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July 14, 2022

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

Re: 2023 Vermont Exchange Rate Filing - Individual  
SERFF Tracking #: MVPH-133238186

Dear Ms. Hughes:

This letter is in response to your correspondence received 07/12/22 regarding the above-mentioned rate filing. The response to your question is provided below.

1. Using the FY2023 budget submission narratives posted on the GMCB website (<https://gmcbboard.vermont.gov/node/3183>), please disclose the impact to the rates if the unit cost trend was set equal to the budget increases submitted and provide quantitative support for the impact.

Response: The average rate increase is 24.54% under the proposed hospital budgets on the GMCB website. This is higher than the 17.37% average rate increase that MVP previously proposed. Please see the attached Excel file for quantitative support. The 2023 table on the left is the annual medical trend provided in MVP's rate filing and the 2023 table on the right is the annual medical trend under the proposed budget increases. The 2022 table on the right has been updated to reflect the full amount of the mid-year increases granted to CVMC and UVMCC.

The attached pdf, *Hospital Change in Charge or Rates from 2013-2023*, was supplied by the GMCB. This reconciles to our trend files, except where the hospital appendices indicate the increase should differ by IP/OP/PHY.

Note that for the University of Vermont Health Network hospitals (CVMC, Porter, UVMCC), the commercial rate increases were used instead of the charge master increases. As explained in their narrative: "Please note that a change-in-charge is defined as the increase applied to the charge master, which applies to all payers. Change-in-charge is not to be conflated with, and is not the same, as a Change-in-Payer-Rates, which is defined as the overall rate increase to payers through increased fixed fee terms and discount of charge percentages."

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

Sincerely,

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

Christopher Pontiff, ASA, MAAA  
Director, Commercial Market Actuary  
MVP Health Care, Inc.

**MVP Medical Trend Before and After Hospital Budget Submissions**

**2022 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	22.3%	6.1%	1.0%	7.2%
OP	51.7%	5.5%	1.0%	6.6%
PHY	26.0%	3.7%	1.0%	4.7%
<b>Medical Total</b>		<b>5.2%</b>	<b>1.0%</b>	<b>6.2%</b>

**2022 Annual Trend With Proposed Budget Increases**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	22.3%	6.6%	1.0%	7.7%
OP	51.7%	6.0%	1.0%	7.1%
PHY	26.0%	4.0%	1.0%	5.1%
<b>Medical Total</b>		<b>5.6%</b>	<b>1.0%</b>	<b>6.7%</b>

**2023 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	22.5%	5.7%	1.0%	6.7%
OP	51.9%	5.0%	1.0%	6.1%
PHY	25.6%	2.8%	1.0%	3.9%
<b>Medical Total</b>		<b>4.6%</b>	<b>1.0%</b>	<b>5.7%</b>

**2023 Annual Trend With Proposed Budget Increases**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	22.5%	12.6%	1.0%	13.7%
OP	51.9%	13.6%	1.0%	14.7%
PHY	25.6%	7.2%	1.0%	8.3%
<b>Medical Total</b>		<b>11.7%</b>	<b>1.0%</b>	<b>12.8%</b>

**Vermont Community Hospitals  
History of Annual Increases in Charges**

	2019		2022		2023			
	Approved	Commercial	Submitted	Submitted	Approved	Submitted	Commercial	Approved
		Effective Rate		Amend			Effective Rate	
Brattleboro Memorial Hospital	3.9%		5.1%	5.1%	4.6%	14.9%		
Central Vermont Medical Center	2.3%	2.3%	7.4%	16.0%	8.7%	10.0%	14.52%	
Copley Hospital	4.5%		5.0%	5.0%	4.0%	12.0%		
Gifford Medical Center	4.0%		3.5%	3.5%	3.5%	3.65%		
Grace Cottage Hospital	3.2%		5.0%	5.0%	5.0%	5.0%		
Mt. Ascutney Hospital & Health Center	2.9%		2.2%	2.2%	2.2%	4.7%		
North Country Hospital	3.6%		4.9%	4.9%	3.3%	12.45%		
Northeastern VT Regional Hospital	3.0%		3.0%	3.0%	3.0%	10.75%		
Northwestern Medical Center	2.0%		3.0%	3.0%	3.0%	9.4%		
Porter Medical Center	-1.0%	2.8%	5.9%	5.9%	4.0%	3.5%	11.45%	
Rutland Regional Medical Center	2.6%		3.6%	12.6%	3.6%	17.8%		
Southwestern VT Medical Center	3.0%		4.8%	4.8%	4.8%	9.5%		
Springfield Hospital	10.0%		8.3%	8.3%	8.3%	10.0%		
The University of Vermont Medical Center	2.5%	2.5%	7.1%	16.1%	8.6%	10.06%	19.9%	
Estimated Weighted Average For All Hospitals**	2.9%		6.0%		6.7%	10.66%	16.3%	

\*\*Estimated Weighted Average for All Hospitals is calculated by factoring in each hospital's proportion of gross revenue (FY22 Projected) to the change in charges (rate).