

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Plan's Third and Fourth) Docket #:
Quarter 2018 Large Group HMO Rate Filing) GMCB-07-18rr

In re: MVP Health Insurance Company's) Docket #:
Large Group Point of Service Rate Filing) GMCB-06-18rr

**MVP Health Care's and MVP Health Insurance Company's
Combined Memorandum in Lieu of Hearing**

MVP Health Plan (MVPHP) and MVP Health Insurance Company (MVPHIC) (jointly referred to as MVP) hereby submit this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the rates as recommended by the Board's actuary, Lewis and Ellis (L&E). MVP and the Health Care Advocate have agreed to waive the hearing before the GMCB in this proceeding.

The present filing is the manual and factor rate filing for MVPHP's large group HMO line of business. Note that MVP has migrated its entire product portfolio sold on the MVPHIC license to MVPHP, and retired the entire portfolio previously sold on MVPHIC. Additionally, MVP has filed several "point of service" optional riders (under the MVPHIC license) that will be offered in connection with the MVPHP products (they are not stand alone products). MVP is proposing these riders to provide out of network coverage as a supplement to the in-network benefit. MVP also added optional riders for wellness and a discount program for various other services, such as acupuncture, exercise centers, fitness clubs and massage therapy. L&E reviewed both filings together and issued one actuarial opinion addressing both filings.

MVPHP has proposed an annual rate change for manually rated groups of 3.8% for 3Q2018 and 2.8% for 4Q2018 for medical and prescription drug coverage. The manually rated group rates are composed of a manual rate change, an age/gender factor change and a change in retention. MVPHIC has proposed rates for the POS riders that are a percentage of premium to the combined medical and pharmacy manual rates under the group's plan. (See L&E opinion, dated May 22, 2018, paragraph 3 on

page one for an example of how this would work). For the wellness and other riders, the rate added was \$0.00.

As of January 2018, there were approximately 2,275 members enrolled in these plans. Of these members 155 have a 3Q effective date, and none have an effective date in 4Q. The vast majority of these members enroll in the first quarter of any given year.

L&E Recommendation

L&E recommends that the rates be approved as filed without any changes. They found the rate development methodology to be reasonable and appropriate, as well as MVP's administrative expenses. The following is a summary of L&E's findings.

Rate development methodology: L&E found MVP's assumptions to be reasonable and appropriate.

Age and gender factor changes: L&E found that MVP appropriately corrected for the average age/gender of the population increasing by 1%. If this change had not been accounted for by MVP, it would have led to excessive revenue. They found the normalization methodology to be reasonable and appropriate.

Medical trend: L&E found MVP's development of medical trend using negotiated unit cost change with providers and GMCB approved rate changes to be reasonable and appropriate. They also found MVP's utilization of a 0.0% utilization trend to be reasonable and appropriate using historical data.

Rx trend: L&E found MVP's use of Vermont specific data from its PBM vendor and methodology to be reasonable and appropriate.

Administrative expenses: L&E found MVP's assumed general administrative load of 9.7%, although higher than recent actual expenses, was reasonable and appropriate because 2018 enrolment is anticipated materially lower and this will lead to a higher administrative load on a PMPM basis because costs are fixed. Of note, L&E did not recommend that the GMCB reduce MVP's requested contribution to reserves from the

2% requested. They also found calculations of state and federal taxes to be reasonable and appropriate.

Conclusion

Based on the above, MVP asks the Board to approve the filing as recommended by L&E. L&E opined that “the filing does not produce rates that are excessive, inadequate, or unfairly discriminatory” (L&E Actuarial Analysis, May 22, 2018, page 8). Any modifications made by the Board would not be supported by anything in the record, nor have any actuarial support.

s/ Susan Gretkowski
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June 7, 2018

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 Kaili Kuiper, Office of the Health Care Advocate, by electronic mail this 7th day of June, 2018.

s/ Susan Gretkowski
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