

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Insurance Company 1 <sup>st</sup> and 2 <sup>nd</sup> Quarter )		
2017 Small Group Grandfathered Rate Filing )		GMCB-09-16-rr
	)	
SERFF No. MVPH-130681893 )		

MEMORANDUM IN LIEU OF HEARING

For the above-captioned filing, MVP Health Insurance Company (MVP) requests annual rate increases into the double digits: between 9.0% and 13.9%. GMCB 09-16rr SERFF Filing, page 9. To increase affordability, the HCA asks the Green Mountain Care Board (GMCB) to eliminate the contribution to surplus in this filing.

I.     Background

MVP submitted its First and Second Quarter 2017 Small Group Manual Rate Filing for review by the GMCB on August 5, 2016. The filing covers an estimated 1,933 Vermonters. The Department of Financial Regulation (DFR) filed its Solvency analysis for this filing on September 28, 2016 and Lewis and Ellis (L&E), the GMCB's contracted actuarial firm, filed its Actuarial Memorandum on October 4, 2016. The Office of Health Care Advocate (HCA) entered an appearance pursuant to GMCB Rule 2.000 §§2.105(b) and 2.303. Both parties have waived the hearing for the filing.

II.    Standard of Review

Health insurance organizations operating in Vermont must obtain approval from the GMCB before implementing health insurance rates. 8 V.S.A. §4062(a). The GMCB may approve,

modify, or disapprove requests for health insurance rates. 18 V.S.A. §9375(b)(6); 8 V.S.A. §4062(a). “In deciding whether to approve, modify, or disapprove each rate request, the GMCB 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); GMCB Rule 2.000 §2.401; 8 V.S.A. §4062(a)(3). The insurers have the burden of showing that their rates are reasonable and meet the statutory criteria. GMCB Rule 2.104(c).

In making its decision, the GMCB must consider the requirements of the underlying statutes, changes in health care delivery, changes in payment methods and amount, the Solvency Analysis prepared by DFR in connection with each filing and other issues at the discretion of the GMCB. GMCB Rule 2.000 §2.401; *see also* 18 V.S.A. §9375(b)(6). Further, the GMCB “shall consider any [public] comments received on a rate filing and may use them to identify issues.” GMCB Rule 2.000 §2.201(d). The record for rate review includes the entire System for Electronic Rate and Form Filing (SERFF filing) submitted by the insurer, questions posed by the GMCB to its actuaries, questions posed to the insurer by the GMCB, its actuaries, and DFR, DFR’s Solvency Analysis, and the Opinion from the GMCB’s actuary. GMCB Rule 2.000 §2.403(a).

### III. Review of Actuarial Opinions and DFR Solvency Analysis Letters

In its Solvency Analysis, DFR “determined that MVPHIC’s Vermont operations pose little risk to its solvency.” GMCB 09-16-rr Solvency Analysis, page 2. L&E limited their conclusion in this filing to whether the filing produces rates that are “excessive, inadequate, or unfairly discriminatory.” GMCB-09-16-rr Actuarial Memorandum, page 7. L&E did not recommend any changes to the filing. GMCB-09-16-rr Actuarial Memorandum, page 7.

#### IV. Analysis

The HCA asks the GMCB to increase affordability for policyholders by eliminating the contribution to surplus for this filing. The proposed average rate increases for this filing, between 9% and 13.9%, are unaffordable to Vermonters, as shown by the average price increase of consumer goods in the United States and in comparison to recent wage increases in Vermont. In the past 12 months, according to the most recent Consumer Price Index, the average price of goods in the United States rose only 1.5%.<sup>1</sup> The lowest proposed increase for this filing is six times that amount. Further, the lowest proposed increase in this filing is triple average recent wage increase in Vermont. In 2015 the most recent year where data is available, average per capita personal income increased just over 3% in Vermont.<sup>2</sup> This plan covers a small group of Vermonters and therefore any contributions to reserve generated by this filing will have an insignificant impact on MVP's solvency. DFR's solvency analysis reflects this point. Therefore the GMCB can increase affordability for the Vermonters under this plan, without threatening MVP, by eliminating the contribution to surplus.

#### V. Conclusion

The proposed rate increases are unaffordable to Vermonters. The HCA asks the GMCB to modify the filing by eliminating the contribution to surplus.

Dated at Montpelier, Vermont this 24th day of October, 2016.

s/ Kaili Kuiper  
Kaili Kuiper  
Staff Attorney  
Office of Health Care Advocate

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<sup>1</sup> Consumer Price Index, U.S. Bureau of Labor Statistics, September 2016, available at <http://www.bls.gov/news.release/pdf/cpi.pdf>.

<sup>2</sup> Per Capita Personal Income, Vermont and United States, 1929-2015, Vermont Department of Labor, Economic & Labor Market Information, available at <http://www.vtlmi.info/pcpivt.htm>.

### CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Memorandum on Judith Henkin, General Counsel to the Green Mountain Care Board; Noel Hudson, Health Policy Director of the Green Mountain Care Board; and Susan Gretkowski, representative of MVP, by electronic mail, return receipt requested this 24th day of October, 2016.

s/ Kaili Kuiper  
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