



## **ACTUARIAL MEMORANDUM**

### **3Q/4Q 2018 Large Group MVPHIC Manual Rate Filing**

#### **Purpose of Filing**

The purpose of this filing is to demonstrate the development of manual rates in support of MVP Health Insurance Company's (MVPHIC) Large Group POS rider portfolio and seek approval of the manual rates used to develop group specific premium rates. The premium rates included in this filing are for group effective dates between 7/1/2018 and 12/31/2018. The rates are effective for 12 months. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

Note that MVP has migrated its entire product portfolio sold on the MVP Health Insurance Company (MVPHIC) license to MVPHP and retired the entire portfolio previously sold on MVPHIC. MVP is proposing these point of service (POS) riders on MVPHIC to provide out-of-network (OON) coverage as a supplement to the in-network (INN) coverage provided on the MVPHP license.

#### **Scope of Filing**

As of January 2018, there are no members enrolled in MVPHIC's large group block of business with OON coverage (via combined PPO/HDPPPO products).

#### **Methodology**

MVP used its OON benefit relativity model to value the benefits provided by these riders. The data contained in this model includes actual OON utilization as well as select INN utilization. MVP performed an analysis of the types of services commonly utilized in the OON setting as well as unit costs associated with these services. We then took our INN claim data for our entire commercial population for the given time period, and removed services that were not typically utilized OON. We then scaled the claim cost for these services up to reflect the increased unit costs for OON services relative to our current network.

MVP used typical continuance table logic to value the cost sharing of each rider. The paid/allowed ratio of each rider was then multiplied by MVP's best estimate of the historical OON allowed claims relative to the total allowed claim cost. This amount was then compared to the total medical and pharmacy paid claim cost of the population to determine the value of the rider as a percentage of the manual rate.

#### **Additional Medical Riders**

MVP has also filed additional riders with the base OON riders to cover special circumstances. Each additional rider is listed below.

##### *MV3POS307L*

This rider excludes the group from covering OON elective abortions. This rider is identical to rider MV3HMB307L filed on MVPHP, except that it covers the OON claims as opposed to the INN claims. MVP does not have any utilization to support valuing this rider nor does it expect any OON utilization, so we have attached a value of \$0.00 PMPM to this rider.

*MV3POS317L*

This rider changes any reference to “plan year” in the Certificate of Coverage to “calendar year”. Identical to MV3HMB317L on the MVPHP portfolio, this rider has no inherent value and is therefore priced at \$0.00 PMPM.

*GV3POS700L*

This rider is a mandated amendment to the Certificate of Coverage that Domestic Partners are covered under eligible dependents. Consistent with GV3HMB700L on the MVPHP portfolio, this amendment is priced at \$0.00 PMPM.

**Actuarial Certification**

I, Eric Bachner, am an Associate of the Society of Actuaries. I have examined the assumptions and methods used in determining MVP's requested rates. Based on my review and examination, it is my opinion that the proposed premium rates are reasonable in relation to the benefits provided and that they are not excessive, inadequate, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.



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Eric Bachner, ASA  
Senior Actuarial Analyst  
MVP Health Care

03/23/2018

Date



**MVP Health Care -- Q3 & Q4 2018 LG HIC Rate Filing**

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

Exhibit 1 -- Medical Rider Rates

**Exhibit 1 -- Medical Riders**

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

HMO Rider	Description	Product Type	Net Required Revenue	Quarterly Change	Annual Manual Rate Change
SV3HMB01L	\$1,000 Deductible / 40% Coinsurance / \$6,650 OOP Max	POS	3.6%	n/a	n/a
SV3HMB02L	\$2,000 Deductible / 40% Coinsurance / \$6,650 OOP Max	POS	3.3%	n/a	n/a
SV3HDH02L	\$2,000 Deductible / 40% Coinsurance / \$6,650 OOP Max	POS	3.3%	n/a	n/a
SV3HMB03L	\$4,000 Deductible / 40% Coinsurance / \$8,000 OOP Max	POS	2.8%	n/a	n/a
SV3HDH03L	\$4,000 Deductible / 40% Coinsurance / \$8,000 OOP Max	POS	2.8%	n/a	n/a
SV3HMB04L	\$6,500 Deductible / 40% Coinsurance / \$13,000 OOP Max	POS	2.0%	n/a	n/a
SV3HDH04L	\$6,500 Deductible / 40% Coinsurance / \$13,000 OOP Max	POS	2.0%	n/a	n/a
MV3POS307L	Exclusion for Elective Abortions	POS	\$0.00	n/a	n/a
MV3POS317L	Plan Year to Calendar Year Rider	POS	\$0.00	n/a	n/a
GV3POS700L	Domestic Partners (Same And Opp Sex)	POS	\$0.00	n/a	n/a

**Certification of Compliance**

I hereby certify that I have reviewed the applicable filing requirements for this filing and the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.

**Print Name:** Karla Austen **Title:** Chief Financial Officer & Executive Vice President

**Signature:** 

**Date:** 03/23/2018