

PRIMMER

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August 7, 2014

VIA EMAIL AND U.S. MAIL – Judy.Henkin@state.vt.us

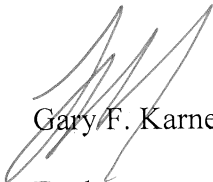
Judith Henkin, Esq., Health Policy Director
Green Mountain Care Board
89 Main Street, Third Floor
City Center
Montpelier, VT 05620

Re: MVP Health Care 2015 Vermont Health Connect
Rate Filing – Docket No. GMCB-17-14-rr

Dear Judith:

Enclosed please find MVP's Questions to GMCB Actuary and Certificate of Service, for filing in the above-referenced matter.

Yours truly,



Gary F. Karnedy

Enclosures

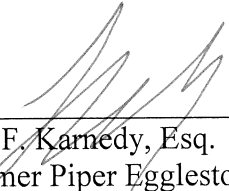
Cc: Service List
Kelly Macnee

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Care 2015)
Vermont Health Connect Rate Filing) DOCKET NO. GMCB-17-14-rr
)
SERFF No. MVPH-129560321)
)

CERTIFICATE OF SERVICE

I, Gary F. Karnedy, Esq., hereby certify that I have served a copy of MVP's Questions to GMCB Actuary, via electronic mail and U.S. mail, on Michael N. Donofrio, General Counsel to the Green Mountain Care Board, Judith Henkin, Green Mountain Care Board Health Policy Director, Lila Richardson, Staff Attorney, Office of Health Care Advocate, and Kaili Kuiper, Esq., Staff Attorney, Office of the Health Care Advocate, P.O. Box 606, Montpelier, Vermont 05601.



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Attorneys for MVP Health Plan, Inc.

STATE OF VERMONT

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MVP QUESTIONS TO GMCB ACTUARY

Pursuant to the Green Mountain Care Board ("GMCB") July 1 Scheduling Order, MVP Health Plan, Inc. ("MVP") requests that the Board pose the following questions to Board Consulting Actuary Lewis & Ellis, Inc. ("L&E"):

1. MVP acknowledges that the combination of the demographic adjustment and the recalculated single conversion factor are reasonable adjustments to make to reflect the demographic shift in covered lives between MVP's experience period membership versus 2014 Exchange membership. However if this change is made it needs to be made in conjunction with removing MVP's assumption that the market morbidity will be 2% better than our 2013 experience period. Assuming both at the same time is contradictory. Removing the 2% morbidity improvement factor along with making the changes suggested by L&E would result MVP's rates being 1.2% less than originally filed versus the suggested 3.2% without that additional adjustment. With this change these rates would be reasonable actuarially.

MVP's original rates developed assuming a 2% morbidity improvement and no adjustment to our single conversion factor were also reasonable actuarially again assuming our rates reflect the market average risk.

Do you agree that leaving in the 2% morbidity adjustment is inappropriate if we are going to adjust the index rate up 2.8% for demographic changes?

2. Please explain why it is more appropriate to use historical Rx trends from a competitor than trending MVP's own claim data (at forecasted trends from a national pharmacy benefit manager)? In MVP's small group filing previously reviewed by L&E you opined that using MVP's own claim data forecasted at its vendor supplied trend rates was reasonable and appropriate, correct? Do you agree that pharmacy trend is very dynamic and has been influenced by many factors and relying on historical trend rates to judge the reasonableness of forecasted trends may not be appropriate? Do you agree that historical Blue

Cross Blue Shield trend factors will be influenced by BCBS circumstances that are not relevant to MVP?


3. Please provide the following information regarding L&E Health Insurance Actuarial Services provided to the GMCB in calendar year 2014:

- a. Describe the scope of work of L&E on the MVP rate filing;
- b. Identify each L&E employee or agent who has worked on this MVP rate filing;
- c. Identify the hourly rate that has been or will be charged for each individual identified;
- d. Identify the number of hours worked by each individual on the MVP rate filing to date;
- e. Identify the number of rate reviews L&E has conducted for the GMCB in 2014;
- f. Identify the number of L&E 2014 rate reviews where L&E recommended a rate reduction;
- g. Identify the number of L&E 2014 rate reviews where L&E recommended adopting the rate proposed by the carrier;
- h. Identify the number of L&E 2014 rate reviews where L&E recommended an increase in the rate.

Dated at Burlington, Vermont, this 7th day of August, 2014.

PRIMMER PIPER EGGLESTON & CRAMER PC

By:



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