



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphhealthcare.com

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 Filings – Individual and Small Group
SERFF Tracking #: MVPH-132824950, MVPH-132824927

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. Please provide the projected cost sharing reduction (CSR) recoveries imbedded in MVPHP's 2021 individual and small group (VHC) filing and its actual recoveries to date. Explain whether MVPHP expects actual recoveries in 2021 to deviate from the projection and, if so, by how much.

Response: Due to Federal CSR defunding, MVP loaded the projected CSR recoveries that otherwise would've been paid out by the federal government into the on-exchange silver plans. For 2021 plans, the projected amount was \$82.43 PMPM for members in an on-exchange silver plan. As of April 2021, the actual CSR amount for 2021 is \$85.71 PMPM. Note that the 2021 data does not include IBNR therefore the \$85.71 quoted for YTD April 2021 will almost certainly grow as claims continue to run out. Since this data is only for 4 months of the year, there are items that need to be considered when comparing the projected vs actual. Claims seasonality varies month to month and 4 months may not provide an accurate depiction of the year. Also, since this data is for the first 4 months of the year, there many members are still paying their full claims due to deductibles. As the year goes on more and more people will hit their deductible which will increase claim expense and as a result, CSR amounts increase. MVP is seeing higher than expected incurred claims across its VT population in 2021. This results in an expectation that MVP will see higher than expected CSR amounts relative to the projected amount in the 2021 rate filing.

2. In a format similar to the table on page 4 of MVPHP's actuarial memorandums for the 2022 VHC filings, please provide two tables – one relating to the individual market and one relating to the small group market – that show incurred and paid claim amounts and IBNR factors for each month of 2020 and 2021 to date. If total member months by month and incurred claims PMPMs by month for 2019, 2020, and 2021 to date are included in the documents MVPHP has already submitted in connection with the filing, please specify where they can be found. Otherwise, please provide these data.

Response: Please see the tab "Question #2" in the attached Excel document for the tables that show medical incurred and paid claim amounts and IBNR factors for each month of 2020 and 2021 through April. Total member months by month and medical plus pharmacy incurred claims PMPMs by month for 2019 and 2020 are provided in the Actuarial Memo Dataset submitted by MVP in connection with the filing. We have provided this information for the first four months of 2021 in the attached Excel document.



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3. Explain how the proposed 2022 individual and small group rates would be impacted if MVPHP had used 2020 as the experience period instead of 2019.

Response: If MVP used 2020 data instead of 2019 data, the proposed rate increases would be unchanged. Since 2020 was an outlier year, a normalization factor would have been used to “undo” the reduction in cost due to COVID-19 since 2022 is not expected to be an outlier year as well. Choosing a single normalization factor with confidence is incredibly challenging, and it is unknown how 2020 risk transfer results are impacted by the COVID-19 pandemic as COVID diagnoses as well as irregular utilization of services could be skewing relative risk scores in 2020. As a result, MVP would normalize 2020 back to 2019 with one year of trend, since that is our best estimate for what 2020 would have been without COVID-19. This results in the same answer as using 2019 data trended 3 years, the method we chose to use.

4. Please provide MVPHP’s cost per dose for COVID-19 vaccines. If costs vary by provider, please provide a weighted average.

Response: MVPHP’s weighted average cost per dose for COVID-19 vaccinations is \$22.54. Please note that this figure is just the administration cost of the vaccination as the federal government has been covering the ingredient cost of the vaccination.

5. Does MVPHP’s data support a 1% annual utilization trend for 2022? If so, please submit such data. If not, please explain what if any annual utilization trend MVPHP’s data supports and provide the corresponding data.

Response: Please see question 2 of the publicly available MVP response to objection letter 2 from L&E for both the individual and small group filings for MVP’s utilization trend models.

6. What were MVPHP’s actual allowed prescription trend and actual paid prescription trend net of Rx rebates for the experience period 1/1/20-12/31/20 for the VHC plans? Please submit data showing why both trend numbers are so much higher in MVPHP’s 2022 VHC Filing than they were in MVP’s 2021 VHC Filing.

Response: Please see the tab “Question #6” in the attached Excel document for the actual trends observed in the 2020 experience period. Note that the trends provided reflect both small and individual data. Data supporting the trend changes can be seen in the confidential response to question 4 to objection letter 2 from L&E.

7. Provide support for the \$3.35 PMPM difference between the \$43.75 administrative load MVPHP used in its 2021 VHC filing and the \$47.10 administrative load MVPHP is using in its 2022 filings. If MVPHP had used the same \$43.75 administrative load in its 2022 filings as it used in its 2021 filing, how would MVPHP’s filings be impacted? Please provide both a percentage rate impact and a total dollar impact.

Response: MVP proposed \$43.75 PMPM for the merged individual and small group market in 2021. When multiplied by our combined February 2021 enrollment, the proposed administrative expense PMPM for 2022 is \$42.20. Please see the table below.



