

October 11, 2022

Green Mountain Care Board  
State of Vermont  
144 State Street  
Montpelier, VT 05602

Re: MVP Health Plan, Inc.  
2023 Large Group HMO Rate Filing  
SERFF #: MVPH-133347862

The purpose of this letter is to provide a summary and recommendation regarding the large group filing submitted by MVP Health Plan (MVP or MVPHP) for its existing HMO products for coverage year 2023 and to assist the Board in assessing whether to approve, modify, or disapprove the request.

***Filing Description***

1. MVP is a non-profit health benefit plan provider. MVP provides large group coverage to employers in Vermont as well as individual and small group coverage sold on Vermont Health Connect (VHC).
2. This filing demonstrates the premium rate development of MVP's large group HMO product portfolio and includes proposed rates for all four quarters of 2023. This product portfolio is comprised of base major medical high deductible health plans (HDHP) and non-high deductible plans (Non-HDHP), and benefit riders. The example below demonstrates a 1<sup>st</sup> quarter 2023 manual rate calculation for a group with a base major medical health plan, a medical benefit rider, a pharmacy benefit rider, and a point-of-service (POS) rider (i.e., adds out-of-network coverage):

a) Base Major Medical Health Plan VT3HMO087ZLCN	\$699.04	
b) Medical Rider MV3HMB305L	\$8.11	
c) Rx Rider RXVT3HMB500ZL	\$100.17	
d) Combined In-Network Manual Base Rate <sup>1</sup>	\$807.32	= a) + b) + c)
e) POS Rider SV3HMB101L	3.60%	
f) Combined Manual Base Rate w/ POS Rider	\$836.38	= d) * [1 + e)]

3. As of April 2022, there were approximately 1,827 members enrolled in MVP large group plans in Vermont. Approximately 80% have renewal dates during 1<sup>st</sup> quarter.

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<sup>1</sup> Base Rate refers to the premium rate prior to the application of rating factors (ex. age/gender) and retention.

Below is the rate change for the first quarter 2023 as initially filed:

Reason for Change	1Q '23 Annual Increase
<b>Base Rate Change</b>	19.6%
<b>Age/Gender Factor Changes</b>	0.0%
<b>Change in Retention</b>	0.0%
<b>Total Manual Rate Change</b>	<b>19.6%</b>

For accounts that quoted in the first quarter of 2023, the annual average rate increase is 26.7%. This is comprised of the previously approved quarterly manual rate changes for 2Q22 thru 4Q22 combined with the proposed 1Q23 quarterly base rate change and membership distribution shift. This is outlined as follows:

Quarter	1Q '23 Annual Manual Rate Change
<b>2Q '22 / 1Q '22</b>	2.0%
<b>3Q '22 / 2Q '22</b>	2.0%
<b>4Q '22 / 3Q '22</b>	2.0%
<b>1Q '23 / 4Q '22</b>	19.6%
<b>Membership Distribution Shift<sup>2</sup></b>	-0.2%
<b>Total</b>	<b>26.7%</b>

The quarterly manual rate changes through the remainder of calendar year 2023 are all equal to 2.9% representing the assumed quarterly trend.

Quarter	Manual Rate Change
<b>2Q '23 / 1Q '23</b>	2.9%
<b>3Q '23 / 2Q '23</b>	2.9%
<b>4Q '23 / 3Q '23</b>	2.9%

The following table outlines the proposed total manual rate changes for each quarter in 2023.

Quarter	Membership as of Apr 22	Filed Annual Total Manual Rate Change
<b>1Q23</b>	1,421	26.7%
<b>2Q23</b>	0	27.8%
<b>3Q23</b>	293	28.9%
<b>4Q23</b>	113	30.0%

The proposed rate changes discussed above reflects the revenue increase for a manually rated group. This is used for groups without any past coverage experience or for groups that are too small for the experience to be used entirely. In practice, the large groups represented in this filing have premium rates based on an average blend of their own claims experience at approximately 21% and the manual rate at approximately 79%. Therefore, some groups will experience higher increases, and some will experience lower increases. If a group experiences a higher rate increase, it is because their claims

<sup>2</sup> The difference in the in membership between the experience period and April 2022, which was the current membership at the time of rate development.

experience deteriorated relative to the other large groups in this block. All groups will experience the effect of changes in retention, as these components of the rate are added to the projected claims, whether those claims came from the manual rate or the group's experience.

