

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company Third)	Docket #:
And Fourth Quarter 2014 Large Group)	GMCB-010-14rr
EPO/PPO Rate Filing)	

MVPHIC Health Care's Memorandum in Lieu of Hearing

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the proposed rates as filed. MVPHIC and the Office of the Health Care Ombudsman (HCO) have agreed to waive the hearing before the GMCB in this proceeding.

Introduction

On March 25, 2014, the Board's actuary, Lewis and Ellis Actuaries and Consultants, issued its opinion letter in the above captioned matter. MVPHIC has agreed to waive the hearing in this matter and accepts the actuary's recommendation that the Board approve the rates as filed. In the event the GMCB believes it will not accept MVPHIC's rates as filed, then MVPHIC requests that the GMCB convene a hearing to develop the record on any issues that it believes might be grounds for modification of the filing. To do otherwise would deprive MVPHIC of a meaningful opportunity to be heard.

Description of the Filing

This filing is for MVPHIC's large group PPO/EPO line of business, which includes both high deductible health plans (HDHP) and non-HDHP plans. The filing contains the monthly premiums that MVPHIC proposes to charge large group members who enroll or renew coverage during 3Q14 and 4Q14.

MVPHIC is proposing to increase rates for its large group EPO/PPO members renewing in 3Q14 by 1.3% over the approved 3Q13 rates and 4Q14 rates by 1.1% over 4Q13 rates for its HDHP plans. For its non-HDHP plans, it is proposing to raise the rates for 3Q14 by 0.3% over its rates for 3Q13, and by 0.3% for 4Q14 over its 4Q13 rates. These rates increases are for both the medical and prescription drug component of the premium.

This filing is expected to cover approximately 7,600 members (3700 in HDHP plans and 3900 in non-HDHP plans).

Lewis and Ellis Recommendation

This is a manual large group filing, which rather than setting our actual premium rates, provides the methodology MVPHIC will use to develop premium rates for each individual large group business. This is because large groups are experienced rated. Lewis and Ellis reviewed MVPHIC's assumptions and adjustments made to the experience data set for large claims and expense loads, and also reviewed projected loss ratios and how these projected ratios compared to MVPHIC's historical experience. They found MVPHIC's rate development methodology to be reasonable and appropriate.

They further found MVPHIC's development of facility and outpatient trend levels to be appropriate and justified by the support provided (see below for discussion of the outpatient trend). They concurred with the development of the Rx trend and the experience rating formula.

MVPHIC's Response to the Recommendation

MVPHIC agrees with Lewis and Ellis' recommendation and urges the Board to accept it unchanged.

MVPHIC points out that it has been working to reduce its administrative expenses, and has included in this filing a lower general administrative load (reduced from actual expenses of 11.7% to 9.5%). MVPHIC remains committed to reducing administrative costs going forward.

As to the 16.6% physician trend in this filing, we realize this is significantly higher than past trends, and is due to the termination of a risk arrangement between it and a large provider group, and a new contract negotiation that resulted in significant cost increases.

Therefore, because Lewis and Ellis found that the rates as filed are not excessive, inadequate or unfairly discriminatory, MVPHIC asks the Board to approve the rates as filed.

Susan Gretkowski, Esq.
MVP Health Care
66 Knight Lane
Williston, VT 05495
802-264-6532 (office)
802-505-5058 (cell)
sgretkowski@mvphealthcare.com

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, counsel of record for the Office of the Health Care Ombudsman, by electronic mail this 9th day of April, 2014.

Susan Gretkowski, Esq.
MVP Health Care
66 Knight Lane
Williston, VT 05495
802-264-6532 (office)
802-505-5058 (cell)
sgretkowski@mvphealthcare.com