



625 State Street, PO Box 2207  
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June 19, 2024

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

Re: 2025 Vermont Exchange Rate Filing - Individual  
SERFF Tracking #: MVPH-134081032

Dear Ms. Hughes:

This letter is in response to your correspondence received 06/12/24 regarding the above-mentioned rate filing. The responses to your questions are provided below.

*1. Follow-up to Objection #1, Question 5 – Brattleboro Retreat is now under GMCB hospital budget review/approval. The approved increase was 1.9% or below (see here <https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY24%20Hospital%20Budget%20Order%20-%20Brattleboro%20Retreat%20-%20FINAL.pdf>). The unit cost exhibit does not show compliance with the order. Please reconcile and provide an updated unit cost trend exhibit that is in compliance. No further updated documentation will be needed at this time.*

Response: Please see the tab “Question #1 Facility Trends” in the attached Excel workbook for updated inpatient and outpatient trend derivations.

*2. Follow-up to Objection #1, Question 9 – What is driving the higher actual trends compared to expected? Are these drivers expected to be one-time occurrences or recurring? What drivers are expected to contribute to decreasing Rx trend in 2025?*

Response: The allowed trends in the table do not take rebates into consideration, and our rebates have increased as a percentage of allowed dollars. It is important to note that this is a risk-adjusted population, and MVP’s membership and demographic mix have changed considerably over the period being measured. Our risk adjustment payment as a percentage of claim expense has decreased over the past few years, indicating greater morbidity. We expect these patterns to continue into the future, as well as increased utilization of specialty drugs. We are projecting a *higher* Rx

*3. Follow-up to Objection #1, Question 17 – Please provide the analysis MVP performed on the “membership enrollment and average deductible data from 2022 and 2023”. Please explain how MVP determined no adjustment for Medicaid redeterminations was necessary because of this analysis.*

This is confidential material.



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Response: Please see the tab “Question #3” in the attached Excel workbook for this analysis.

MVP has developed deductible cost factors that calculate (for each deductible level and month of the deductible) the expected incurred claim cost for that month relative to the annual incurred claim cost. A factor below 1 indicates that a month is expected to have a lower-than-average claim cost and a factor above 1 indicates that a month is expected to have higher-than-average claim cost. We can then calculate an annual factor from these monthly factors, which will indicate the impact of membership movement into and out of the line of business for the year.

The “baseline” pattern for a product which has calendar year deductibles and an enrollment structure like Vermont Individual (where most members pick a plan January and there is limited opportunity for plan movement within the year) is a factor at or slightly below 1.0. If we were to see an influx of members in the second half of the year, we would expect the factor to go further below 1.0 as members are added in the early months of their deductible (factor below 1.0) in later months of the calendar year (when members have a factor above 1.0).

MVP provided data for 2022 and 2023 and found that, rather than the deductible factor decreasing year over year, it has increased.

Year	Deductible Factor
2023	1.0050
2022	0.9955

This indicates, in the absence of claim and risk adjustment data for the specific population in question (members who entered the market in the latter half of 2023), that MVP does not find justification to increase rates for the impact of Medicaid redetermination.

4. Follow-up to Objection #1, Question 21 – Please provide a breakdown of the actual 2023 expenses by expense category, similar to the table provided for projected 2025 amounts.

Response: Please see the table below which provides a breakout of the administrative expense by major category.

VT Individual Administrative Expense by Category	
	2023 Actual Admin PMPM
Personnel Expenses	\$33.84
Software	\$3.07
Consulting/Project Expenses	\$5.54
All Other Administrative Expenses	\$13.28
Total	\$55.73



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5. Follow-up to Objection #1, Question 21 – Please provide a breakdown of the projected 2024 expenses by expense category, similar to the table provided for projected 2025 amounts.

Response: Please see the table below which provides a breakout of the administrative expense by major category.