### ***Standard of Review***

Pursuant to Green Mountain Care Board (Board) Rule 2.000 Health Insurance Rate Review, this letter is to assist the Board in determining whether the requested rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading, or contrary to the law, and is not excessive, inadequate, or unfairly discriminatory.

### ***Summary of the Data Received***

MVP provided the methodology used in premium rate development (Exhibit 2a-2b and Exhibit 3a-3b) and details pertinent to its actuarial assumptions/experience driving the rate change request. This includes supplemental exhibits comprising historical claim data and the membership, pricing trend assumptions, experience rating formula (Appendices A-C), and additional supporting exhibits, as requested during review of the filing.

### ***L&E Analysis***

1. *Rate Development:* MVP utilized large group claim data (constituting HDHP and non-HDHP products) for the period from May 2021 through April 2022 and paid through May 2022 as the base period experience. The base period data is considered 100% credible. During the rate review process, the Company disclosed that additional claims runout through July 2022 indicates that the best estimate incurred but not reported (IBNR) claims factor is 1.054, rather than the initially filed 1.088. L&E recommends that the IBNR factor be updated accordingly. This will decrease the 2023 first quarter rates by 2.8%.

Exhibit 3a illustrates both the claim projection from the experience period to the rating period and the accompanying adjustments applied in deriving the rates for 1Q23.

MVP uses a pooling charge to mitigate the impact of catastrophic claims (i.e., those exceeding \$250,000 per member per year). The purpose of this adjustment is to prevent major swings in premium resulting from a small number of cases. Regardless of the actual value of catastrophic claims, the claims are removed and replaced by a flat percentage. Pooling claims is a typical industry practice.

From the historical medical experience, claims in excess of \$250,000 were replaced with a pooling charge. The pooling charge reflects the average cost of claims in excess of \$250,000 and is based on historical experience for MVP's New York large group population, which is a much larger and more stable than Vermont's population. The pooling charge filed is equal to 4.6% of claims below the pooling limit. By comparison, recent pooling charges based on Vermont historical experience range from 2% to 11%, with an average of approximately 8.5%. This practice is consistent with prior filing and is considered reasonable and appropriate.

The adjusted claims were projected forward to the midpoint of the 1Q23 rating period using an annual paid medical trend assumption of 10.2% (elaborated further in item 3 below). MVP's paid medical trend is derived from its proposed allowed cost trend and the impact of cost share leveraging<sup>3</sup>. The prescription (Rx)

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<sup>3</sup> Leveraging is the result of the fixed nature of deductibles and copays causing the carrier to bear a greater portion of the cost of the medical inflation.

claims were projected forward to the midpoint of the 1Q23 rating period using an annual paid Rx trend of 12.4% (elaborated further in item 4 below).

The trended medical and Rx claim cost was further adjusted to develop the projected claim costs as of 1Q23. These adjustments included projected cost of capitation, non-FFS claim expenses, Rx rebates, newly added benefits, reduction in COVID-19 costs, and COVID-19 boosters (elaborated further in item 5 below). Reflecting these adjustments, the quarterly manual rate change suggested by the data was 19.6% for 1Q23 compared to 4Q22.

MVP developed the remaining quarterly manual rates by applying additional trend to the experience period claims. This results in quarterly manual rate increases of 2.9% in each quarter of 2023. That is, groups renewing in April will be charged premiums based on manual rates 2.9% higher than groups renewing in January. As noted above, approximately 80% of groups have 1st quarter renewal dates.

The 2.9% quarterly rate increases are based on a 2024 trend assumption that is consistent with the 2023 trend assumption. Record high unit cost increases were requested and approved in 2023, and L&E does not believe it is an appropriate year to use as the basis for future trend assumptions. L&E believes that using 2022 trends as a basis for 2024 trend would be more appropriate than relying on an outlier trend year such as 2023. The Company has disclosed that using 2022 trend as a basis for the quarterly trend assumptions would result in quarterly rate increases of 2.0%, 2.1%, and 2.1% in the second, third, and fourth quarters, respectively. L&E recommends that quarterly trends be based upon 2022 trend data rather than 2023.

