

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc. Third Quarter) GMCB-005-15rr
2015 and Fourth Quarter 2015)
Large Group HMO Manual Rate Filing)
) SERFF No.: MVPH-129877747
)

DECISION & ORDER

Introduction

Vermont law requires that health insurers submit major medical rate filings to the Green Mountain Care Board which shall approve, modify, or disapprove a rate filing within 90 calendar days of its receipt. 8 V.S.A. § 4062(a)(2)(A). On review, the Board must determine whether the proposed rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(3).

Procedural History

On February 5, 2015, MVP Health Plan, Inc. (MVPHP) submitted its Third Quarter 2015 (3Q15) and Fourth Quarter 2015 (4Q15) Large Group HMO Rate Filing to the Board via the System for Electronic Rate and Form Filing (SERFF).

http://ratereview.vermont.gov/sites/dfr/files/GMCB_005_15rr_SERFF_2_27_15.pdf. The Office of the Health Care Advocate (HCA), representing the interests of Vermont consumers of health insurance, entered an appearance as a party to this rate filing.

On April 6, 2015, the Board posted to the web an actuarial memorandum provided by its contract actuaries, Lewis & Ellis (L&E), and the Vermont Department of Financial Regulation's (Department) analysis and opinion regarding the impact of the proposed filing on the insurer's solvency. *See*

http://ratereview.vermont.gov/sites/dfr/files/GMCB_005_15rr_ActuarialAnalysis.pdf (L&E Memo); http://ratereview.vermont.gov/sites/dfr/files/GMCB_005_15rr_SolvencyOpinion.pdf (Solvency Analysis). The Board received no comments during the public comment period that ran from February 5, 2015 through April 21, 2015.

The parties have waived a hearing pursuant to GMCB Rule 2.000 and each has filed a memorandum in lieu of hearing.

Findings of Fact

Nature of the Filing

1. MVPHP is a non-profit health insurer domiciled in New York and licensed as a health maintenance organization (HMO) in New York and Vermont. MVPHP is a subsidiary of MVP Health Care, Inc. (MVP), a New York corporation that transacts health insurance business in New York and Vermont through a variety of for-profit and non-profit subsidiaries.

2. This filing proposes the manual rate for MVPHP's large group HMO products. A manual rate is the insurer's published rate for a unit of insurance and is based on average claims data from a large number of groups.

3. As we have noted in past filings, this is a shrinking block of business with many members migrating to EPO/PPO products. *See, e.g.*, Docket no. 023-14rr at 2 (citing similar statements in other dockets), *available at* http://ratereview.vermont.gov/sites/dfr/files/GMCB_023_14rr_Decision.pdf. Currently, there are only two members and 219 covered lives, all of whom have renewal dates in the first quarter of the year.

4. Because there are only 3,543 member months in the experience period from September 1, 2013 to August 31, 2014, this block of business is not credible for rate development and would yield volatile medical loss ratios. MVPHP instead proposes to increase rates over approved 2Q15 manual rates by the expected quarterly inflation rate. As a result, the proposed average annual rate increases range from 5.5% to 6.1%.

Summary of the Data and Analysis

1. The carrier projected forward adjusted claims using an annual allowed medical trend assumption of 5.3 % and allowed prescription drug trend of 16.0%. The prescription drug trend was provided by MVP's pharmacy benefit manager (PBM) and does not account for the carrier's Vermont-specific book of business.

2. MVPHP increased the claim cost for fees and surcharges and included a general administrative load of 9.5% for administrative costs and a 2.0% contribution to surplus.

3. Because of the small number of covered lives and continued member migration to EPO/PPO plans, L&E performed an abbreviated review of this filing.

4. Upon request by L&E, MVPHP provided its comparative 2013 and 2014 allowed pharmacy claims which indicate an allowed aggregate pharmacy trend of 91.7%, significantly

higher than its requested 16.0% allowed pharmacy trend in this filing. Consistent with its review of pharmacy trend in other pending MVP filings,¹ L&E recommends using the carrier's proposed trend.

