

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc.)	
2021 Vermont Large Group HMO Rate)	DOCKET NO. GMCB-008-20rr
Filing)	
)	
SERFF No. MVPH-132497714)	

MVP HEALTH PLAN, INC.’S MEMORANDUM IN LIEU OF HEARING

MVP Health Plan, Inc. (“MVP”) by and through Primmer Piper Eggleston & Cramer PC, submits this Memorandum requesting that the Green Mountain Care Board (“GMCB”) or (“Board”) approve the rates as requested by MVP and as modified by one of the recommendations of the Board’s actuary, Lewis and Ellis (“L&E”). MVP and the Health Care Advocate have agreed to waive the hearing before the GMCB in this proceeding.

MVP initially proposed a quarterly manual rate decrease of -7.8%, which translates to an annual decrease of -3.3%. MVP accepts L&E’s recommendation of an additional downward adjustment of 0.8% due to revising the trends to reflect the final orders on FY2021 hospital budgets. This adjustment brings the quarterly manual rate decrease to -8.6% and translates to an annual decrease of -4.1%. MVP disagrees with L&E’s second recommendation to remove its COVID-19 pent-up demand adjustment and alter its COVID-19 vaccination adjustment. MVP’s COVID-19 adjustments are reasonable and actuarially sound.

As of February 2020, there were approximately 2,058 members enrolled in Large Group plans. Of these members 1,635 have a 1st quarter renewal, 0 have a 2nd quarter renewal, 310 have a 3rd quarter renewal, and 113 have a 4th quarter renewal. The vast majority of these members (approximately 80%) enroll in the first quarter of any given year.

1. L&E Recommendation

L&E recommends in its October 19, 2020 Actuarial Memorandum that the Board approve the rates with three modifications:

- 1) Decrease the rate 0.8% to reflect final orders on FY2021 hospital budgets;
- 2) Remove the 0.6% increase MVP included to reflect expected increased utilization due to pent-up demand from COVID-19 shutdowns; and
- 3) Reduce the rates an additional -0.6% to reflect adjusting the COVID-19 vaccination rate from 80% to 55%.

MVP concurs with the first recommendation, bringing its requested rate to a quarterly manual decrease of -8.6%. MVP disagrees with the second and third L&E recommendations regarding adjustments for COVID-19 pent-up demand and the COVID-19 vaccination rate.

L&E Agreement with MVP.

L&E found the vast majority of MVP's rate filing and conclusions to be reasonable and appropriate:

Rate development methodology: L&E found MVP's assumptions to be reasonable and appropriate.

Age and gender factor changes: L&E found that MVP appropriately corrected for the average age/gender of the population being slightly younger than the prior experience period. MVP addressed this by re-normalizing the demographic factors and increasing by 1.2% to maintain the necessary premium level. L&E found the normalization methodology to be reasonable and appropriate.

Medical trend: L&E found MVP's development of medical trend using negotiated unit cost change with providers and GMCB approved rate changes to be reasonable and appropriate. They also found MVP's use of a 1.0% utilization trend to be reasonable and appropriate using the results from the L&E analysis and review of the 2020 QHP filing.

Unit cost trend: L&E recommended that MVP modify the filing to reflect the fact that the unit cost increases in the approved hospital budgets are lower than anticipated at the time of MVP's initial LG HMO filing. MVP has accepted this recommendation and lowered its rate request an additional 0.8%.

Rx trend: L&E found MVP's use of Vermont specific data from its PBM vendor and methodology, and the allowed Rx trend of 7.9%, to be reasonable and appropriate.

Administrative expenses: L&E found MVP's assumed general administrative load of 8.6% of premium to be reasonable and appropriate. L&E recommends that the GMCB not reduce MVP's contribution to reserves from the 2% requested.

L&E Disagreement on COVID-19 with MVP on Two Issues.

L&E disagrees with MVP's prediction that providers will operate at 110% to address the pent-up demand for elective procedures due to COVID-19 shutdowns. L&E also disagrees with MVP's prediction that the vaccination rate will be 80% for COVID-19. L&E recommended removing the 0.6% rate increase for pent-up demand. They recommended decreasing the vaccination rate to 55%, which translates to an additional 0.6% rate reduction. MVP disagrees with these recommendations and maintains that its assumptions are reasonable and actuarially sound, as explained below.

