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April 6, 2018

Eric Bachner
MVP Health Insurance Company
625 State Street
Schenectady, NY 12305

Re: MVP Health Insurance Company
2018 3Q/4Q Large Group HIC Rate Filing
SERFF Tracking #: MVPH-131435409
Objection #1

Dear Mr. Bachner:

The following additional information is required for this filing.

1. Provide a sample calculation demonstrating how the rider cost for the OON costs are applied to the base HMO rate. We see in Exhibit 1 that SV3HMB01L has a "Net Required Revenue" rate of 3.6%. Is this independent of what underlying in-network benefits are selected?
2. In filing MVPH-131213366, the Company stated that "MVP does not currently have any groups that purchase PPO products on MVPHIC." However, in this filing, the POS rider rates are based on "MVP's best estimate of the historical OON allowed claims." What was the basis for this estimate?
3. What proportion of utilization is assumed to occur in-network for groups electing to include a POS rider?
4. Is the inclusion of a POS rider assumed to have an impact on in-network utilization? If so, is this impact reflected in the pricing of the POS riders?
5. As noted in the memorandum, the IBNR factors applied are not specific to this block of business. It is unclear what blocks are included in the calculation of the 6.4% IBNR factor applied to the 3 open filings. Were these claims incurred on the blocks represented by the open filings, or were they incurred on other blocks and/or for members in other states?

Please beware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing is completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than April 13th, 2018.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,



Kevin Ruggeberg, ASA, MAAA
Associate Actuary
Lewis & Ellis, Inc.
KRuggeberg@LewisEllis.com
(972)-850-0850



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
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April 13, 2018

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

Re: 3Q/4Q 2018 Vermont Large Group HIC Rate Filing
SERFF Tracking #: MVPH-131435409

Dear Mr. Rugeberg:

This letter is in response to your correspondence received 04/06/18 regarding the above mentioned rate filing. The response to your question is provided below.

1. Provide a sample calculation demonstrating how the rider cost for the OON costs are applied to the base HMO rate. We see in Exhibit 1 that SV3HMB01L has a "Net Required Revenue" rate of 3.6%. Is this independent of what underlying in-network benefits are selected?

Response: MVP is applying the "Net Required Revenue" percent to either A) the integrated manual rate for integrated medical and pharmacy benefits or B) the combined medical and pharmacy manual rates for non-integrated benefits. Please see the following table which details the calculation for scenario B) above (using 3Q 2018 manual rates).

Derivation of Combined Medical, Pharmacy, and POS Rider Manual Rate		
a)	Medical Benefit VT3HMO087ZLN	\$463.73
b)	Rx Benefit RXVT3HMB500ZL	\$50.68
c)	Combined In-Network Manual Rate	\$514.41 = a) + b)
d)	POS Rider SV3HMB01L percentage	3.60%
e)	Combined Manual Rate w/ POS rider	\$532.93 = c) * [1 + d)]

The percentage for each POS rider is independent of the base benefits selected; however, MVP has limited the combination of in-network and out-of-network benefits to guard against anti-selection. Attached is a document which provides the medical benefits that each POS rider are allowed to be paired with.

2. In filing MVPH-131213366, the Company stated that "MVP does not currently have any groups that purchase PPO products on MVPHIC." However, in this filing, the POS rider rates are based on "MVP's best estimate of the historical OON allowed claims." What was the basis for this estimate?

Response: The out-of-network data referred to in the Actuarial Memorandum consists of out-of-network utilization for MVP's entire commercial population in New York. This was supplemented by the select in-network utilization referred to in the Memorandum which was from MVP's entire commercial population (New York and Vermont).



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3. *What proportion of utilization is assumed to occur in-network for groups electing to include a POS rider?*

Response: MVP is assuming that approximately 90% of facility claims will be utilized in-network for these members and 10% of facility claims will be utilized out-of-network. MVP is not assuming any out-of-network utilization for physician and pharmacy claims.

4. *Is the inclusion of a POS rider assumed to have an impact on in-network utilization? If so, is this impact reflected in the pricing of the POS riders?*

Response: The value of the POS rider is due to the increased unit cost of the out-of-network services to in-network services. Said a different way, all out-of-network utilization is assumed to replace in-network utilization for groups purchasing the POS rider.

5. *As noted in the memorandum, the IBNR factors applied are not specific to this block of business. It is unclear what blocks are included in the calculation of the 6.4% IBNR factor applied to the 3 open filings. Were these claims incurred on the blocks represented by the open filings, or were they incurred on other blocks and/or for members in other states.*

Response: The paid claims data used in the IBNR factor calculation for this block of business includes all claims paid by MVP Health Insurance Company in Vermont. This includes paid claims from the small group Grandfathered filing (SERFF# MVPH-131432994) and large group in-network filing (SERFF# MVPH-131435335).

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

Exhibit 1 -- Medical Riders

Large Group VT HIC Rate Filing
 For Effective Dates Beginning Between July 1, 2018 - December 31, 2018

POS Rider	Benefit Description	Allowed Medical/Integrated INN Benefit
SV3HMB01L	\$1,000 Deductible / 40% Coinsurance / \$6,650 OOP Max	VT3HMO087ZLN, VT3HMO089ZLN
SV3HMB02L	\$2,000 Deductible / 40% Coinsurance / \$6,650 OOP Max	VT3HMO087ZLN, VT3HMO089ZLN, VT3HMO092ZLE, VT3HMO095ZLE, VT3HMO100ZLE, VT3HMO103ZLE
SV3HDH02L	\$2,000 Deductible / 40% Coinsurance / \$6,650 OOP Max	VT3HDH01AXL, VT3HDH07AXL, VT3HDHD08AXL
SV3HMB03L	\$4,000 Deductible / 40% Coinsurance / \$8,000 OOP Max	VT3HMO087ZLN, VT3HMO089ZLN, VT3HMO091ZLE, VT3HMO092ZLE, VT3HMO093ZLE, VT3HMO095ZLE, VT3HMO100ZLE, VT3HMO101ZLE, VT3HMO103ZLE, VT3HMO107ZLE, VT3HMO110ZLE, VT3HMO118ZLE
SV3HDH03L	\$4,000 Deductible / 40% Coinsurance / \$8,000 OOP Max	VT3HDH01AXL, VT3HDH02AXL, VT3HDH07AXL, VT3HDHD08AXL, VT3HDH09AXL, VT3HDH15AXL, VT3HDH17AXL, VT3HDH41EXLE, VT3HDH43EXLE, VT3HDH46AXL, VT3HDH52AXL
SV3HMB04L	\$6,500 Deductible / 40% Coinsurance / \$13,000 OOP Max	VT3HMO087ZLN, VT3HMO089ZLN, VT3HMO091ZLE, VT3HMO092ZLE, VT3HMO093ZLE, VT3HMO095ZLE, VT3HMO100ZLE, VT3HMO101ZLE, VT3HMO103ZLE, VT3HMO107ZLE, VT3HMO110ZLE, VT3HMO116ZLE, VT3HMO117ZLE, VT3HMO118ZLE
SV3HDH04L	\$6,500 Deductible / 40% Coinsurance / \$13,000 OOP Max	VT3HDH01AXL, VT3HDH02AXL, VT3HDH07AXL, VT3HDHD08AXL, VT3HDH09AXL, VT3HDH15AXL, VT3HDH17AXL, VT3HDH19EXLE, VT3HDH41EXLE, VT3HDH43EXLE, VT3HDH46AXL, VT3HDH52AXL