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July 8, 2019

Mr. Josh Hammerquist, FSA, MAAA
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 2020 Vermont Exchange Rate Filing
SERFF Tracking #: MVPH-131934219

Dear Mr. Hammerquist:

This letter is in response to your correspondence received regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Please confirm the accuracy of the below-provided table that lists proposed rates and rate components, allowed (ordered) rates and rate components, and actual rate components. If you believe the value listed is incorrect or the cell is blank, please provide the value that you believe is correct.

Response (At the Green Mountain Care Board's direction per its July 1st order): MVP has amended the table as shown on the following page of this response. To calculate utilization trend, MVP compared utilization per 1,000 members for each service category (defined by MVP as Inpatient, Outpatient, Physician and Other) from calendar year 2017 to calendar year 2018 and then weighted those trends by the percentage of allowed costs in each bucket during calendar year 2017.

MVP would like to caveat that filtering down allowed claim trend to two component numbers (utilization and unit cost) can be misleading, for reasons including but not limited to:

-Allowed Medical Trend does not consider population changes or changes in morbidity within the previously insured population. This can skew both total trends as well as utilization and intensity trends. As an example, an older population generally uses both more services and more intense services, which would increase both utilization and unit cost trends as MVP has calculated them. In a risk-adjusted environment, allowed trends should be viewed in tandem with the change in a carrier's risk position in order to view the total claim trend for a given year.

-Claim shifts between service categories can increase/decrease total allowed trends while also increasing/decreasing utilization trends within those categories. For example, shifting surgeries previously performed in an Inpatient setting to an Outpatient setting will simultaneously increase Outpatient utilization and total allowed costs and decrease Inpatient utilization and total allowed costs (while likely decreasing total allowed claim costs). This is not easily quantifiable into a single unit cost and a single utilization trend figure.

-The intensity of services is not considered in the table. MVP is implicitly assuming that it is included under unit cost trends, but this produces misleading results if the intent is to measure the change in cost for a given service over time. For example, if a higher-intensity Outpatient service is replaced with a lower-intensity service, the utilization change would be 0.0% and the unit cost trend would be below zero. However, the costs of both services may have



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increased over time, which would not be evident based on the data provided. Additionally, MVP used admits as the utilization measure for Inpatient services. To the extent that the average length of stay changes over time, this would be captured in the unit cost trend as opposed to the utilization trend.

Year Filed Docket #		2019 GMCB-05-19rr	2018 GMCB-008-18rr	2017 GMCB-007-17rr
Members		30,887	25,223	10,305
Average Rate Change	Proposed	8.5%	10.9%	6.7%
	Allowed	NA	6.6%	3.5%
Allowed Medical Trend	Proposed	3.7%	3.2%	4.2%
	Allowed	NA	3.4%	3.2%
	Actual*	NA	NA	8.4%
Medical Unit Cost	Proposed	3.7%	3.2%	3.5%
	Allowed	NA	3.4%	2.4%
	Actual*	NA	NA	-0.9%
Medical Utilization	Proposed	0.0%	0.0%	0.7%
	Allowed	NA	0.0%	0.7%
	Actual*	NA	NA	9.4%
Allowed Rx Trend	Proposed	8.2%	13.3%	11.9%
	Allowed	NA	13.3%	11.9%
	Actual*	NA	NA	4.4%
General Admin Load (PMPM)	Proposed	\$42.00	\$39.80	\$38.10
	Allowed	NA	\$39.80	\$38.10
	Actual*	NA	NA	\$40.72
CTR	Proposed	1.5%	2.0%	2.0%
	Allowed	NA	1.5%	2.0%

Sincerely,

Eric Bachner, ASA
 Leader, Actuarial, Commercial/Government Programs
 MVP Health Care



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June 25, 2019

Mr. Josh Hammerquist, FSA, MAAA
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 2020 Vermont Exchange Rate Filing
SERFF Tracking #: MVPH-131934219

Dear Mr. Hammerquist:

This letter is in response to your correspondence received regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Please confirm the accuracy of the below-provided table that lists proposed rates and rate components, allowed (ordered) rates and rate components, and actual rate components. If you believe the value listed is incorrect or the cell is blank, please provide the value that you believe is correct.

Response: Please see the tab "Question #1" of the attached Excel workbook for MVP's inputs into this table. MVP would like to note that the CTR values in this table do not reflect any explicit rate cuts performed by the GMCB. These cuts, while not explicitly reducing the CTR assumption approved in the filing, have an equivalent impact on MVP's actual CTR during the rating period.

2. You state that MVP has assumed "that all of the groups who left [the market] migrated to the AHP market." GMCB-005-19rr, MVP Actuarial Mem. At 7. Please provide the quantitative and qualitative data that supports your assumption.

Response: Based on information provided by DVHA¹, the entire small group market shrank by 4,869 members from January 2018 to January 2019. Additionally, based on numerous reports (including multiple media reports and legislative testimony), approximately 5,000 members were enrolled in Association plans for 2019. While impossible to prove directly, it is likely that the majority of these members overlap and migrated to the AHP market given MVP's favorable premium position in the Exchange market.

DFR Bulletin #205, which was issued on June 13, 2019, prohibits Association plans from enrolling members in 2020. Given this information, MVP will not pursue a rate adjustment to account for lower morbidity members exiting the Exchange market for Association plans. This adjustment can be found on line 19 of Exhibit 3 of MVP's rate filing.

1. <https://gmcbboard.vermont.gov/sites/gmcb/files/2018%202019%20Plan%20Selection%20for%20GMCB.pdf>



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3. The average annual allowed Rx trend in this filing is 8.2%. GMCB-005-19rr, Actuarial Mem. At 9. You state that you chose to base this estimate on forecasts provided by MVP's pharmacy benefits manager (PBM). You further state that the forecasts provided by MVP's PBM "account for drugs coming off patent." GMCB-005-19rr, Actuarial Mem. at 9. Please expand on the PBM forecasts you chose to base MVP's Rx trend factors on. Specifically, please provide quantitative and qualitative support for the proposition that the PBM forecasts accounted for drugs coming off patent. What was the impact on Rx trend of drugs coming off patent?

Response: MVP is not provided with the requested information by its PBM at that level of detail. Brand drugs moving to generic status has been provided qualitatively as a driver of pharmacy trend by the PBM in past communication without quantifying the impact on a given population; MVP has requested quantitative information which the PBM was unwilling to share.

An example of a brand drug coming off patent can be viewed by drug category in the trends provided by the PBM in MVP's response to Objection Letter #2. For instance, the Generic Days Supply % for Antiasthmatic and Bronchodilator Agents is expected to increase from 31.3% in 2018 to 55.2% in 2019. Simultaneously, both Generic and Brand Gross Cost/Day trends are expected to increase. However, the Gross Cost PMPM trend for 2019 is expected to be -11.5%. While this is a pattern indicative of a major drug or major drugs going from brand to generic, this has not been communicated to MVP by its PBM.

4. What assumptions (if any) did you make about the impacts of the Green Mountain Surgery Center on outpatient surgery costs?

Response: MVP did not make any assumptions about the impact of the Green Mountain Surgery Center on outpatient surgery costs in the filing. MVP has yet to finalize contract negotiations with this provider and it has no data from which to assume unit cost relativities or shifts in utilization.

If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Bachner".

Eric Bachner, ASA
Leader, Actuarial, Commercial/Government Programs
MVP Health Care

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