5. L&E concludes that the filing does not produce rates that are excessive, inadequate or unfairly discriminatory, and recommends that the Board approve the rates as filed.

6. The Department of Financial Regulation, noting that it is not the carrier's primary regulator, determined that its Vermont operations pose very little risk to its solvency, or to the solvency of MVP Holding Company. Solvency Analysis at 2.

7. The HCA, citing the 2014 Vermont Household Health Insurance Survey, Vermont Department of Labor, Economic & Labor Market Information and past decisions by the Board requests that the Board decrease the contribution to surplus from 2.0% to no higher than 1.0%.

Standard of Review

1. The Board reviews rate filings to ensure that rates are affordable, promote quality care and access to health care, protect insurer solvency, and are not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(2); GMCB Rule 2.000, *Rate Review*, §§ 2.301(b), 2.401. In addition, the Board takes into consideration changes in health care delivery, changes in payment methods and amounts, and other issues at its discretion. 18 V.S.A. § 9375(b)(6).

2. As part of its review, the Board will consider the Department's analysis and opinion on the impact of the proposed rate on the insurer's solvency and reserves. 8 V.S.A. § 4062(a)(2), (3). In addition, the Board shall consider any public comments received on a rate filing. Rule 2.000, §2.201.

3. The burden falls on the insurer proposing a rate change to justify the requested rate. *Id.* § 2.104(c)

Conclusions of Law

1. We continue to disagree with the carrier's reliance on a pharmacy trend that does not reflect Vermont-specific experience. *See, e.g.,* In re: MVP Health Plan, Inc. 2015 Vermont Health Connect Rate Filing, Docket no. GMCB-017-14, *available at*

¹ MVP submitted three filings within a short period of time; consequently, L&E was in the process of reviewing them simultaneously. MVP proposes the same utilization and unit cost trends by drug tier for all three; due to varying utilization by drug tier in each filing, the total allowed trends will not match exactly. *See* Docket GMCB 002-15rr, L&E Memo at 3, n.3.

http://ratereview.vermont.gov/sites/dfr/files/GMCB_017_14_rr_Decision.pdf (rejecting use of pharmacy trend that does not reflect the Vermont population). In this and other recent MVP filings however,² we concur with our actuary’s view that the proposed trend is reasonable in light of the carrier’s historic experience, its PBM’s pharmacy trend, and the impact of high cost specialty drugs. We again voice our concern with the steep increase in trend due to the introduction of high cost specialty drugs to the market, and expect that MVP will explore ways to moderate their rise in cost and utilization.

2. In addition, we reduce MVPHP’s contribution to surplus from 2.0% to 1.0%. Doing so lessens the burden on Vermont ratepayers without harming the carrier’s solvency, and is consistent with the action we have taken in past and more recent filings. *See, e.g.*, Docket no. GMCB-023-14rr, MVPHP 1Q15 and 2Q15 Large Group HMO Rate Filing at 4, *available at* http://ratereview.vermont.gov/sites/dfr/files/GMCB_023_14rr_Decision.pdf.

Order

For the reasons discussed above, the Board modifies MVPHP’s 3Q15 and 4Q15 Large Group HMO Rate Filing by reducing the contribution to surplus from a proposed 2.0% to 1.0%, and thereafter approves the filing.

So ordered.

Dated: April 30, 2015 at Montpelier, Vermont.

s/ Alfred Gobeille)	
)	
s/ Cornelius Hogan)	GREEN MOUNTAIN
)	CARE BOARD
s/ Jessica Holmes)	OF VERMONT
)	
s/ Betty Rambur)	
)	
s/ Allan Ramsay)	

² MVP submitted Dockets 001-15rr, 002-15rr, and 005-15rr within the course of five days. In each, the carrier utilizes the PBM’s suggested pharmacy trend in its rate development. *See* n.1, *infra*.

Filed: April 30, 2015

Attest: s/ Janet Richard

Green Mountain Care Board, Administrative Services Coordinator

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (E-mail address: Janet.Richard@state.vt.us).

Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.