2. *Age/Gender Factor Changes:* There were no changes to the age/gender factors proposed in this filing.
3. *Medical Trend:* MVP is requesting a utilization trend of 1.0% and a unit cost trend of 8.0% for 2022. This represents a total allowed trend of 9.1%<sup>4</sup> for 2023. Below are the allowed and paid medical trends:

Medical Trend	Unit Cost	Utilization	Total Allowed Trend	Paid Trend
<b>2022/2021</b>	5.6%	1.0%	6.6%	7.7%
<b>2023/2022</b>	9.6%	1.0%	10.7%	11.8%
<b>Total<sup>5</sup></b>	8.0%	1.0%	9.1%	10.2%

The allowed cost trends illustrated above are based on the allowed charges (reflecting total amount of claims cost paid by the carrier and the policyholder) and do not reflect effective paid trends which reflect the actual claim payments made by the carrier. Using the paid trends for each year as shown in the table above, MVP derived a total average annual paid medical trend factor of 10.2%, which was applied for 20 months to trend the experience forward to 1Q23.

#### Utilization Trend

MVP analyzed historical medical utilization trends for its total Vermont block of business and the data was

<sup>4</sup>  $[(1.08)*(1.01)]-1=9.1\%$

<sup>5</sup> A weighted average is calculated by applying 8 months of 2022 trend and 12 months of 2023 trend based on the experience period end date of April 30, 2022.

too volatile in recent year to use for medical utilization trend purposes. The MVP Vermont large group historical data is not credible on its own and also has volatile historical data, with recent historical utilization trend varying from -29% to 25%. Therefore, consistent with utilization trend used in the 2022 & 2023 QHP filings, a 1.0% utilization trend was assumed. Based on all information available at this time, the utilization trend of 1.0% is reasonable and appropriate.

#### Unit Cost Trend

The assumed unit cost trends reflect a combination of known and assumed price increases from MVP's provider network. For providers not subject to GMCB Hospital Budget Review, unit cost trend assumptions are based on established contracts where available and best estimates of contract negotiations where established contracts are not available. For providers subject to GMCB Hospital Budget Review, unit cost trend assumptions are based on proposed cost increases as submitted by providers for the Hospital Budget Review reduced by 17%. The 17% reduction is consistent with the ordered reduction in proposed cost increases for the 2023 QHP filings.

Since the filing was submitted, the Green Mountain Care Board has made final decisions regarding 2023 hospital budgets. The budgeted unit cost increases are consistent with what was anticipated at the time of the filing. Therefore, we do not recommend any further changes to the unit cost trend assumptions.

4. *Rx Trend*: MVP analyzes its pharmacy data by drug category (Generic, Brand, Specialty). MVP is requesting the annual allowed trends illustrated in the chart below, split by calendar year and by drug tier:

Tier	2022 Trend		2023 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
<b>Generic</b>	-3.7%	2.4%	-1.2%	2.9%
<b>Brand</b>	7.0%	3.9%	3.4%	0.3%
<b>Specialty</b>	4.0%	9.4%	6.1%	12.2%

The total allowed trends in each year are as follows:

Year	Assumed Trend
<b>2022</b>	10.0%
<b>2023</b>	12.7%
<b>Total<sup>5</sup></b>	11.6%

The average annual allowed trend of 11.6% is composed of a utilization trend of 2.8% and a unit cost trend of 8.6%.

The annualized effective paid trend is 12.4%, which is shown in Exhibit 2b of the filing. The Rx paid trend, which adjusts the allowed trends to account for cost sharing by the insured (by modeling deductible, copay and coinsurance), is used to trend the experience period claim costs to the projection period.

The following table shows the actual pharmacy allowed trends for the last 5 years:

Year	Actual Trend
<b>2017/2018</b>	9.0%
<b>2018/2017</b>	0.6%
<b>2019/2018</b>	7.1%
<b>2020/2019</b>	53.9%
<b>2021/2020</b>	3.4%

Annual allowed trend factors by drug category were supplied by MVP's pharmacy benefit manager (PBM), reflecting MVP's business in the state of Vermont. The table below shows the comparison of the historical PBM expected trends to the actual allowed trends.

Year	Actual Trend	Expected Trend	Actual-to-Expected Ratio
<b>2017/2018</b>	9.0%	10.7%	0.84
<b>2018/2017</b>	0.6%	11.6%	0.05
<b>2019/2018</b>	7.1%	8.2%	0.87
<b>2020/2019</b>	53.9%	5.6%	9.63
<b>2021/2020</b>	3.4%	11.9%	0.29
<b>5-year Average</b>	14.8%	9.6%	1.54
<b>5-year Average Excluding Outliers</b>	6.5%	10.3%	0.63

L&E notes that there were outlier trends observed in 2018 and 2020. In 2018, specialty drug trends were unusually negative, and in 2020, specialty drug trends were unusually high. L&E does not believe it would be reasonable to include these when analyzing historical trends for purposes of informing future trend assumptions. L&E recognizes that historical trends do not represent prospective trends. However, the actual-to-expected analysis shows that, outside of one outlier year, the Company's PBM has a history of over-projecting prospective Rx trends.

