

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc.)
2019 Individual and Group Market Rate Filing) GMCB-008-18rr
)

**HCA’s RESPONSE TO MVP’s OBJECTIONS TO HCA’S NON-ACTUARIAL
QUESTIONS**

On June 25, 2018 MVP Health Plan, Inc. (MVP) filed a pleading (MVP Objection) with the Green Mountain Care Board (Board) objecting to and declining to substantively respond to seven of the Office of the Health Care Advocate’s (HCA) nine interrogatories. The HCA replies as follows:

1. MVP objected to and declined to respond to HCA Interrogatories 1 through 4, which seek any support MVP has that is relevant to any of four factors that the Board must consider in evaluating the lawfulness of MVP’s proposed rate increase under the statute: (1) whether the proposed rates are affordable; (2) whether they promote quality care; (3) whether they promote access to care; and (4) whether they are not unjust, unfair, inequitable, or misleading. (HCA Interrogs. 1-4).

The HCA submitted these interrogatories because it believes that providing such support prior to the hearing could narrow the issues in dispute at the hearing and save time at the hearing, to the advantage of all parties. However, if MVP and the Board would prefer to deal with these issues entirely at the hearing, the HCA has no objection to doing so.

2. MVP objected to and declined to respond to HCA Interrogatory 7, which seeks the most recent annual bonuses received by each of MVP’s 10 most highly-compensated executives. Such information is relevant to the question of whether MVP’s administrative

costs are reasonable and thus to whether they should be fully passed through to its enrollees. MVP has declined to provide that information on the grounds that it is publicly available, beyond the scope of this proceeding and unduly burdensome for MVP to produce. (MVP Objection at 8). As with the HCA's interrogatories regarding the substantive statutory criteria, the HCA believes that producing the executive compensation information could narrow the issues and save time at the hearing. For example, it may be the case that executive compensation has a trivial effect on the rate base, and therefore does not materially affect the proposed rates. As with the substantive statutory criteria, if MVP and the Board would rather deal with the question of the reasonableness of MVP's executive bonuses and the extent, if any, to which such compensation affects the proposed rates entirely at the hearing, the HCA has no objection to doing so.

3. MVP objected to and provided only a minimal response to HCA Interrogatory 8, which asks for "more detail on [MVP's] federal income taxes." (HCA Interrog. 8). In fairness, this question was poorly drafted: in particular, although the question begins by saying "Please provide more detail on your federal income taxes," it asks specifically for the annual premium tax MVP has paid since 2014 and the annual ACA health insurance tax it has paid since 2014, in addition to any net operating losses it has accumulated and the impact last year's tax law changes have had on the value of any MVP net operating losses. MVP responded by saying that it does not pay federal income taxes, but has not responded to the premium tax or ACA health insurance tax questions. (MVP Objection at 9). With apologies to both MVP and the Board for the ambiguity of its original question,

the HCA again asks that MVP provide the annual premium tax MVP has paid since 2014 and the annual ACA health insurance tax it has paid since 2014.

4. MVP has objected to and declined to respond to HCA Interrogatory 9, which seeks information regarding MVP's investment performance. (HCA Interrog. 9). MVP is correct that much, although not all, of the information sought by Interrogatory 9 is contained in MVP's Annual Statement, which the HCA will introduce at the hearing. (MVP Objection at 9). The HCA therefore withdraws Interrogatory 9.
5. Finally, the HCA agrees with MVP that "broad unlimited discovery by the parties is not contemplated in this short administrative process." (MVP Objection at 3). At the same time, MVP's effort to prevent the HCA and the Board from seeking information "beyond the scope of the rate filing," is misplaced. (MVP Objection at 5). MVP's rate filing addresses the question whether the proposed rates are excessive, inadequate or unfairly discriminatory. It does not address the statutory questions whether the proposed rates are affordable; whether they promote quality care; whether they promote access to care; or whether they are unjust, unfair, inequitable, or misleading. The absence of any discussion of those factors in a rate filing does not nullify the statutory mandate that such factors be considered in determining whether a proposed rate is lawful.

s/Eric Schultheis

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CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Notice of Appearance on Judith Henkin, General Counsel to the Green Mountain Care Board; Sebastian Arduengo, Green Mountain Care Board Staff Attorney; Agatha Kessler, Green Mountain Care Board Health Policy Director; and Gary Karnedy, representative and filing contact of MVP Health Care, Inc., by electronic mail, return receipt requested, this 28th day of June, 2018.

s/ Kaili Kuiper

Kaili Kuiper

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