



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

September 13, 2022

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

Re: 2023 Large Group HMO Rate Filing
SERFF Tracking #: MVPH-133347862

Dear Ms. Hughes:

This letter is in response to your correspondence received 09/06/22 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Given the outlier nature of the submitted GMCB hospital budget increases and therefore unit cost trend assumptions for 2023, please provide justification for assuming 2024 will mimic 2023. Further, what would the quarterly trend assumption be if it was based on 2024 mimicking 2022 rather than 2023?

Response: Unit cost trends in 2024 were assumed to be equal to 2023 because it is the most recent information available. We do not have support that the trend in 2023 will be an outlier as the hospital budgets may continue to have large increases. If the medical unit cost trend in 2024 mimicked that of 2022, the quarterly medical trend assumption would be 1.019 instead of 1.029. This would lead to rate changes of 2.0%, 2.1%, and 2.1% in the second, third, and fourth quarters.

2. Regarding the provided COVID-19 vaccine utilization rate in the experience period, please elaborate on whether or not this utilization captures members that were vaccinated as mass vaccination sites during the experience period.

Response: This utilization does not include experience from the mass vaccination sites because MVP does not have this data.

3. Please complete the following table, providing the actual gain/(loss) on the MVP large group block of business compared to the ordered risk margin for the most recent three years.

Response: See the table below for the historical actual to expected profit margin in the large group market. The actual margin was calculated on a run rate basis instead of a financial statement basis to best represent our premiums and claims in each period.

VT Large Group Actual to Expected Profit Margin		
Year	Actual Gain/Loss	Expected (As Ordered)
2019	11.6%	1.5%
2020	-8.7%	1.0%
2021	-6.4%	1.0%
Total	-1.9%	



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4. Please complete the following table, providing the Company's historical risk-based capital for the last three years.

Response: Please see the table below.

MVPHP	
Year	RBC Ratio
2019	433.6%
2020	429.4%
2021	354.0%

5. Please justify the application of the NY State HCRA Surcharge in Exhibit 3a, considering the premium will be paid by Vermonters.

Response: As explained in the memorandum, the New York HCRA Surcharge included in the claim projection is based only on claims paid for services performed by New York hospitals. Historically, Vermont members have had services performed at New York hospitals which makes the surcharge applicable.

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

Sincerely,

Christopher Pontiff, FSA, MAAA
Director, Commercial Market Actuary
MVP Health Care