



625 State Street, PO Box 2207  
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June 25, 2021

Ms. Traci Hughes, ASA, MAAA  
Lewis & Ellis, Inc.  
700 Central Expressway South, Suite 550  
Allen, TX 75013

Re: 2022 Vermont Exchange Rate Filing - Individual  
SERFF Tracking #: MVPH-132824950

Dear Ms. Hughes:

This letter is in response to your correspondence received 06/18/21 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. We see from the actuarial memorandum that no reduction to market morbidity was assumed in relation to the American Rescue Plan Act. While we recognize that these new members will be making anti-selective decisions, they are by definition the population who chose not to elect coverage under the pre-existing subsidies that generated the 2020 market. Therefore, it would seem they will be almost guaranteed to be healthier than the average enrollee in the 2020 experience. Provide further explanation for why no adjustment is being made.

Response: MVP did not make an adjustment to the market morbidity in the individual market for two reasons. The first reason is MVP does not agree that new members will be almost guaranteed to be healthier than the average enrollee. You noted that these members will be making anti-selective decisions, and we believe that there will be new members to the market who have needed services but could not afford insurance under the prior subsidies. The expanded subsidies will allow them to get coverage and the services they need, and therefore members in this cohort of new entrants will likely not be healthier than the current population.

The second reason for not making an adjustment is the size of the uninsured market. Based on the "Vermont Household Health Insurance Survey" (<https://www.healthvermont.gov/stats/surveys/household-health-insurance-survey#:~:text=Vermont%20Household%20Health%20Insurance%20Survey%20%28VHHIS%29%20The%20State,information%20on%20relevant%20demographic%2C%20income%2C%20and%20employment%20characteristics>), the uninsured rate in VT was 3%. The uninsured rate for people below 139% of the FPL is 2% and these members should be eligible for Medicaid, so we believe the uninsured rate will not drop below 2%. This leaves 1% of the population or ~6,000 individuals. Of these 6,000 who may enroll, there will be some who do not get any subsidies due to income and individuals may not elect health insurance with partial subsidies due to high levels of cost sharing. These members may continue to choose not to have insurance. This combined with the first point above, explains why MVP chose not to make a market wide morbidity adjustment due to ARPA.

2. We acknowledge that the assumed cost and uptake rate of the COVID-19 booster is the same as the flu vaccine. Please disclose the dollar amount cost and percentage uptake rate assumed.



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Response: In 2020, MVP's uptake rate in the Vermont individual market was 27% and unit cost was \$50.56. MVP assumes that after the pandemic is over, COVID booster shots will see utilization rates analogous to the flu shot. Note these figures do not capture the percent of members receiving flu shots through the VT Vaccine Pilot.

3. Please provide cited sources and support for the assumption that COVID-19 booster shots will be approved and needed as early as 2022.

Response: Please see below for sources and excerpts from the sources that MVP believes support for the assumption that COVID-19 booster shots will be approved and needed as early as 2022.

- [Covid vaccine: Moderna hopes to have booster shot ready by the fall, says CEO \(cnbc.com\)](https://www.cnn.com/2021/08/11/health/covid-19-booster-shot-moderna/index.html)

"Moderna hopes to have a booster shot for its two-dose Covid vaccine **available in the fall**, CEO Stephane Bancel told CNBC on Wednesday. "I want to make sure there are boost vaccines available in the fall so that we protect people as we go into the next fall and winter season in the U.S.," Bancel said in an interview on "Squawk Box."

- [When will you need a Covid-19 booster shot? Here's what experts say. \(advisory.com\)](https://www.advisory.com/news/when-will-you-need-a-covid-19-booster-shot-heres-what-experts-say)

"Both Pfizer CEO Albert Bourla and Moderna CEO Stéphane Bancel have agreed that booster shots for Covid-19 vaccines will likely be necessary.

"The data that I see coming, they are supporting the notion that likely there will be a **need for a booster somewhere between eight and 12 months**," Bourla said. Bourla added that Pfizer has yet to finish its trials on its booster vaccine. "I believe in one, two months we will have enough data to speak about it with much higher scientific certainty," he said. Any plan for administering booster shots would also depend on what FDA approves and believes is best for protecting Americans, Bourla added.

Bancel said he believes the United States should aim to distribute booster shots sooner rather than later. "I think as a country we should rather be two months too early, than two months too late with outbreaks in several places," he said. "People at highest risks (elderly, health care workers) were vaccinated in December/January," he added. "So I would do (a) September start for those at highest risk."



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- [Covid vaccine booster shots: FDA says we could need them within a year \(cnbc.com\)](https://www.cnbc.com)  
“Covid-19 booster shots could be needed for fully vaccinated people within a year”, the Food and Drug Administration’s top vaccine regulator said Tuesday.

The current versions of the Pfizer-BioNTech and Moderna Covid-19 vaccines are highly effective at preventing Covid and also appear to protect against the variants circulating in the United States, said Dr. Peter Marks, director of the FDA’s Center for Biologics Evaluation and Research.