VT Individual Administrative Expense by Category	
	2024 Admin PMPM
Personnel Expenses	\$35.74
Software	\$2.81
Consulting/Project Expenses	\$5.50
All Other Administrative Expenses	\$9.44
Total	\$53.49

6. Please provide the following:

a. Monthly enrollment count of membership that joined as a result of Medicaid Redetermination from April 2023 through April 2024.

b. The 2023 allowed claims PMPM, paid claims PMPM, average age, and PLRS for the population that joined as a result of Medicaid Redetermination and, separately, all other membership (i.e., not redetermined).

Response: We do not have the data necessary to answer this question. MVP does not have access to information about members’ prior coverage, so we do not know if new members enrolled because of Medicaid Redetermination, switching carriers, or other factors that would cause them to join the market.

7. Please complete the following table regarding the rating year 2024 QHP Filing URRT morbidity adjustment:

Response: Please see the completed table below. The values may differ slightly from those displayed in the URRT due to rounding.

	2024 QHP Filing (As Filed)	2024 QHP Filing (As Ordered)
COVID-19 Testing	-0.04%	-0.15%
COVID-19 Vaccinations	0.32%	0.19%
Total Morbidity Adjustment	0.28%	0.04%

8. Please provide the age distribution, by each age, of MVP’s current membership.

Response: Please see the tab “Question #8” in the attached Excel workbook for the age distribution of MVP’s individual membership as of February 2024.



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9. Regarding the support provided for the adjustment for H766, please address the following:

- a. The support states, "MVP analyzed claim lines that were edited and/or denied in its 2023 commercial Vermont population and found that these edits saved approximately..." and "MVP also reviewed claim editing procedures and payment policies enacted by vendors on MVP's behalf and found those will add an additional..." Please clarify whether this amount represents all claims lines edit and/or denied or if this amount represents claims lines edited and/or denied in a manner that was beyond the current Medicare and/or Medicaid guidelines. If the latter, please provide adjusted amounts that reflect only those claims that were edited and/or denied in a manner that was beyond the current Medicare and/or Medicaid guidelines.
- b. The support states, "MVP's actuarial team was provided cost estimates for the prohibition of health plans 'imposing prior authorization requirements on any admission, item, service, treatment or procedure ordered by a primary care provider'...This totaled approximately..." Please demonstrate how this amount does not overlap with the two amounts provided as quoted above in part (a).
- c. Please provide quantitative support for the calculation of the risk adjustment PMPM in the URRT before versus after the impact of H766.
- d. The updated URRT after the impact of H766 that was provided shows an increase in the capitation trend compared to the URRT before the impact of H766, please provide qualitative and quantitative support for why and how the impact of H766 affects the capitation trend.
- e. Please provide the 2023 claims denial rate.
- f. Please provide total 2023 reduced or denied billed claim amounts by reason, similar to the following structure:

Denial/Edit Reason	Reduction or Denied Billed Amount

Response: As of the time of this response, bill H.890 was passed by the Vermont House and Senate, which would delay until 2026 the implementation of certain H.766 provisions regarding health insurance claims processing requirements, including the provisions prohibiting the use of claims edits that aren't in effect for Medicare. Due to the potential for this delay, it is MVP's strong preference not to answer any further questions related to H.766 until bill H.890 is signed or vetoed. Once the final version of the bill is settled, MVP will respond to the pieces of the question that are still pertinent to the filing.

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

Sincerely,

Eric Bachner, ASA  
 Director, Commercial Market & Valuation Actuary  
 MVP Health Care, Inc.

This is confidential material.

