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April 13, 2017

Mr. Kevin Rugeberg, ASA, MAAA  
Lewis & Ellis, Inc.  
P.O. Box 851857  
Richardson, TX 75085

Re: 2017 3Q/4Q Vermont Large Group HMO Rate Filing  
SERFF Tracking #: MVPH-130977835

Dear Mr. Rugeberg:

This letter is in response to your correspondence received 04/12/17 regarding the above mentioned rate filing. The responses to your questions are provided below.

*1. Please clarify what changes, if any, are being made to the manual rate. The memorandum states that "MVP is proposing not to change [the] manual rates," and trends are used "before blending the experience with the manual rate." However, the manual rates displayed in Exhibit 4a appear to show manual rates increasing at 1.1% per quarter.*

Response: MVP previously filed and had approved 3<sup>rd</sup> and 4<sup>th</sup> quarter 2017 manual rates for this block of business (see SERFF# MVPH-130720563). MVP is not proposing to make any changes to those approved manual rates in this filing. The column you are referring to displays the quarterly manual rate change from 2<sup>nd</sup> quarter 2017 approved rates to 3<sup>rd</sup> quarter 2017 approved rates. Similarly, the column labeled "Annual Manual Rate Change" displays the approved manual rate change for 3<sup>rd</sup> quarter 2017 over 3<sup>rd</sup> quarter 2016. The column labeled "Change from Previously Approved Rate" displayed the change (or lack thereof) for approved 3<sup>rd</sup> quarter 2017 manual rates from the previous filing to the ones proposed in this filing.

*2. It appears that the projected medical trend is being applied to both the Medical manual rate as well as the manual rate for the Rx riders. Was this intentional, or should the Rx riders be trended at the Rx trend rate?*

Response: The trend that was applied to both the Medical manual rate as well as the Rx manual rate is actually a weighted Medical and Rx trend using experience period Medical and Rx claims as the weights. MVP does this consistently in both its Large Group HIC and Large Group HMO filings to maintain the relativities in benefits between Medical base coplans and Rx riders. This is necessary because MVP has Medical base coplans that are actually integrated Medical/Rx benefits, so a maintenance of the relativities between integrated and non-integrated benefits is necessary.

MVP is aiming to re-slope its benefits for all Large Group products in the Q1 2018 filing, consistent with the response provided in SERFF# MVPH-130913726, Objection #1, Question #8.



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*3. Did MVP consider that the decrease in the demographic adjustment factors between 2Q and 3Q would result in a decrease to the manual rate for a quoted group? After applying the demographic adjustment to the proposed manual rates, it appears that the manual rate for a given group would be approximately 0.2% lower for 3Q than 2Q.*

Response: MVP did consider this fact when submitting this filing, but decided against updating the manual rates to account for the change in the age/gender factor table. Having a consistent age/gender table between MVP's HIC and HMO companies is necessary due to system limitations in MVP's Large Group quoting tool. Therefore, MVP has filed the same age/gender table for both companies.

Should a normalization to the age/gender table continue to be necessary in the future, MVP would reflect both this potential decrease to the manual rate as well as future increases/decreases in subsequent filings.

*4. The revised Experience Rated Addendum for 3Q2017 does not include any consideration for the 18 V.S.A § 9374(h) Billback or the HCA assessment. Is it MVP's intention not to reflect this cost in the premiums, or is there an adjustment to past experience that is not captured in the Experience Rated Addendum?*

Response: Consistent with SERFF# MVPH-130913726, MVP is treating all current billbacks/assessments as claim expense instead of a premium load. Therefore, MVP will be including these values in the manual rates as well as making adjustments to a group's experience period data when calculating a final combined rate.

MVP has not reflected these amounts as claim expense in its manual rate calculations for the current filing. MVP plans to include them on any future rate filings for this block of business.

If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Bachner".

Eric Bachner, ASA  
Senior Actuarial Analyst  
MVP Health Care