“So, hopefully, you know, it would be nice if it’ll turn out that it’ll be a year before anyone might need a booster,” Marks said during a virtual press conference on the Covid-19 vaccines with high school and middle school journalists.

“But we still don’t know,” he added. “It could be more, it could be a little less but ... this is just something we’re gonna have to figure out as we go.””

4. Regarding the response to question #16 of the May 17<sup>th</sup> objection letter – please define the time period for the ‘pre-pandemic’ amounts shown and ‘post-pandemic’ amounts shown. Furthermore, please provide the utilization and average unit cost components of the total amounts provided.

Response: Please see the tab “Question #4” in the attached Excel document for the utilization and average unit cost of telehealth services. Pre-pandemic is defined as 2019 trended to 2020 and post-pandemic is defined as the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2020.



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5. Please provide the administrative costs PMPM as reported in the Supplemental Health Care Exhibit from 2015-2020.

Response: Please see the table below.

Combined VT AR42 and AR44	Year	SHCE Admin PMPM*
Individual	2015	\$36.66
Small Group	2015	\$34.04
Combined	2015	\$35.15
Individual	2016	\$43.81
Small Group	2016	\$38.07
Combined	2016	\$40.51
Individual	2017	\$38.54
Small Group	2017	\$40.72
Combined	2017	\$39.59
Individual	2018	\$42.78
Small Group	2018	\$39.29
Combined	2018	\$40.72
Individual	2019	\$41.04
Small Group	2019	\$38.84
Combined	2019	\$39.86
Individual	2020	\$35.40
Small Group	2020	\$33.65
Combined	2020	\$34.40

*\*Reflects lines 1.07, 6.6, 8.3, 10.1, and 10.4 of SHCE, Part 1*

6. Please provide a breakdown of the general administrative load of \$47.10 by major category. Please provide a similar breakdown for the combined market load as filed in 2021 of \$43.75.

Response: Please see the following table which provides a breakout of the 2021 administrative expense by major category:

Administrative Expense Category	2021 Individual Available Admin PMPM
Personnel Expenses	\$23.44
Software	\$3.23
Consulting/Project Expenses	\$4.39
All Other Administrative Expenses	\$11.13
<b>Total</b>	<b>\$42.19</b>



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MVP has yet to project in detail administrative expenses for 2022, so a similar breakdown of the \$47.10 has yet to be performed at this point. However, major programs have been undertaken by MVP which will require resources in 2022.

Administrative Cost are expected to increase from 2021 to 2022 related to two main areas:

- Takeover of Individual billing and payment processing functions.
- Investment to expand capabilities to support Vermont membership.

Assuming responsibility of Vermont individual billing activities will incur material expense increases to transactional costs, estimated to be \$0.3m - encompassing additional banking fees, staff and print and postage costs.

MVP is also making significant investments to expand its capabilities to better support it's Vermont member base, encompassing quality initiatives/provider analytics, and additional care management staffing & capabilities (incorporating new platforms, and social determinants of health tools). We expect these aforementioned investments (incl. advertising) to total \$0.6m in 2022.

If you have any questions or require any additional information, please contact me at [cpontiff@mvphealthcare.com](mailto:cpontiff@mvphealthcare.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Pontiff".

Christopher Pontiff, ASA  
Leader, Actuarial  
MVP Health Care

MVP VT Telehealth Analysis						
	Office - BH	Office - Other	Office - PCP	Telehealth - BH	Telehealth - Other	Telehealth - PCP
Pre-Pandemic Average Monthly Allowed Amount	\$365,115	\$359,373	\$949,564	\$1,940		\$89
Post-Pandemic Average Monthly Allowed Amount	\$179,263	\$379,803	\$901,084	\$358,577		\$136,620
Pre-Pandemic Average Monthly Utilization	4,062	4,018	9,442	27		2
Post-Pandemic Average Monthly Utilization	1,411	4,387	9,177	3,700		1,212
Pre-Pandemic Average Monthly Unit Cost	\$89.87	\$89.44	\$100.57	\$72.23		\$51.97
Post-Pandemic Average Monthly Unit Cost	\$127.07	\$86.57	\$98.18	\$96.91		\$112.75
Pre-Pandemic PMPM	\$11.38	\$11.21	\$29.61	\$0.06		\$0.00
Post-Pandemic PMPM	\$4.78	\$10.13	\$24.04	\$9.56		\$3.64
					Pre-Pandemic Average Unit Cost	\$95.48
					Post-Pandemic Average Unit Cost	\$99.19
					Pre-Pandemic Utilization	17,572
					Post-Pandemic Utilization	20,489
					Pre-Pandemic Average Monthly Members	32,070
					Post Pandemic Average Monthly Members	37,489
					<b>Increase to build into 2022 Rates</b>	<b>\$1.89</b>