

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO  
**Product Name:** VT SG Grandfathered New Product 1Q/2Q 2015  
**Project Name/Number:** /

## Filing at a Glance

Company: MVP Health Insurance Company  
Product Name: VT SG Grandfathered New Product 1Q/2Q 2015  
State: VermontGMCB  
TOI: H16G Group Health - Major Medical  
Sub-TOI: H16G.003A Small Group Only - PPO  
Filing Type: GMCB Rate  
Date Submitted: 09/05/2014  
SERFF Tr Num: MVPH-129710583  
SERFF Status: Assigned  
State Tr Num:  
State Status:  
Co Tr Num:  
  
Implementation: 01/01/2015  
Date Requested:  
Author(s): Kristen Marsh, Matt Lombardo, Evan Steinhart, Eric Bachner  
Reviewer(s): Thomas Crompton (primary), Kelly Macnee, David Dillon, Judith Henkin, Jacqueline Lee  
Disposition Date:  
Disposition Status:  
Implementation Date:  
  
State Filing Description:

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## General Information

|  |                               |
|--|-------------------------------|
| Project Name:                            | Status of Filing in Domicile: |
| Project Number:                          | Date Approved in Domicile:    |
| Requested Filing Mode: Review & Approval | Domicile Status Comments:     |
| Explanation for Combination/Other:       | Market Type: Group            |
| Submission Type: New Submission          | Group Market Size: Small      |
| Group Market Type: Employer              | Overall Rate Impact:          |
| Filing Status Changed: 09/05/2014        |                               |
| State Status Changed:                    | Deemer Date:                  |
| Created By: Matt Lombardo                | Submitted By: Matt Lombardo   |
| Corresponding Filing Tracking Number:    |                               |

PPACA: Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed rates enclosed within this filing are available to Small Group Grandfathered Vermont members with contract effective dates beginning between January 1, 2015 - June 30, 2015.

## Company and Contact

### Filing Contact Information

|                       |                             |
|-----------------------|-----------------------------|
| Matt Lombardo,        | mlombardo@mvphealthcare.com |
| 625 State Street      | 518-388-2483 [Phone]        |
| Schenectady, NY 12305 |                             |

### Filing Company Information

|                              |                         |                             |
|------------------------------|-------------------------|-----------------------------|
| MVP Health Insurance Company | CoCode: 11125           | State of Domicile: New York |
| 625 State Street             | Group Code: 1198        | Company Type: Health        |
| Schenectady, NY 12305        | Group Name:             | Insurance                   |
| (518) 388-2469 ext. [Phone]  | FEIN Number: 14-1827918 | State ID Number:            |

## Filing Fees

|                  |          |
|------------------|----------|
| Fee Required?    | Yes      |
| Fee Amount:      | \$150.00 |
| Retaliatory?     | No       |
| Fee Explanation: |          |

SERFF Tracking #:

MVPH-129710583

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: VT SG Grandfathered New Product 1Q/2Q 2015

Project Name/Number: /

### Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: %

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

### Company Rate Information

| Company Name:                | Company Rate Change: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|------------------------------|----------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| MVP Health Insurance Company | New Product          | %                           | %                      |  |   |                                   | %                               | %                               |

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**Rate Review Detail**

**COMPANY:**

Company Name: MVP Health Insurance Company  
 HHS Issuer Id: 92802

**PRODUCTS:**

| Product Name           | HIOS Product ID | HIOS Submission ID | Number of Covered Lives |
|------------------------|-----------------|--------------------|-------------------------|
| Preferred Suite HD EPO | 92802VT006      | 92802VT006000      | 2604                    |

Trend Factors:

**FORMS:**

New Policy Forms:  
 Affected Forms:  
 Other Affected Forms: VT HDHP COC

**REQUESTED RATE CHANGE INFORMATION:**

Change Period: Annual  
 Member Months: 177,469  
 Benefit Change: None  
 Percent Change Requested: Min: Max: Avg:

**PRIOR RATE:**

Total Earned Premium:  
 Total Incurred Claims:  
 Annual \$: Min: Max: Avg:

**REQUESTED RATE:**

Projected Earned Premium: 612,958.00  
 Projected Incurred Claims: 505,077.00  
 Annual \$: Min: 432.88 Max: 432.88 Avg: 432.88

SERFF Tracking #:

MVPH-129710583

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

VT SG Grandfathered New Product 1Q/2Q 2015

Project Name/Number:

/

## Supporting Document Schedules

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | Actuarial Memorandum  |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | 1Q 2015 ACT MEMO-HIC Small Group VEHD-49.pdf<br>VT SG HIC New Product Rate Filing 1Q 2Q 2015 - SERFF.pdf<br>VT SG HIC New Product Rate Filing 1Q 2Q 2015 - SERFF.xlsx |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Bypassed - Item:</b>  | Actuarial Memorandum and Certifications   |
| <b>Bypass Reason:</b>    | N/A - Grandfathered Filing  |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Civil Union Rating Requirements   |
| <b>Comments:</b>         | MVP's certificate of coverage complies with 8 V.S.A. § 4724.  |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Bypassed - Item:</b>  | Consumer Disclosure Form  |
| <b>Bypass Reason:</b>    | New product so there is no rate increase associated with this filing.   |
| <b>Attachment(s):</b>    |   |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Satisfied - Item:</b> | Filing Compliance Certification   |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | Certification of Compliance - VT.pdf  |
| <b>Item Status:</b>      |   |
| <b>Status Date:</b>      |   |
| <b>Bypassed - Item:</b>  | Third Party Filing Authorization  |
| <b>Bypass Reason:</b>    | N/A   |
| <b>Attachment(s):</b>    |   |

SERFF Tracking #:

MVPH-129710583

State Tracking #:

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Product Name: VT SG Grandfathered New Product 1Q/2Q 2015

Project Name/Number: /

|                         |                              |
|-------------------------|------------------------------|
| <b>Item Status:</b>     |                              |
| <b>Status Date:</b>     |                              |
| <b>Bypassed - Item:</b> | Unified Rate Review Template |
| <b>Bypass Reason:</b>   | N/A - Grandfathered Filing   |
| <b>Attachment(s):</b>   |                              |
| <b>Item Status:</b>     |                              |
| <b>Status Date:</b>     |                              |

SERFF Tracking #:

MVPH-129710583

State Tracking #:

Company Tracking #:

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State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

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H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

VT SG Grandfathered New Product 1Q/2Q 2015

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**Attachment VT SG HIC New Product Rate Filing 1Q 2Q 2015 - SERFF.xlsx is not a PDF document and cannot be reproduced here.**



**ACTUARIAL MEMORANDUM**  
**1st Quarter and 2nd Quarter 2015 Small Group AR42 Filing**  
**New Policy Form with First Effective Date 1/1/15**

**Purpose**

The purpose of this filing is to demonstrate the development of and seek approval of the premium rates for a new policy form for MVP Health Insurance Company's Small Group Grandfathered benefit portfolio. This form is being filed with a first effective date of 1/1/15. Premium rates are included for both 1st Quarter and 2nd Quarter 2015 effective dates. The rates are effective for 12 months.

This form is being submitted to replace plan VEHD-18 which will not comply with IRS regulations for qualified high deductible health plans with 2015 effective dates. Members transitioning from plan VEHD-18 to VEHD-49 will maintain their grandfathered status. Please see Exhibit 1 of the attached rate filing for a summary of the benefits for VEHD-18 and VEHD-49. Plan VEHD-18 is being shown for illustrative and comparison purposes only.

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.

**Derivation of Premium Rates**

Small group EPO/PPO and HDHP incurred claim data for the period 1/1/2013 – 12/31/2013 completed through 5/31/2014 was the basis for this rate development. MVP utilized grandfathered and non-grandfathered small group claim data over this time period to form a more credible base of experience. The rate levels are aligned with all other 1Q and 2Q 2015 rates as the same data set and assumptions were used to derive the premium rates. Please refer to the pending Small Group AR42 Grandfathered filing for more detail surrounding the data and methodology that is being used to set these rates (SERFF ID MVPH-129662230).

Please see Exhibit 3 of the attached rate filing for a summary of plan VEHD-49's premium rate development. To develop the proposed single rate for plan VEHD-49, MVP adjusted the 1Q 2015 proposed single rate for plan VEHD-18 as a starting point. The single conversion factor and non-claim expense loads were removed from plan VEHD-18's single rate to arrive at a net claim cost. These calculations were performed because MVP's benefit relativity model compares net claim costs and does not account for non-claim expense loads or the single conversion factor. Using MVP's benefit relativity model, the relativity of plan VEHD-49 compared to VEHD-18 was multiplied by VEHD-18's 1Q 2015 net claim cost to arrive at the projected net claim cost of plan VEHD-49 for 1Q 2015. Non-claim expenses were added to this amount to arrive at a gross claim cost, and MVP multiplied the resulting gross claim cost by the single conversion factor to arrive at the 1Q 2015 proposed single rate for plan VEHD-49.