L&E observes the following:

- The historical 5-year average actual allowed Rx trend, excluding outlier years, is 6.5%.
- The filed prospective total allowed trend based on information from the PBM is 11.6%. The initially filed total allowed Rx trend assumption reduced by 37%, based on the AtoE ratio from the chart above, results in an allowed Rx trend of 7.3%
- The maximum observed Rx trend, excluding outliers, in the most recent 5-years is 9.0%.

Based on the above observations, L&E recommends an allowed pharmacy trend of 7.3%, or a paid pharmacy trend of 8.0%. L&E's pharmacy trend recommendation decreases the 2023 first quarter rates by approximately 0.9%.

5. *COVID-19:*Decline in COVID-19 Services

MVP analyzed the total expense in the experience period associated with COVID treatment, visits, and testing. After consultation with MVP’s medical team, MVP assumed a 30% reduction in COVID costs in the projection period compared to the experience period. The total claims expenses PMPM for COVID-19 services in the experience period was \$13.53, therefore a 30% reduction results in a removal of \$4.06 PMPM. This produces a rate decrease of 0.8%.

Additionally, costs are reduced for COVID-19 cost sharing changes. Where cost-sharing was being waived for COVID-19 services in the experience period, cost sharing is not expected to be waived for the rating period. Ultimately, the \$13.53 PMPM observed in the experience period is decreased to an assumed \$5.85 for the rating period. This is approximately a 43% reduction to COVID-19 treatment, visit, and testing costs overall. This is considered reasonable and appropriate.

COVID-19 Vaccinations

MVP made the following adjustment for assumed differences in COVID-19 vaccine costs between the experience period and the rating period as projected.

	Experience Period	Rating Period
<b>Vaccination Rate</b>	32.8%	32.8%
<b>Vaccines per Utilizing Member</b>	1.32	1.32
<b>Cost Per Vaccine</b>	\$40.21	\$104.00
<b>Average Member Months per Member</b>	8.72	8.72
<b>Vaccine Cost PMPM</b>	\$2.00	\$5.16
<b>Rate Impact (\$)</b>		+\$3.17
<b>Rate Impact (%)</b>		+0.8%

All projected rating period assumptions are equal to the experience period with the exception of the cost per vaccine. The assumption for the cost per vaccine is composed of a \$40 administrative cost and \$64 ingredient cost. This assumption is based on projections found in the CMS Medicare Advantage 2023 rate announcement. Previously, and currently, the COVID-19 vaccine ingredient costs have been and are being paid by the government rather than the insurer. However, MVP assumes that the ingredient costs will be their responsibility in 2023.

L&E observes the following:

- During the rate review process, the Company disclosed that all vaccine utilization may not have been captured in the experience period due to MVP not being billed for their members that were vaccinated at mass vaccination sites.
- Based on data from [healthvermont.gov](https://www.healthvermont.gov)<sup>6</sup>, 60% of Vermonters were up to date on their vaccine as of May 2022.
- L&E does not believe it is reasonable to expect the number of vaccines per utilizing member to remain consistent with the experience period. L&E acknowledges that the CDC is currently

<sup>6</sup> <https://www.healthvermont.gov/covid-19/vaccine/covid-19-vaccine-dashboard>

recommending approximately 2 booster doses per year for adults 18 and older. However, the strict adherence to these recommendations is rare. Based on data from [healthvermont.gov](https://healthvermont.gov)<sup>6</sup>, only 37% of Vermonters were up to date on their vaccine as of August 2022 compared to 60% as of May 2022. L&E believes an average number of vaccines per member of 1.0 would be reasonable given this information.

- In the CMS 2023 rate announcement, no source was provided to support or justify the \$64 projected ingredient cost.
- L&E acknowledges that there is uncertainty regarding whether or not the government will pay for the vaccine ingredient cost in 2023. A 2023 press release by the US Department of Defense in June 2022 states that the Biden-Harris administration purchased more than 100 million doses of the COVID-19 vaccine for the fall of 2022<sup>7</sup>. Additionally, L&E is not aware of any announcement by the administration indicating when vaccine purchases will cease.
- Ingredient costs for the flu shot as listed on the CDC private sector vaccine price list is approximately \$20 per dose<sup>8</sup>. L&E believes that the observed administrative cost per shot plus an ingredient cost of \$20 per shot would be representative of an upper bound for this assumption. L&E believes that the observed administrative cost per shot, trended to the rating period, would be an appropriate lower bound.

