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**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Plan, Inc. 2022 Vermont ACA Individual Market Rate Filing.	DOCKET NO. GMCB-007-21RR
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SERFF No. MVPH-132824950

In re: MVP Health Plan, Inc. 2022 Vermont ACA Small Group Market Rate Filing	DOCKET NO. GMCB-008-21RR
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SERFF No. MVPH-132824927

PREFILED TESTIMONY OF JAQUELINE B. LEE

Dated: July 13, 2021

1. QUALIFICATIONS AND BACKGROUND

What is your name and who is your employer?

My name is Jaqueline B. Lee and I am employed at Lewis & Ellis.

What type of business is Lewis & Ellis?

Lewis & Ellis (also known as L&E) was founded in 1968 primarily as an actuarial consulting firm. In addition to actuarial work, L&E also consults in other insurance related matters such as compliance and financial examinations.

What is your educational background?

I graduated from Texas Lutheran University with a Bachelor of Science in mathematics. I am a fellow of the Society of Actuaries (SOA) and a member of the American Academy of Actuaries (AAA).

How long have you been an actuary?

1 I have been working in the actuarial field for 17 years. I have been a credentialed actuary for 14 years.

2
3 **How long have you been retained by the Green Mountain Care Board to provide actuarial services**
4 **to the State of Vermont?**

5 L&E was engaged in 2014 to begin providing actuarial services to the Green Mountain Care Board, I
6 began providing actuarial services to the Board at that time.

7
8 **In that time how many Vermont health insurance rate filings have you worked on?**

9 L&E has reviewed approximately 83 filings on behalf of the Green Mountain Care Board and I have
10 worked on each one.

11
12 **In what market segments have those rate filings been?**

13 They have been in the QHP segments, which includes the merged individual and small group markets, as
14 well as the large group and association health plan markets.

15
16 **So you would say that you are very familiar with the Vermont health insurance marketplace then?**

17 Yes.

18
19 **Do you work on health insurance rate filings in other states?**

20 Yes.

21
22 **Which states have you worked in?**

23 Since 2010, when ACA was passed, L&E staff has assisted 23 states with rate reviews. L&E is currently
24 assisting 14 states with ACA related rate reviews. In some combination, the L&E staff that helps the
25 GMCB is currently assisting 8 other states with ACA rate reviews (AR, DC, LA, KY, MD, NE, SC, RI).
26 Since that time, this team has reviewed over 1,000 filings combined in the Individual and Small Group
27 ACA markets.

1
2 **In your work with other states do you do a comparative look at the nationwide health insurance**
3 **market?**

4 Vermont's health insurance market has been a little bit different from the other states that we review. For
5 example, it has been a merged, community rated market, and is switching to an unmerged market for the
6 2022 policy year. However, it is helpful that we work with other states, because with the ACA there are a
7 lot of issues that impact everybody. It is very helpful for our reviewers to be able to see a wide range of
8 filings and a myriad of market wide impacts, e.g., risk adjustment, and industry-wide developments, such
9 as the COVID-19 pandemic and the American Rescue Plan Act.

10 **What do you do in your work to keep up with changing health care reform issues?**

11 Since we work with so many states, L&E is very active with keeping up with issues that impact the health
12 insurance industry. I personally volunteer frequently within the actuarial community. I currently serve on
13 the Professional Development Committee for the Society of Actuaries. In the past year, I served as the
14 Chair of the Society of Actuaries' (SOA) Health section. In both capacities, I have helped guide all SOA
15 health related endeavors, including the COVID-19 education and distribution of information, and the
16 development of continuing education through the annual Health Meeting and webcasts throughout the
17 year. David Dillon, a peer reviewer on this filing, currently serves on the Society of Actuaries' Board of
18 Directors, and is also an active volunteer within the SOA. This includes being a member of the SOA's
19 Project Oversight Group of the recently released 2021 Health Care Cost Model. For the Academy, Dave
20 is a member of the Individual and Small Group Markets Committee which oversees health related issues
21 such as authoring the recently released Issue Brief on the Drivers of Health Insurance Premium Changes,
22 which includes the effects of COVID-19.

23 **2. FILING REVIEW PROCESS**

24 **Generally speaking, how is a health insurance rate filing reviewed?**

25 Both the rate filing and the rate review are very detailed processes that are based on strict regulatory
26 guidance, both federal and state, and specific actuarial standards of practice, which we call ASOPs.

