

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc. 2024  
Vermont ACA Individual Market Rate Filing.

DOCKET NO. GMCB-005-22RR

SERFF No. MVPH-133660955

In re: MVP Health Plan, Inc. 2024 Vermont  
ACA Small Group Market Rate Filing

DOCKET NO. GMCB-006-21RR

SERFF No. MVPH-133660956

**PREFILED TESTIMONY OF JAQUELINE B. LEE**

Dated: July 11, 2023

**1. QUALIFICATIONS AND BACKGROUND**

**What is your name and who is your employer?**

My name is Jaqueline B. Lee, and I am a Vice President & Principal at Lewis & Ellis.

**What type of business is Lewis & Ellis?**

Lewis & Ellis (also known as L&E) was founded in 1968 primarily as an actuarial consulting firm. In addition to actuarial work, L&E also consults in other insurance related matters such as compliance and financial examinations.

**What is your educational background?**

I graduated from Texas Lutheran University with a Bachelor of Science in mathematics. I am a fellow of the Society of Actuaries (SOA) and a member of the American Academy of Actuaries (AAA).

**How long have you been an actuary?**

I have been working in the actuarial field for 19 years. I have been a credentialed actuary for 15 years.

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**How long have you been retained by the Green Mountain Care Board to provide actuarial services to the State of Vermont?**

L&E was engaged in 2014 to begin providing actuarial services to the Green Mountain Care Board, and I began providing actuarial services, including reviewing rate filings, to the Board at that time.

**In what market segments do you review rate filings in Vermont?**

The market segments have included QHP, encompassing merged individual and small group markets, as well as the unmerged individual and small group markets separately, and large group and association health plan markets.

**So you would say that you are very familiar with the Vermont health insurance marketplace then?**

Yes.

**Do you work on health insurance rate filings in other states?**

Yes.

**Which states have you worked in?**

Since 2010, when ACA was passed, L&E staff has assisted 27 states with rate reviews. L&E is currently assisting 14 state agencies with ACA related rate reviews. In some capacity, the L&E staff that helps the GMCB is currently assisting 11 other state agencies with ACA rate reviews (AK, AR, CA, CT, DC, KY, LA, MD, NH, NM, SC, RI). Since 2010, L&E has reviewed over 1,600 filings combined between the Individual and Small Group ACA markets.

**In your work with other states do you do a comparative look at the nationwide health insurance market?**

1 Vermont's health insurance market has been different from the other states that we review. For example,  
2 it was a merged, community rated market and switched to an unmerged market for the 2022 plan year.  
3 For the 2024 plan year, the markets are remaining unmerged. However, it is helpful that we work with  
4 other states, because with the ACA, there are a lot of issues that impact everybody. It is very helpful for  
5 our reviewers to be able to see a wide range of filings and a myriad of market wide impacts, e.g., risk  
6 adjustment, and industry-wide developments, such as the COVID-19 pandemic, the American Rescue  
7 Plan Act, and Cost-Share Reduction (CSR) loading.

8 **What do you do in your work to keep up with changing health care reform issues?**

9 Since we work with so many states, L&E is very active with keeping up with issues that impact the health  
10 insurance industry. I personally volunteer frequently within the actuarial community. I currently serve on  
11 the Professional Development Committee for the Society of Actuaries as the Chair. In the past, I served as  
12 the Chair of the Society of Actuaries' (SOA) Health section. In both capacities, I have helped guide all  
13 SOA health related endeavors, including the COVID-19 education and distribution of information, and  
14 the development of continuing education through the annual Health Meeting and webcasts throughout the  
15 year. We have other actuaries who volunteer in many other capacities such as prior Society of  
16 Actuaries' (SOA's) Board of Directors, members of the SOA's Project Oversight Group for various  
17 research initiatives of the SOA, help with exam creation, curriculum development, and grading, and  
18 members of the Academy committees, such as the Individual and Small Group Markets Committee.

19 **2. FILING REVIEW PROCESS**

20 **Generally speaking, how is a health insurance rate filing reviewed?**

21 Both the rate filing and the rate review are very detailed processes that are based on strict regulatory  
22 guidance, both federal and state, and specific actuarial standards of practice (ASOPs).

23 We estimate that there are over 100 pages over guidance that must be followed. These documents include:  
24 URRT, ASOP 8, 45 CFR 156.80, 45 CFR 147.102, GMCB Rule 2.000, 18 V.S.A. § 9375, and 18 V.S.A.  
25 § 4062. As provided in the guidance, the primary point of the review is determining the reasonableness of  
26 the assumptions used by the health insurance issuer to develop the proposed rate increase. In evaluating  
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1 the reasonableness of the assumptions, L&E can then assist the Green Mountain Care Board in their  
2 evaluation of the proposed rates.