2. The 0.6% Increase to Reflect Pent-up Demand Is Reasonable and Accurate.

MVP assumed that decreased utilization in early 2020 will result in an increase in utilization later in 2020 continuing through the first four months of 2021. Health care providers will operate at 110% capacity from August 2020 until April 2021 in order to eliminate backlog, treat

patients who have put off important non-emergency procedures as a result of Vermont's stay-at-home orders, and recoup lost revenue. It is reasonable to assume that providers will seek to promptly provide patients the care they need, and are willing to work a reasonable number of additional hours to ensure their patients' health. It is unreasonable to assume that providers will delay care to their patients and rely on government financial assistance instead of seeking out additional revenue. Government assistance has not enabled providers to significantly recoup lost revenue, and providers for MVP are generally struggling and will work at 110% capacity. If, as L&E suggests, providers do not operate at above pre-COVID levels, providers will not be able to eliminate the unique and unsustainable backlog due to COVID-19.

3. The 80% Vaccination Rate and Resulting 0.6% Rate Adjustment is Reasonable and Accurate.

MVP assumed that a vaccine for COVID-19 will be available in early 2021, at \$75 per dose. MVP predicts that 80% of MVP's membership will receive the vaccine in 2021, resulting in a per member per month cost of \$5.00. MVP's 80% assumption falls between the 55% vaccination rate for the flu and the vaccination rate for Measles, Mumps and Rubella, which is north of 90%.

L&E recommended a vaccination rate of 55%, consistent with flu vaccination rates. L&E's proposed 55% vaccination rate, which L&E aligns with flu vaccination, flies in the face of the evidence and common sense. The daily news reports of people contracting and dying from COVID-19, the daily work and family COVID-19 discussions, and continued observance of COVID-19 precautions such as working remotely, all support the general proposition that Vermonters are more frightened about spreading, contracting and dying from COVID-19 than the flu, and will seek out and take the COVID-19 vaccine at much higher rates than the flu vaccine.

4. MVP is Lowering Costs, Promoting Quality Care and Access, and Affordability in this Rate Filing.

The Board shall modify or disapprove a rate request only if it is unjust, unfair, inequitable, misleading or contrary to law, or ... fails to meet the standards of affordability, promoting quality of care and promotion of access. 8 V.S.A. §§ 5104(a) and 4062(a)(2)-(3).

MVP has taken a number of actions in this filing to keep rates as low as possible: 1) agreeing to accept L&E's recommendation to incorporate the actual hospital budget orders from the Board which will lower the rate; and 2) working over the past several years to manage its administrative expenses, and in this filing the projected administrative expenses of 8.6% of premium is less than the actual calendar year 2019 expenses of 9.3%.

The Board may take judicial notice of the facts detailed in its 2021 QHP Rate Filing and at the July 21, 2020 Rate Review Hearing (GMCB Docket #006-20rr), showing that MVP has taken the following significant steps to contain costs and address affordability, access, and quality of care:

- (1) MVP strives to put forth the lowest premium possible relative to the benefits it is

covering;

- (2) MVP promotes an affordable rate with a quality product;
- (3) MVP supports Vermont providers in achieving quality for its members through the Marketplace Primary Care Improvement Program;
- (4) MVP promotes primary care;
- (5) MVP employs a comprehensive staff of clinicians;
- (6) MVP administers over 10 specific care management programs directly with its members;
- (7) MVP engages in a competitive bidding process;
- (8) MVP contracts with a Pharmacy Benefit Manager to get the best prices on prescription pharmaceuticals;
- (9) MVP undertakes an annual initiative focused on reducing administrative costs;
- (10) MVP strives to increase member engagement and cost transparency via its website;
- (11) MVP supports the use of telemedicine;
- (12) MVP maintains a nationwide network of providers;
- (13) MVP has a dedicated unit that investigates fraud;
- (14) MVP has met with Vermont Health Connect and Blue Cross Blue Shield of Vermont to discuss and create consumer outreach programs;
- (15) MVP has robust evidence-based guidelines such as MVP's Medical Policies and Utilization Management Program designed to decrease unwarranted variations in care and support appropriate utilization;
- (16) MVP's New York and Vermont business is accredited by The National Committee for Quality Assurance;
- (17) MVP's administrative loads have fallen in recent years.

5. Conclusion

MVP requests that the Board approve a quarterly manual rate decrease of -8.6%, which translates to an annual decrease of -4.1%. The -8.6% figure includes L&E's recommended decrease of -0.6% for revising the trends to reflect the final orders on FY2021 hospital budgets. MVP

requests that the Board accept MVP's reasonable assumptions on COVID-19 pent-up demand and vaccination rate, reflected in the -8.6%.

Dated: October 27, 2020

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CERTIFICATE OF SERVICE

I, Gary F. Karnedy, Esq., hereby certify that I have served a copy of *MVP's Memorandum in Lieu of Hearing* via e-mail upon the following:

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Dated at Burlington, Vermont, this 27th day of October, 2020.

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