1 We estimate that there are over 100 pages over guidance that must be followed, these include: URRT (52
2 pages), ASOP 8(30 pages), 45 CFR 156.80 (2 pages), 45 CFR 147.102 (3 pages), GMCB Rule 2.000 (13
3 pages), 18 V.S.A. § 9375 (2 pages), and 18 V.S.A. § 4062 (2 pages). As provided in the guidance, the
4 primary point of the review is determining the reasonableness of the assumptions used by the health
5 insurance issuer to develop the proposed rate increase. In evaluating the reasonableness of the
6 assumptions, L&E can then assist the Green Mountain Care Board in determining whether the proposed
7 rates are not excessive, inadequate, or unfairly discriminatory.
8

9
10 **What are your standards of review?**

11 As noted above, we review the filings to make sure that the companies follow both federal and state
12 guidance. At the state level, the Board has many factors that it must consider in evaluating the proposed
13 rates. We focus on the factors that are primarily actuarial in nature. These are “excessive, inadequate, and
14 unfairly discriminatory.” These are defined actuarial terms that are included as part of ASOP #8. We base
15 our evaluation of the filing on those factors, and then we make recommendations to the Board if we
16 believe the filing needs to be adjusted to meet those actuarial standards of review.
17

18
19 **What is the definition of “adequate” according to the actuarial standards of practice?**

20 Rates may be considered adequate if they provide for payment of claims, administrative expenses, taxes,
21 and regulatory fees and have reasonable contingency or profit margins.
22

23 **What is the definition of “excessive” according to the actuarial standards of practice?**

24 Rates may be considered excessive if they exceed the rate needed to provide for payment of claims,
25 administrative expenses, taxes, regulatory fees, and reasonable contingency and profit margins.
26

1 **How is the term “unfairly discriminatory” defined according to the actuarial standards of practice?**

2 The term unfairly discriminatory doesn't come into play too often in a review, especially in Vermont due
3 to the unique nature of its insurance rules but reviewing to determine that a rate is not unfairly
4 discriminatory is basically just confirming that a carrier doesn't charge similar people materially different
5 rates.

6
7
8 **What is L&E's process for reviewing a Vermont rate filing?**

9 For each filing, we assign three credentialed actuaries that have different levels of responsibility.

10 For the 2022 filings, Traci Hughes, ASA, MAAA, is the lead actuary and reviewer for the MVP filing.

11 I am the primary peer reviewer. In this role, I help advise Traci on the issues that should be addressed
12 with the carrier and to assist on making recommendations. Dave Dillon serves as the secondary peer
13 reviewer to help ensure consistency as much as possible between both carriers in Vermont.

14
15 **Could you briefly explain what SERFF is?**

16 SERFF is the National Association of Insurance Commissioners (NAIC) “System for Electronic Rate and
17 Form Filing.” Insurance carriers submit their filing information into this system, and we communicate
18 with the insurance carriers about the rate filings through SERFF.

19
20
21 **When you review a filing are you performing an independent analysis and calculation, or are you
22 only checking a calculation or assumption you received from the companies?**

23 Generally, a rate review is used to determine the reasonableness of each underlying assumptions and the
24 assumptions in the aggregate. We use different approaches based on the magnitude and materiality of the
25 assumptions and their impact on the rate. For assumptions that are material, we will oftentimes perform
26 an independent calculation and a detailed analysis. For assumptions that may not be as material to the rate

1 increase and for assumptions that may not change that much since our last review, we will just use the
2 information provided to assess whether the assumption is reasonable. Many times, we may have to end up
3 asking for additional information to help support the assumption, but we may not have to do any
4 additional calculations.

5
6 **Do you have a process for getting additional information from the company if you need it?**

7 Yes. The primary mechanism is through the submission of inquiry letters through SERFF. We also notify
8 the company via email to make sure that they are aware that an inquiry letter was submitted. Early in the
9 review period, the typical approach is to request for a response within a week. Towards the end of the
10 review period, we may request a shorter response time, such as two days. After the review is complete,
11 SERFF is designed such that it serves as a template for a review process, and it also provides a record
12 after the fact of all the communication.

13
14
15 **Did you follow the standard policies and practices that you have outlined above in your review of**
16 **this filing?**

17 Yes, we did.

18
19
20 **How long do you have to review a filing from the time it's submitted to the board?**

21 By statute, we have 60 days to provide a formal report to the board.

22
23 **Did you submit a formal report to the Board in this filing with recommendations for approval?**

24 We submitted a report on July 6, 2021, Day 60 of this filing. Based on our review of the filing, our report
25 recommended a series of modifications to the requested rate components. With the recommended
26 modifications, L&E believes that this filing does not produce rates that are excessive, inadequate, or
27 unfairly discriminatory. Our analysis of the filing indicates that applying the recommended modifications

1 would decrease the overall rate increase for the individual filing from 17.0% to approximately 14.4% and
2 for the small group filing from 5.0% to approximately 3.3%.

3
4 I attest, under penalty of perjury under the laws of the State of Vermont, that the foregoing is true and
5 correct. I have personal knowledge of the facts set forth above and if called to testify as a witness thereto,
6 I would and could competently testify accordingly.

7
8 Date: July 13, 2021

/s/ Jacqueline B. Lee
Jacqueline B. Lee, FSA, MAAA

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) SERFF No.: MVPH-132824927

CERTIFICATE OF SERVICE

I, Laura Beliveau, Esq., hereby certify that I have served a copy of *Lewis & Ellis' July 13, 2021 Prefiled Testimony of Jacqueline B. Lee* upon the following:

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Dated at Montpelier, Vermont, this 13th day of July, 2021.

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

By: /s/ Laura Beliveau
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