Question #1 Facility Trends

**Derivation of Inpatient Trends for VT Exchange, 2024-2025, by Provider**

Facility Name	Inpatient %	2024 IP Contract	2024 Trended IP %	2025 IP Contract	Notes
Brattleboro Memorial Hospital					GMCB Rate effective 10/01/23
Brattleboro Retreat					GMCB Rate effective 01/01/24
Central Vermont Physicians Medical Center					GMCB Rate effective 10/01/23
Copley Hospital					GMCB Rate effective 10/01/23
Gifford Medical Center					GMCB Rate effective 10/01/23
Grace Cottage Hospital					GMCB Rate effective 10/01/23
					Best estimate of contract negotiation
Green Mountain Surgery Center					GMCB Rate effective 10/01/23
Mt. Ascutney Hospital					GMCB Rate effective 10/01/23
North Country Hospital					GMCB Rate effective 10/01/23
Northeast Vermont Regional Hospital					GMCB Rate effective 10/01/23
Northwestern Medical Center					GMCB Rate effective 10/01/23
Porter Hospital					GMCB Rate effective 10/01/23
Rutland Regional					GMCB Rate effective 10/01/23
Southwestern Vermont Medical Center					GMCB Rate effective 10/01/23
Springfield Hospital					GMCB Rate effective 10/01/23
University of Vermont Medical Center					GMCB Rate effective 10/01/23
					Best estimate of contract negotiation
Dartmouth-Hitchcock Medical Center (NH)					Blend of best estimates and effective contracts
Rental/NY/Negotiated/Other					
<b>TOTAL, GMCB HOSPITALS</b>	<b>58.8%</b>	<b>4.0%</b>	<b>58.2%</b>	<b>3.9%</b>	
<b>TOTAL, ALL HOSPITALS</b>	<b>100.0%</b>	<b>4.9%</b>	<b>100.0%</b>	<b>5.0%</b>	

**Derivation of Outpatient Trends for VT Exchange, 2024-2025, by Provider**

Facility Name	Outpatient %	2024 OP Contract	2024 Trended OP %	2025 OP Contract	Notes
Brattleboro Memorial Hospital					GMCB Rate effective 10/01/23
Brattleboro Retreat					GMCB Rate effective 01/01/24
Central Vermont Physicians Medical Center					GMCB Rate effective 10/01/23
Copley Hospital					GMCB Rate effective 10/01/23
Gifford Medical Center					GMCB Rate effective 10/01/23
Grace Cottage Hospital					GMCB Rate effective 10/01/23
					Best estimate of contract negotiation
Green Mountain Surgery Center					GMCB Rate effective 10/01/23
Mt. Ascutney Hospital					GMCB Rate effective 10/01/23
North Country Hospital					GMCB Rate effective 10/01/23
Northeast Vermont Regional Hospital					GMCB Rate effective 10/01/23
Northwestern Medical Center					GMCB Rate effective 10/01/23
Porter Hospital					GMCB Rate effective 10/01/23
Rutland Regional					GMCB Rate effective 10/01/23
Southwestern Vermont Medical Center					GMCB Rate effective 10/01/23
Springfield Hospital					GMCB Rate effective 10/01/23
University of Vermont Medical Center					GMCB Rate effective 10/01/23
					Best estimate of contract negotiation
Dartmouth-Hitchcock Medical Center (NH)					Blend of best estimates and effective contracts
Rental/NY/Negotiated/Other					
<b>TOTAL, GMCB HOSPITALS</b>	<b>74.1%</b>	<b>5.6%</b>	<b>73.9%</b>	<b>5.4%</b>	
<b>TOTAL, ALL HOSPITALS</b>	<b>100.0%</b>	<b>5.8%</b>	<b>100.0%</b>	<b>5.8%</b>	











## Question #8

<b>Individual Market Age Distribution 202402</b>	
Age	Count of Members
0	12
1	23
2	25
3	15
4	17
5	23
6	18
7	28
8	22
9	32
10	28
11	33
12	31
13	47
14	29
15	52
16	33
17	52
18	40
19	98
20	121
21	128
22	96
23	103
24	117
25	100
26	122
27	142
28	162
29	157
30	147
31	164
32	182
33	183
34	181
35	194
36	155
37	189
38	184

Question #8

39	210
40	219
41	210
42	185
43	209
44	201
45	187
46	203
47	197
48	188
49	201
50	202
51	232
52	264
53	261
54	241
55	250
56	276
57	277
58	330
59	325
60	354
61	375
62	411
63	484
64	513
65	58
66	17
67	9
68	6
69	6
70	5
71	5
72	2
73	5
74	1
75	0
76	2
77	2
78	1
79	1
80	1
81	2
82	0

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83	0
84	0
85	0
86	1
87	0
88	1
89	0
90	0
91	1
92	1