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4 **What are your standards of review?**

5 As noted above, we review the filings to make sure that the companies follow both federal and state  
6 guidance. At the state level, the Board has many factors that it must consider in evaluating the proposed  
7 rates. L&E focuses on the concepts of “excessive, inadequate, and unfairly discriminatory,” specifically  
8 from an actuarial perspective. These terms have actuarial definitions that are included as part of ASOP #8  
9 L&E bases the filing evaluation on those factors, and then recommendations are made to the Board if  
10 L&E believes that the filing needs to be adjusted to meet those actuarial standards of review.  
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13 **What is the definition of “adequate” according to the actuarial standards of practice?**

14 Rates may be considered adequate if they provide for payment of claims, administrative expenses, taxes,  
15 and regulatory fees and have reasonable contingency or profit margins.  
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17 **What is the definition of “excessive” according to the actuarial standards of practice?**

18 Rates may be considered excessive if they exceed the rate needed to provide for payment of claims,  
19 administrative expenses, taxes, regulatory fees, and reasonable contingency and profit margins.  
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22 **How is the term “unfairly discriminatory” defined according to the actuarial standards of practice?**

23 The term unfairly discriminatory doesn't come into play too often in a review, especially in Vermont due  
24 to the unique nature of its insurance rules. We review to determine that a rate is not unfairly  
25 discriminatory by confirming that a carrier doesn't charge similar people materially different rates.  
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1 **What is L&E’s process for reviewing a Vermont rate filing?**

2 For each filing, we assign multiple credentialed actuaries that have different levels of responsibility.

3 For the 2024 filings, Allison Young, ASA, MAAA and Traci Hughes, ASA, MAAA served as the  
4 primary reviewers for the MVP filing.

5 I am the primary peer reviewer. In this role, I help advise Allison and Traci on the issues that should be  
6 addressed with the carrier and to assist on making recommendations. Kevin Ruggeberg, who is the lead  
7 review of the Blue Cross Blue Shield of Vermont filing, also assists in reviewing market-wide  
8 adjustments for consistency between the two carriers.

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10 As a team, we review the submitted documentation to determine whether the proposed rates comply with  
11 the standards of review described above, and determine what additional information is necessary from the  
12 carrier in order to make such an assessment.

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14 **Could you briefly explain what SERFF is?**

15 SERFF is the National Association of Insurance Commissioners (NAIC) “System for Electronic Rate and  
16 Form Filing.” Insurance carriers submit their filing information into this system, and we communicate  
17 with the insurance carriers about the rate filings through SERFF.

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20 **When you review a filing are you performing an independent analysis and calculation, or are you  
21 only checking a calculation or assumption you received from the companies?**

22 Generally, a rate review is used to determine the reasonableness of each underlying assumptions and the  
23 assumptions in the aggregate. We use different approaches based on the magnitude and materiality of the  
24 assumptions and their impact on the rate. For assumptions that are material, we will oftentimes perform  
25 an independent calculation and a detailed analysis. For assumptions that may not be as material to the rate  
26 increase and for assumptions that may not change that much since our last review, we will just use the

1 information provided to assess whether the assumption is reasonable. Many times, we may have to end up  
2 asking for additional information to help support the assumption, but we may not have to do any  
3 additional calculations.  
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5 **Do you have a process for getting additional information from the company if you need it?**

6 Yes. The primary mechanism is through the submission of inquiry letters through SERFF. We also notify  
7 the company via email to make sure that they are aware that an inquiry letter was submitted. Early in the  
8 review period, the typical approach is to request for a response within a week. Towards the end of the  
9 review period, we may request a shorter response time, such as two days. After the review is complete,  
10 SERFF is designed such that it serves as a template for a review process, and it also provides a permanent  
11 record of communications exchanged related to the review.  
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14 **Did you follow the standard policies and practices that you have outlined above in your review of  
15 this filing?**

16 Yes, we did.  
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19 **How long do you have to review a filing from the time it's submitted to the board?**

20 By statute, we have 60 days to provide a formal report to the Board.  
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22 **Did you submit a formal report to the Board in this filing with recommendations for approval?**

23 We submitted a report on July 5, 2023, Day 60 of this filing. Based on our review of the filing, our report  
24 recommended a series of modifications to the requested rate components. With the recommended  
25 modifications, L&E believes that this filing does not produce rates that are excessive, inadequate, or  
26 unfairly discriminatory. Our analysis of the filing indicates that applying the recommended modifications  
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1 would decrease the overall rate increase for the individual filing from 12.8% to approximately 11.2% and  
2 for the small group filing from 12.5% to approximately 11.8%.

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4 I attest, under penalty of perjury under the laws of the State of Vermont, that the foregoing is true and  
5 correct. I have personal knowledge of the facts set forth above and if called to testify as a witness thereto,  
6 I would and could competently testify accordingly.  
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9 Date: July 11, 2023

/s/ Jacqueline B. Lee  
Jacqueline B. Lee, FSA, MAAA