermont marketplace.” GMCB 17-14-rr Decision at page 10.

The HCA believes that a 1% contribution to surplus is adequate for this filing. The Board reduced a requested 2% contribution for MVP’s 2015 Exchange Products filing based on the carrier’s strong financial position, a holistic view of the company, the small impact of Vermont business on the overall company, and the goal of increasing affordability for Vermont policyholders. *Id.* at pages 13-14. In this filing, the contribution to surplus should have a minimal impact due to the small membership numbers. As the Board decision in the Exchange filing explained, “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.

In analyzing this filing, L & E did not consider whether the requested 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

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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.

IV. Conclusion

The HCA asks the Board to modify the proposed pharmacy trend and contribution to surplus for this filing to be consistent with its decision in the 2015 MVP Vermont Health Connect Filing and to promote the goals of Act 48.

Dated at Montpelier, Vermont this 31st day of October, 2014.

s/ Lila Richardson
Lila Richardson
Office of the Health Care Advocate

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 Health Plan, Inc., by electronic mail, return receipt requested, this 31st day of October, 2014.

s/ Lila Richardson
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