Based on the above observations L&E considered the following calculation, developing a range.

	Low Range	High Range
<b>Vaccination Rate</b>	33%	60%
<b>Vaccines per Utilizing Member</b>	1.0	1.0
<b>Cost Per Vaccine</b>	\$47.45 <sup>9</sup>	67.45
<b>Average Member Months per Member</b>	8.72	8.72
<b>Vaccine Cost PMPM</b>	\$1.80	\$4.64

L&E notes that the experience period vaccine cost PMPM, trended to the rating period, is approximately \$2.36, which fits within the range. Therefore, L&E believes that the experience period cost of COVID-19 vaccinations, which gets trended to the rating period as part of the rating development, is a reasonable projection of COVID-19 vaccination costs for the rating period without an additional upward adjustment.

L&E recommends that the COVID-19 vaccine cost adjustment be removed. This recommendation decreases the 2023 first quarter rates by approximately 0.7%.

<sup>7</sup> <https://www.defense.gov/News/Releases/Release/Article/3079200/biden-harris-administration-secures-more-than-100-million-doses-of-pfizers-late/>

<sup>8</sup> <https://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/index.html>

<sup>9</sup>  $\$40.21 * 1.066 * 1.107 = \$47.45$



6. *Retention*: As in the prior approved filing, retention charges are added to the blended pure premium in deriving the group required premium. The 13.3% total retention load is composed of the following:

Retention Item	Approved 2022 Retention	Proposed 2023 Retention
<b>Administrative Expenses</b>	8.2%	7.8%
<b>Other Expenses</b>	3.8%	3.5%
<b>Contribution to Reserves (CTR)</b>	1.5%	2.0%
<b>Total Retention</b>	<b>13.5%</b>	<b>13.3%</b>

#### Administrative Expenses

The projected administrative expenses of 7.8% of premium is consistent with the average of the most recent two years of 7.8% and is less than the average of the most recent three years of 8.3%.

The following table summarizes data taken from the Supplemental Health Care Exhibits in recent years:

<b>Administrative Expense Summary for Large Group Products</b>				
	Member Months	Premium PMPM	Admin PMPM	Expense Ratio
<b>2017</b>	25,372	\$474.10	\$42.09	8.9%
<b>2018</b>	26,765	\$484.55	\$48.67	10.0%
<b>2019</b>	22,511	\$499.97	\$46.35	9.3%
<b>2020</b>	23,424	\$540.97	\$38.45	7.1%
<b>2021</b>	25,201	\$568.90	\$47.93	8.4%

The administrative load appears to be reasonable and appropriate.

#### Other Expenses

The breakdown of the other expenses is as follows:

Retention Item	Approved 2022 Retention	Proposed 2023 Retention
<b>Broker Load</b>	2.6%	2.6%
<b>VT Vaccine Pilot</b>	0.5%	0.4%
<b>Bad Debt</b>	0.3%	0.3%
<b>18 VSA 9374(h) Billback</b>	0.3%	0.1%
<b>Comparative Effectiveness Research Fee</b>	0.1%	0.1%
<b>Total Retention</b>	<b>3.8%</b>	<b>3.5%</b>

#### Contribution to Reserves (CTR)

The proposed contribution to reserves (CTR) is 2.0%, which is consistent with historically proposed CTR. In past orders, the Board has reduced the proposed CTR.

The target loss ratio is increasing from the approved 86.5% 1Q 2022 to 86.7% for 2023. This change is the result of increasing the contribution to reserve from 1.0% to 2.0%, offset by a decrease in the administrative load from 8.2% to 7.8% and a decrease in other expense from 3.8% to 3.5%.

The federal loss ratio for MVPHP in 2021 was 95.8%, and the rolling three-year average (2019-2021) is 89.9%.

MVP provided the actual gain/(loss) compared to the ordered risk margin for the most recent three years, as follows.

Year	Actual Gain/(Loss)	Expected Risk Margin (As Ordered)
2019	11.6%	1.5%
2020	-8.7%	1.0%
2021	-6.4%	1.0%
<b>Total</b>	<b>-1.9%</b>	

MVP also provided the Company’s historical risk-based capital (RBC) ratio for the last three years, outlined in the table below.

