

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc. 2021 )  
Vermont Health Connect Rate Filing ) DOCKET NO. GMCB-006-20rr  
SERFF No. MVPH-132371260 )  
)  
)

**MVP’S SUPPLEMENTAL ANALYSIS ON PROPOSED HOSPITAL BUDGETS**

MVP Health Plan, Inc. hereby submits the following memorandum analyzing its proposed 2021 rates in light of the proposed hospital budgets.

**I. MVP Now Requests A Rate Increase Of 6.41% In Light Of The Hospital Budget Proposals.**

MVP’s actuaries have analyzed the available hospital budget proposals as of August 5, 2020. These budgeted trends increase the 2021 inpatient unit cost trend from the originally-filed 7.0% to 7.4%, the 2021 outpatient unit cost trend from the originally-filed 6.5% to 7.5% and decrease the 2021 physician unit cost trend from the originally-filed 4.6% to 4.0%. These changes combine to modify the proposed rate increase from the 6.06% presented by MVP at the rate hearing to 6.41%. Please see the attached exhibit, Appendix 1, which outlines the detail behind the trend changes above by facility.

Please note that as of August 5, 2020, MVP has yet to receive proposed budgets from one hospital, Mt. Ascutney Hospital. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In sum, the proposed hospital budgets impact of 0.35% is an additional significant and material basis for a 2021 rate increase, and the Board should approve a rate increase of 6.41%.

**II. The Hospital Budget's Expanding COVID-19 Testing Evidences Potential Increases In Insurance Costs For 2021.**

The hospital budget submissions make numerous references to “ever expanding” COVID-19 testing. The budget submission from the UVM Health Network states that its “Department of Pathology and Laboratory Medicine worked tirelessly to meet the ever expanding testing needs of our state’s COVID response. This round-the-clock work continues to this day[.]” *UVMHN Budget Submission Narrative*, p. 6. “CVMC created a COVID-19 pop-up testing site.” *Id.* at 8. “Porter has also reassigned staff to other areas as needed for screening, testing, and anticipated surge activities.” *Id.* at 11. The UVM Medical Center “established a temporary testing facility at the Champlain Valley Fair Grounds.” *Id.* at 13. The Southwestern Vermont Medical Center “has created new departments to accommodate the Pandemic [including] patient drive through testing for COVID-19 and possibly for vaccine’s and flu shots.” *SVMC Budget Submission Narrative*, p. 1.

This expansion of testing by the hospitals creates greater concern that COVID-19 testing could increase insurance costs in 2021. MVP did not account for the potential expense in its 2021 proposed rates. *Lombardo*, pp. 46-47.

Furthermore, MVP was just this week contacted by the Vermont Department of Financial Regulation to discuss the possibility of a “COVID testing fund”. Carriers are required to pay costs associated with COVID-19 testing when “medically necessary”. *Exs. D and E; Vermont Department of Financial Regulation, Insurance Bulletin No. 214 (July 21, 2020) (“Bulletin 214”)*. There is significant uncertainty about how broadly “medically necessary” testing will be defined. *Exs. D and E; Bulletin 214; Lombardo*, pp. 47-51. To the extent that DFR is seeking to shift

government-funded COVID-19 testing costs to private insurers, that shift may result in inadequate rates.

All the more reason that the Board approve the 1.5 CTR proposed by MVP, which provides a “cushion” if more testing is funded by MVP in 2021. *See Lee, p. 173; Lombardo, p. 72.*

**Conclusion**

MVP respectfully requests that the Board approve its revised rate increase request of 6.41%.

Dated at Burlington, Vermont, this 5th day of August 2020.

PRIMMER PIPER EGGLESTON & CRAMER PC

By: /s/ Michelle T. Bennett  
Gary F. Karnedy, Esq.  
Ryan M. Long, Esq.  
Michelle T. Bennett, Esq.  
30 Main Street, Suite 500  
P.O. Box 1489  
Burlington, VT 05402-1489  
(802) 864-0880  
gkarnedy@primmer.com  
rlong@primmer.com  
mbennett@primmer.com

*Attorneys for MVP Health Plan, Inc.*

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**CERTIFICATE OF SERVICE**

I, Michelle T. Bennett, Esq., hereby certify that I have served a copy of *MVP's Supplemental Analysis on Proposed Hospital Budgets* via e-mail upon the following:

Michael Barber, Esq.  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602  
[Michael.Barber@vermont.gov](mailto:Michael.Barber@vermont.gov)

Amerin Aborjaily, Esq.  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602  
[Amerin.Aborjaily@vermont.gov](mailto:Amerin.Aborjaily@vermont.gov)

Kaili Kuiper, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
[kkuiper@vtlegalaid.org](mailto:kkuiper@vtlegalaid.org)

Eric Schultheis, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
[ESchultheis@vtlegalaid.org](mailto:ESchultheis@vtlegalaid.org)

Jay Angoff, Esq.  
Mehri & Skalet, PLLC  
1250 Connecticut Avenue  
Washington, DC 20036  
[Jay.angoff@findjustice.com](mailto:Jay.angoff@findjustice.com)  
[HCAraterreview@vtlegalaid.org](mailto:HCAraterreview@vtlegalaid.org)

Dated at Burlington, Vermont, this 5th day of August, 2020.

PRIMMER PIPER EGGLESTON & CRAMER PC

By: /s/ Michelle T. Bennett  
Michelle T. Bennett, Esq.  
30 Main Street, Suite 500  
P.O. Box 1489  
Burlington, VT 05402-1489  
(802) 864-0880  
[mbennett@primmer.com](mailto:mbennett@primmer.com)

*Attorneys for MVP Health Plan, Inc.*