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Summary of 2022 Administrative Expenses

	Proposed Admin PMPM	Enrollment as of February 2021
Individual	\$47.10	15,371
Small Group	\$38.75	21,858
Combined	\$42.20	37,229

Please see the tab “Question #7” in the attached Excel document for a calculation of the rate change in 2022 using the same \$43.75 administrative load. Although the individual market would have a reduced increase in rates, the small group market would experience an additional 0.90% average rate increase. Using \$43.75 instead of MVP’s proposed administrative load results in an overall increase to premium of 0.25% or \$707,567 for the year.

8. Has MVPHP evaluated its pharmacy partner recently? If so, when? If not, does it plan to? Does MVP have any internal analysis on opportunities for more pharmacy rebates or lower costs?

Response: This response was provided by MVP’s clinical team. MVP reviews contractual terms with the PBM on a regular basis, including performing mid-contract market check analyses and regular RFPs. MVP strives to achieve the lowest net-net cost of medications and services, and does not just look at rebates in our contractual negotiations.

If you have any questions or require any additional information, please contact me at cpontiff@mvphealthcare.com.

Sincerely,

Christopher Pontiff, ASA
 Leader, Actuarial
 MVP Health Care

MVP VT Small Group Data			
Incurring Month	Paid as of 04/30/2021	Incurred Estimate	IBNR Factor
202104	\$2,875,966.28	\$8,275,817.05	2.878
202103	\$7,731,990.85	\$9,042,621.04	1.170
202102	\$7,205,653.99	\$7,915,823.27	1.099
202101	\$7,127,727.24	\$7,483,303.30	1.050
202012	\$7,533,995.28	\$7,744,392.10	1.028
202011	\$6,919,298.97	\$7,022,840.08	1.015
202010	\$7,872,766.20	\$7,938,333.11	1.008
202009	\$7,569,346.05	\$7,650,904.57	1.011
202008	\$7,060,887.51	\$7,085,184.88	1.003
202007	\$8,046,175.66	\$8,066,153.87	1.002
202006	\$6,620,967.99	\$6,632,920.36	1.002
202005	\$5,560,100.11	\$5,566,758.10	1.001
202004	\$3,817,098.25	\$3,819,409.09	1.001
202003	\$5,132,686.41	\$5,134,830.51	1.000
202002	\$5,816,986.76	\$5,818,713.93	1.000
202001	\$6,120,529.45	\$6,121,782.21	1.000

MVP VT Small Group Data			
Incurring Month	Member Months	Incurred Claims PMPM	
202104	21,844		\$480.35
202103	21,823		\$518.02
202102	21,847		\$451.11
202101	21,788		\$411.00

MVP VT Individual Data			
Incurring Month	Paid as of 04/30/2021	Incurred Estimate	IBNR Factor
202104	\$2,445,109.52	\$7,035,993.15	2.878
202103	\$6,620,181.37	\$7,742,351.55	1.170
202102	\$5,210,249.93	\$5,723,757.72	1.099
202101	\$5,847,262.44	\$6,138,960.83	1.050
202012	\$6,455,261.27	\$6,635,533.01	1.028
202011	\$5,620,471.78	\$5,704,577.11	1.015
202010	\$6,516,036.51	\$6,570,304.14	1.008
202009	\$6,612,674.42	\$6,683,924.95	1.011
202008	\$6,599,139.39	\$6,621,847.82	1.003
202007	\$6,786,907.56	\$6,803,759.08	1.002
202006	\$7,941,131.69	\$7,955,467.26	1.002
202005	\$5,416,515.08	\$5,423,001.13	1.001
202004	\$4,169,541.26	\$4,172,065.47	1.001
202003	\$4,935,662.38	\$4,937,724.18	1.000
202002	\$6,016,703.07	\$6,018,489.54	1.000
202001	\$6,269,024.57	\$6,270,307.72	1.000

MVP VT Individual Data			
Incurring Month	Member Months	Incurred Claims PMPM	
202104	15,311		\$559.32
202103	15,207		\$605.93
202102	15,221		\$453.50
202101	15,378		\$472.94

2020 RX Trends		
	Allowed	Paid Net of Rebates
2019 PMPM	\$77.53	\$49.90
2020 PMPM	\$94.32	\$60.19
2020/2019 Trend	21.7%	20.6%

MVP VT Administrative Cost Summary

	2022 Proposed Admin		2021 Proposed Admin		Difference	
	Average Rate		Average Rate		Average Rate	
	Increase	Average PMPM	Increase	Average PMPM	Increase	Average PMPM
Individual	17.03%	\$687.98	16.45%	\$684.55	-0.58%	-\$3.43
Small Group	4.97%	\$598.62	5.87%	\$603.73	0.90%	\$5.11