Exhibit 6b contains the premium rates for the safe harbor Rx rider to be sold with plan VEHD-49. To determine the premium rate of this rider, MVP performed the same steps as shown in Exhibit 3, but adjusted the benefit relativity to cover the safe harbor benefit.

2Q 2015 premium rates were determined by applying one quarter of paid HDHP trend to the 1Q 2015 proposed premium rates. The quarterly trend rate of 1.5% can be found in the Small Group AR42 Grandfathered filing (SERFF ID MVPH-129662230).



## **Benefit Relativity Derivation**

MVP recently revamped its benefit pricing tool with updated claim utilization data, claim distribution tables and factor tables to reflect current expectations of benefit cost differences between benefit plans and between medical benefits versus pharmacy benefits. The proposed relativities were derived using this tool; all benefit plans are valued based on a single risk pool of data with utilization adjustments only based on plan richness.

The basic steps of MVP's benefit relativity model are as follows:

1. Derive the plan pay and the member pay for a plan ignoring plan deductibles and OOPs.
2. Compute the cost of claims under the deductible and over the OOP using member based claim distribution tables and the member based single deductible/OOP for the plan
3. Adjust for impact of family caps on the single benefit or aggregate nature of family benefit. The effect of this adjustment is to reduce the deductible credits that are computed. The adjustment is based on a pricing study done to compare plan costs for member based benefits vs. member based benefits with a family cap vs. aggregate family benefits.
4. Adjust for impact of secondary Rx OOP max on qualified HDHPs.
5. Add back member cost share amounts assumed step #1 for the portions of the cost that are under the deductible and over the OOP.
6. The result of steps #1-5 is a final plan net paid amount.

## **Actuarial Certification**

I, Matthew Lombardo, am a Member of the American Academy 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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Matthew Lombardo, FSA, MAAA  
Actuarial Manager, Commercial Pricing  
MVP Health Insurance Co, Inc.

09/05/2014  
Date



**MVP Health Care -- Q1 & Q2 2015 SG HIC New Product Rate Filing**

Small Group VT HIC New Product Rate Filing  
For Effective Dates Beginning Between January 1, 2015 - June 30, 2015

Exhibit 1 -- Summary of Medical Coplans Offered

Exhibit 3 -- Derivation of Premium Rate

Exhibit 6a -- Medical Manual Rates

Exhibit 6b -- Medical Riders

|  |
|--|
| <b>Exhibit 1 -- Summary of Medical Coplans Offered</b> |
|--|

Small Group VT HIC New Product Rate Filing  
For Effective Dates Beginning Between January 1, 2015 - June 30, 2015

| Coplan   | Product Type | In-Network Benefits |     |                  |    |         |     |     |     |         |         | Out-of-Network Benefits |     |         | Pharmacy |                |
|----------|--------------|---------------------|-----|------------------|----|---------|-----|-----|-----|---------|---------|-------------------------|-----|---------|----------|----------------|
|          |              | PCP                 | SCP | IP<br>(Med/Surg) | ER | OP Surg | DME | Amb | Ded | Coins.  | OOP Max | Coins                   | Ded | OOP Max |          |                |
| VEHD-18* | HDEPO        | 0%                  | 0%  | 0%               | 0% | 0%      | 0%  | 0%  | 0%  | \$2,500 | 0%      | \$3,500                 | N/A | N/A     | N/A      | \$10/\$30/\$50 |
| VEHD-49  | HDEPO        | 0%                  | 0%  | 0%               | 0% | 0%      | 0%  | 0%  | 0%  | \$2,600 | 0%      | \$3,600                 | N/A | N/A     | N/A      | \$10/\$30/\$50 |

\*Plan VEHD-18 is being shown for comparison purposes only.

|   |
|---|
| <b>Exhibit 3 -- Derivation of Premium Rates</b> |
|---|

Small Group VT HIC New Product Rate Filing  
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

**Gross Claim Cost Derivation of Reference Plan, VEHD-18**

|  |          |  |
|--|----------|--|
| I) 1Q 2015 Proposed Single Rate for Plan VEHD-18 | \$528.95 |  |
| II) Single Conversion Factor                     | 1.208    |  |
| III) 1Q 2015 Gross Claim Cost of VEHD-18         | \$437.87 |  |
| = I) / II)                                       |          |  |

