

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

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| In re: MVP Health Insurance Company Third) | Docket #: |
| And Fourth Quarter 2015 Grandfathered) | GMCB-002-15rr |
| Small Group EPO/PPO Rate Filing) | |

MVPHIC Health Care’s Memorandum in Lieu of Hearing

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the proposed rates as filed, and not as modified by the Board’s actuary, Lewis and Ellis (L&E), who recommended raising the rates above what MVPHIC requested. MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

Description of the Filing

This filing is for MVPHIC’s “grandfathered” small group PPO/EPO line of business, which includes high deductible health plans (HDHP). The filing contains the monthly premiums that MVPHIC proposes to charge small group members who renew coverage during 3Q15 and 4Q15.

MVPHIC is proposing to increase rates for its grandfathered small group EPO/PPO members renewing in 3Q15 by 4.8% over the approved 3Q14 rates and 4Q15 rates by 5.3% over 4Q14 rates for its HDHP plans. These rates increases are for both the medical and prescription drug component of the premium.

This filing is expected to cover approximately 2,374 members. These are members who are in grandfathered plans, as defined by the Affordable Care Act, and have chosen to continue in their current plans and not move to Exchange plans. This is a closed book of business.

Lewis and Ellis Recommendation

L&E recommended one modification to the rate filing, which would *increase* the requested rate. It recommends updating enrollment in the rate change development and the single conversion factor calculation (1.8% to 3Q2015 rates). This would result in rate increases of 6.7% in 3Q2015 and 7.2% in 4Q2015 (instead of the 4.8% and 5.3% MPHIC requested). They opined that MVPHIC should have made an adjustment to account for demographic shifts in age and gender from experience period membership to the rating period by using

one specified month, December of 2014, rather than using experience period enrollment. MVPHIC disagrees with this recommendation, for the reason set out below.

In all other aspects, L&E found MVPHIC's assumptions and calculations to be reasonable and appropriate, including the Rx trend development.

MVPHIC's Response to the Recommendation

Rate change development and single conversion factor: L&E proposed a change to the demographic assumption by using a single month in time, December 2014, rather than the experience period enrollment distribution. MVP does not believe a demographic snapshot is a better measure for the calculation of the single conversion factor. MVP utilizes experience period enrollment to determine the single conversion factor because the population used to derive the single conversion factor is consistent with the population that is the basis of MVP's claim and diagnosis data. L&E's analysis ignores actual claims and diagnosis data, and relies solely on demographic data for one month. MVP recommends the GMCB ignore L&E's recommendation related to the change in the single conversion factor. This will result in a lower premium for these members.

Based on the above, MVPHIC asks the Board to approve the rates as filed.

s/ Susan Gretkowski
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April 15, 2015

Certificate of Service

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Michael Donofrio, General Counsel to the Green Mountain Care Board, and

Lila Richardson and Kaili Kuiper, counsel of record for the Office of the Health Care Advocate, by electronic mail this 15th day of April, 2015.

s/ Susan Gretkowski
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