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September 17, 2021

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

Re: 2022 Large Group HMO Rate Filing
SERFF Tracking #: MVPH-132932250

Dear Ms. Hughes:

This letter is in response to your correspondence received 09/15/21 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Regarding the 7.4% 1Q22 annual manual rate change – we are trying to reconcile this rate change to the quarterly previously approved and proposed rate changes. The approved quarterly rate changes for 2Q21-4Q21 were 1.9% each and the proposed rate change for 1Q22 is 1.3%. $1.019 \times 1.019 \times 1.019 \times 1.013 = 1.072$ rather than 1.074. Please reconcile.

Response: The reason for the difference between the two numbers is due to the membership distribution difference in the experience period vs the current snapshot of membership. The manual rates are changing annually by 7.2% when using the experience period but when weighted on the current snapshot it is 7.4% due to resloping of our benefit relativities. All of MVP's rating is done on the experience period, the current period membership is used simply to estimate the most likely impact on the block of business since it is a more representative sample of what membership will be enrolled in 2022. The table MVP provided in our initial actuarial memorandum was based on experience period membership and showed 7.2%, consistent with the numbers above. As requested in objection 1, we changed the table to be current membership, which changed the result to 7.4%. As stated in the response to objection 1 question 1, if MVP did not reslope its benefits, every plan would get a 7.2% annual manual rate increase and then the change in distribution of membership between the experience period and current would not impact the proposed manual rate change.

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

Sincerely,

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

Christopher Pontiff, ASA
Leader, Actuarial
MVP Health Care