**Non-Claim Expense Components of VEHD-18 Gross PMPM (Exhibit 5 of Serff Filing: MVPH-129662230)**

|  |          |        |
|--|----------|--------|
| % of Premium Retention Components  | \$51.45  | 11.75% |
| % of Premium Taxes and Assessments   | \$20.14  | 4.60%  |
| % of Paid Claim Taxes and Assessments                                      | \$4.52   | 1.249% |
| PMPM Taxes and Assessments   | \$3.84   |        |
| <hr/>  |          |        |
| IV) 1Q 2015 Net Claim Cost of VEHD-18                                      | \$357.92 |        |
| = Gross Claim Cost PMPM - Sum of Non-Claim Expense Components              |          |        |
|  |          |        |
| V) Benefit Relativity of Plan VEHD-49 / Benefit Relativity of Plan VEHD-18 | 0.988    |        |
| VI) 1Q 2015 Net Claim Cost of VEHD-49                                      | \$353.79 |        |
| = IV) * V)   |          |        |

**Non-Claim Expense Components of VEHD-49 Gross PMPM**

|  |          |        |
|--|----------|--------|
| % of Premium Retention Components        | \$50.86  | 11.75% |
| % of Premium Taxes and Assessments       | \$19.91  | 4.60%  |
| % of Paid Claim Taxes and Assessments    | \$4.47   | 1.249% |
| PMPM Taxes and Assessments               | \$3.84   |        |
| <hr/>                                    |          |        |
| VII) 1Q 2015 Gross Claim Cost of VEHD-49 | \$432.88 |        |

\*Exhibit 5 of Serff Filing: MVPH-129662230 contains retention component detail

|  |                 |  |
|--|-----------------|--|
| 1Q 2015 Proposed Single Rate for VEHD-49 | <b>\$522.91</b> |  |
| = II) * VII)                             |                 |  |

**Exhibit 6a -- Premium Rates (Q1 2015)**

Small Group VT HIC New Product Rate Filing  
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| <b>Coplan</b> | <b>Product Type</b> | <b>Single</b> | <b>Double</b> | <b>Parent/Child</b> | <b>2T Family</b> | <b>3T Family</b> | <b>4T Family</b> |
|---------------|---------------------|---------------|---------------|---------------------|------------------|------------------|------------------|
| VEHD-49       | HDEPO               | \$522.91      | \$1,045.82    | \$993.53            | \$1,307.28       | \$1,359.57       | \$1,464.15       |

**Exhibit 6a -- Premium Rates (Q2 2015)**

Small Group VT HIC New Product Rate Filing  
For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| <b>Coplan</b> | <b>Product Type</b> | <b>Single</b> | <b>Double</b> | <b>Parent/Child</b> | <b>2T Family</b> | <b>3T Family</b> | <b>4T Family</b> |
|---------------|---------------------|---------------|---------------|---------------------|------------------|------------------|------------------|
| VEHD-49       | HDEPO               | \$530.75      | \$1,061.50    | \$1,008.43          | \$1,326.88       | \$1,379.95       | \$1,486.10       |

|  |
|--|
| <b>Exhibit 6b -- Medical Rider Premium Rates (Q1 2015)</b> |
|--|

Small Group VT HIC New Product Rate Filing  
For Effective Dates Beginning Between January 1, 2015 - March 31, 2015

| Rider Name | Rider Description   | Product Type | Single | Double  | Parent/Child | 2T Family | 3T Family | 4T Family |
|------------|---|--------------|--------|---------|--------------|-----------|-----------|-----------|
| VHD510-aj  | Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49) | HDEPO        | \$6.29 | \$12.58 | \$11.95      | \$15.73   | \$16.35   | \$17.61   |

|  |
|--|
| <b>Exhibit 6b -- Medical Rider Premium Rates (Q2 2015)</b> |
|--|

Small Group VT HIC New Product Rate Filing  
 For Effective Dates Beginning Between April 1, 2015 - June 30, 2015

| <b>Rider Name</b> | <b>Rider Description</b>   | <b>Product Type</b> | <b>Single</b> | <b>Double</b> | <b>Parent/Child</b> | <b>2T Family</b> | <b>3T Family</b> | <b>4T Family</b> |
|-------------------|--|---------------------|---------------|---------------|---------------------|------------------|------------------|------------------|
| VHD510-aj         | Safe Harbor preventative Rx list<br>for qualified HDHP's (VEHD-49) | HDEPO               | \$6.38        | \$12.76       | \$12.12             | \$15.95          | \$16.59          | \$17.86          |



**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: Executive Vice President & Interim CFO

Signature:  Date: 09/05/14