

July 27, 2021

Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Re: MVP Health Plan
Vermont Health Connect 2022 Individual and Small Group Rate Filings
SERFF # MVPH-132824950 (Individual) & MVPH-132824927 (Small Group)
Post-Report Addendum – CONFIDENTIAL

On July 6, 2021, Lewis & Ellis, Inc. (L&E) submitted a report detailing recommendations regarding the above-referenced filings. Since that time, additional information has been provided that L&E believes should be taken into consideration. This addendum addresses the new information provided. The new information is regarding the hospital budget submissions.

HOSPITAL BUDGET SUBMISSIONS

On July 13, 2021, the Green Mountain Care Board released a summary of change in charges for the Fiscal Year 2022 hospital budget review. These are the initial submissions as presented by the individual hospitals for the beginning of the hospital budget review process. In MVP's initial filing, 2022 budget increases were assumed to be equal to approved 2021 budget increases. Overall, the recent submission of the hospital budgets reflect a total unit cost increase consistent with what was approved in the prior year.

MVP provided a supplemental analysis of the impact of the submitted hospital budgets as of July 15, 2021. The results of MVP's analysis were that if the submitted hospital budget increases were used in the rate filing instead of what was initially assumed, the individual rates would decrease by approximately 0.11%, and the small group rates would decrease by approximately 0.05%. The following tables summarize MVP's initially filed 2022 unit cost trend versus the submitted hospital budget increases for each of the major service categories: Inpatient Hospital, Outpatient Hospital, and Physician.

INPATIENT HOSPITAL CHARGE INCREASE SUMMARY

Facility	MVP Initially Filed Inpatient Hospital Charge Increase	Hospital Budget Submission Inpatient Hospital Charge Increase
Brattleboro Memorial Hospital*		6.2%
Central Vermont Physicians Medical Center		7.4%
Copley Hospital		5.0%
Gifford Medical Center		3.5%
Grace Cottage Hospital		5.0%
Mt. Ascutney Hospital		2.2%
North Country Hospital		5.6%
Northeast Vermont Regional Hospital		3.4%
Northwestern Medical Center		3.6%
Porter Hospital		5.9%
Rutland Regional		4.0%
Southwestern Vermont Medical Center		4.8%
Springfield Hospital*		-2.2%
University of Vermont Medical Center		7.1%
Individual Weighted Average	6.5%	6.2%
Small Group Weighted Average	6.5%	6.3%

OUTPATIENT HOSPITAL CHARGE INCREASE SUMMARY

Facility	MVP Initially Filed Outpatient Hospital Charge Increase	Hospital Budget Submission Outpatient Hospital Charge Increase
Brattleboro Memorial Hospital*		5.8%
Central Vermont Physicians Medical Center		7.4%
Copley Hospital		5.0%
Gifford Medical Center		3.5%
Grace Cottage Hospital		5.0%
Mt. Ascutney Hospital		2.2%
North Country Hospital		5.6%
Northeast Vermont Regional Hospital		3.4%
Northwestern Medical Center		3.6%
Porter Hospital		5.9%
Rutland Regional		4.2%
Southwestern Vermont Medical Center		4.8%
Springfield Hospital*		11.0%
University of Vermont Medical Center		7.1%
Individual Weighted Average	6.3%	5.9%
Small Group Weighted Average	6.6%	6.2%

PHYSICIAN CHARGE INCREASE SUMMARY

Facility	MVP Initially Filed Physician Charge Increase	Hospital Budget Submission Physician Charge Increase

*Denotes inconsistency between submitted narrative and submitted appendix. In these cases, the submitted appendix was utilized.

L&E notes that historically the Board has not approved hospital budget increases as submitted. The following table outlines the recent historical average differences between the submitted and approved hospital budget increases. In this table, a negative percentage indicates that a lower rate increase was approved than was submitted. For example, if a facility requested 6.0% on average and 5.0% was approved on average, then the table below would show -1.0%.