Year	RBC Ratio
2019	433.6%
2020	429.4%
2021	354.0%

It is slightly concerning that MVP has experienced an overall negative profit in the last few years, and there was a significant decrease in the RBC in 2021. L&E notes that it is not sustainable to have significant losses, and therefore, a higher CTR could be justified. However, Vermont business accounts for approximately 5% of MVP’s overall business<sup>10</sup>. Given this information, L&E believes that a CTR between 0.5% to 3.0% would be considered reasonable.

<sup>10</sup> Based on direct written premium amounts as reported in the 2021 SHCE.

**Recommendation**

L&E recommends that the unit cost trends be modified to reflect:

- *IBNR Claims*: L&E recommends that the IBNR factor be updated from 1.088 to 1.054 based on additional claims runout through July 2022. This will decrease the 2023 first quarter rates by 2.8%.
- *Rx Trend*: Based on historical trend and actual-to-expected analyses, L&E recommends an allowed pharmacy trend of 7.3%. This will decrease the 2023 first quarter rates by approximately 0.9%.
- *COVID-19 Vaccinations*: After considering data from various sources, L&E believes that the experience period cost of COVID-19 vaccinations, which gets trended to the rating period as part of the rating development, is a reasonable projection of COVID-19 vaccination costs for the rating period without an additional upward adjustment. L&E recommends that the COVID-19 vaccine cost adjustment be removed. This recommendation decreases the 2023 first quarter rates by approximately 0.7%.
- *Quarterly Rate Increases*: L&E recommends that quarterly trends be based upon 2022 trend data rather than 2023. The Company has disclosed that using 2022 trend as a basis for the quarterly trend assumptions would result in quarterly rate increases of 2.0%, 2.1%, and 2.1% in the second, third, and fourth quarters, respectively.

The recommended rate increase is as follows:

Reason for Change	1Q '23 Annual Increase
<b>Base Rate Change</b>	14.5%
<b>Age/Gender Factor Changes</b>	0.0%
<b>Change in Retention</b>	0.0%
<b>Total Manual Rate Change<sup>11</sup></b>	<b>14.5%</b>

Quarter	1Q '23 Annual Manual Rate Change
<b>2Q '22 / 1Q '22</b>	2.0%
<b>3Q '22 / 2Q '22</b>	2.0%
<b>4Q '22 / 3Q '22</b>	2.0%
<b>1Q '23 / 4Q '22</b>	14.5%
<b>Membership Distribution Shift</b>	-0.2%
<b>Total</b>	<b>21.3%</b>

Quarter	Manual Rate Change
<b>2Q '23 / 1Q '23</b>	2.0%
<b>3Q '23 / 2Q '23</b>	2.1%
<b>4Q '23 / 3Q '23</b>	2.1%

<sup>11</sup>  $(1+0.196)*(1-0.028)*(1-0.009)*(1-0.007)=14.5\%$

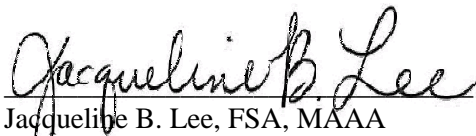
Quarter	Membership as of Apr 22	Recommended Annual Total Manual Rate Change
1Q23	1,421	21.3%
2Q23	0	21.3%
3Q23	293	21.4%
4Q23	113	21.5%

L&E believes that, if modified as described above, this filing does not produce rates that are excessive, inadequate, or unfairly discriminatory.

Sincerely,



Traci L. Hughes, FSA, MAAA  
Vice President & Consulting Actuary  
Lewis & Ellis, Inc.



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

**ASOP 41 Disclosures**

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations<sup>12</sup>, 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 Conduct<sup>13</sup>, 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 Actuary**

The responsible actuaries are:

- Traci L. Hughes, FSA, MAAA, Vice President & Consulting Actuary at Lewis & Ellis, Inc.
- Jacqueline B. Lee, FSA, MAAA, Vice President & Principal at Lewis & Ellis, Inc.

These actuaries are available to provide supplementary information and explanation. The actuaries also acknowledge that they may be acting as an advocate.

**Identification of Actuarial Documents**

The date of this document is October 11, 2022. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is October 4, 2022.

**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 Inc. is financially and organizationally independent from the health insurance issuers whose rate filings were reviewed. There is nothing 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 the issuers for reasonableness, but we have not audited it. L&E nor the responsible actuaries assume responsibility for these 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.
- We are 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.
- The findings of this report are enclosed herein.

**Actuarial Findings**

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

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<sup>12</sup> 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.

<sup>13</sup> These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

**Methods, Procedures, Assumptions, and Data**

The methods, procedures, assumptions and data used by the actuary 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 an applicable ASOP.