

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company Third)	Docket #:
And Fourth Quarter 2016 Grandfathered)	GMCB-02-16rr
Small Group 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 modified by the Board’s actuary, Lewis and Ellis (L&E). MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

Description of the Filing

This filing is for MVPHIC’s “grandfathered” small group PPO/EPO line of business, which are high deductible health plans (HDHP). The filing contains the monthly premiums that MVPHIC proposes to charge small group members who renew coverage during 3Q2016 and 4Q1016.

MVPHIC is proposing to increase rates for its grandfathered small group EPO/PPO members renewing in 3Q2016 by 9.3% over the approved 3Q2015 rates and 4Q2016 rates by 7.9% over 4Q2015 rates for its HDHP plans. These rate increases are for both the medical and prescription drug component of the premium.

This filing is expected to cover approximately 1,950 members. These are members who are in grandfathered plans, as defined by the Affordable Care Act, and have chosen to continue in their current plans and not move to Exchange plans. This is a closed book of business.

Lewis and Ellis Recommendation

L&E recommends two modifications to the rate filing, one of which would *increase* the requested rate and one would decrease the requested rate by the same amount as the suggested increase. L&E recommends that the Board make the following modifications. First, modify the allowed trend assumption to incorporate the year-over-year change in cost distribution resulting from category-specific cost trends. This modification would add approximately 0.1% to the 3Q16 rate change and have no material impact on the 4Q16 rate change. Secondly, modify the Rx trend assumptions to reflect the one-time cost savings

associated with switching to a new PBM in 2015. This modification would decrease in the overall proposed rates by approximately 0.1%. L&E opined that the above changes effectively offset each other, and result in a minimal impact on the proposed rates.

In all other aspects, L&E found MVPHIC's assumptions and calculations to be reasonable and appropriate, and recommends approval.

MVPHIC's Response to the Recommendation

MVPHIC accepts L&E's modifications and asks the Board to approve the filing as recommended by L&E. MVPHIC specifically requests that the Board make no further modifications to the filing, as any further modifications would not be supported by anything in the record, nor have any actuarial support.

MVPHIC again points to its continued efforts to reduce administrative costs have resulted in a reduction of administrative expense load in the filing of 8.0%, which is consistent with the previously approved 1Q and 2Q 2016 rate filing. MVPHIC's commitment to reducing administrative costs has been demonstrated across its recent rate filings before the Board and it will continue its cost reduction efforts.

And, of note, L&E does not recommend any reduction to MVPHIC's contribution to reserves of 2.0%,

Based on the above, MVPHIC asks the Board to approve the rates as modified by L&E.

s/ Susan Gretkowski
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April 25, 2016

Certificate of Service

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Judy Henkin, 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 25th day of April, 2016.

s/ Susan Gretkowski

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