AVERAGE DIFFERENCES IN APPROVED AND SUBMITTED HOSPITAL BUDGET INCREASES

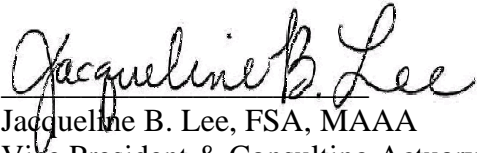
Facility	Average 2-year Difference	Average 3-year Difference	Average 4-year Difference
Brattleboro Memorial Hospital	0.0%	-0.3%	-1.1%
Central Vermont Physicians Medical Center	-0.8%	-0.7%	-0.5%
Copley Hospital	-1.0%	-1.8%	-2.2%
Gifford Medical Center	0.0%	0.0%	0.0%
Grace Cottage Hospital	0.0%	0.0%	0.0%
Mt. Ascutney Hospital	0.0%	0.0%	0.0%
North Country Hospital	0.0%	0.0%	0.0%
Northeast Vermont Regional Hospital	-0.3%	-0.5%	-0.6%
Northwestern Medical Center	-4.1%	-2.7%	-2.7%
Porter Hospital	-0.9%	-0.6%	-0.4%
Rutland Regional	0.0%	-0.1%	-0.1%
Southwestern Vermont Medical Center	0.0%	-0.1%	-0.1%
Springfield Hospital	0.0%	0.0%	0.0%
University of Vermont Medical Center	-1.3%	-1.3%	-1.0%

See Appendix A for the annual budget differences for each of the last 4 years.

Sincerely,



Traci Hughes, ASA, MAAA
Consulting Actuary
Lewis & Ellis, Inc.



Jacqueline B. Lee, FSA, MAAA
Vice President & Consulting Actuary
Lewis & Ellis, Inc.



David M. Dillon, FSA, MAAA
Senior Vice President & Principal
Lewis & Ellis, Inc.

ASOP 41 DISCLOSURES

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations¹, promulgates Actuarial Standards of Practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct², to observe the ASOPs of the ASB when practicing in the United States. ASOP #41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

IDENTIFICATION OF THE RESPONSIBLE ACTUARIES

The responsible actuaries are:

- Traci Hughes, ASA, MAAA, Consulting Actuary.
- David M. Dillon, FSA, MAAA, MS, Senior Vice President & Principal.
- Jacqueline B. Lee, FSA, MAAA, Vice President & Principal.

IDENTIFICATION OF ACTUARIAL DOCUMENTS

The date of this document is July 27, 2021. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is July 15, 2021.

DISCLOSURES IN ACTUARIAL REPORTS

- The contents of this report are intended for the use of the Green Mountain Care Board. The authors of this report are aware that it will be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis is financially and organizationally independent from MVP. L&E is not aware of anything that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the Board in assessing whether to approve, modify, or disapprove the rate filing.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by MVP for reasonableness; however, not every aspect of the data has been audited. Neither L&E, nor the responsible actuaries, assume responsibility for the items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.

¹ The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

² These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

- Notwithstanding the ongoing COVID-19 pandemic, L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.

ACTUARIAL FINDINGS

The actuarial findings of the report can be found in the body of this report.

METHODS, PROCEDURES, ASSUMPTIONS, AND DATA

The methods, procedures, assumptions, and data used by the actuaries can be found in body of this report.

ASSUMPTIONS OR METHODS PRESCRIBED BY LAW

This report was prepared as prescribed by applicable law, statues, regulations, and other legally binding authority.

RESPONSIBILITY FOR ASSUMPTIONS AND METHODS

The actuaries do not disclaim responsibility for material assumptions or methods.

DEVIATION FROM THE GUIDANCE OF AN ASOP

The actuaries have not deviated materially from the guidance set forth in the applicable ASOPs.

APPENDIX A

HISTORICAL HOSPITAL BUDGET CHANGES

Facility	2018 Difference	2019 Difference	2020 Difference	2021 Difference
Brattleboro Memorial Hospital	-3.2%	-1.0%	0.0%	0.0%
Central Vermont Physicians Medical Center	0.0%	-0.5%	0.0%	-1.5%
Copley Hospital	-3.4%	-3.4%	0.0%	-2.0%
Gifford Medical Center	0.0%	0.0%	0.0%	0.0%
Grace Cottage Hospital	0.0%	0.0%	0.0%	0.0%
Mt. Ascutney Hospital	0.0%	0.0%	0.0%	0.0%
North Country Hospital	0.0%	0.0%	0.0%	0.0%
Northeast Vermont Regional Hospital	-1.1%	-1.0%	-0.5%	0.0%
Northwestern Medical Center	-2.5%	0.0%	0.0%	-8.1%
Porter Hospital	0.0%	0.0%	0.0%	-1.8%
Rutland Regional	0.0%	-0.4%	0.0%	0.0%
Southwestern Vermont Medical Center	0.0%	-0.2%	0.0%	0.0%
Springfield Hospital	0.0%	0.0%	0.0%	0.0%
University of Vermont Medical Center	0.0%	-1.5%	-0.5%	-2.0%