



625 State Street, PO Box 2207
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mvphealthcare.com

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 – Small Group
SERFF Tracking #: MVPH-134081005

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 20 – Please provide a breakdown of the actual 2023 expenses by expense category, similar to the table provided for projected 2025 amounts.

This is confidential material.



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

VT Small Group Administrative Expense by Category	
	2023 Actual Admin PMPM
Personnel Expenses	\$32.26
Software	\$2.85
Consulting/Project Expenses	\$5.03
All Other Administrative Expenses	\$8.35
Total	\$48.49

4. Follow-up to Objection #1, Question 20 – 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 Small Group Administrative Expense by Category	
	2024 Admin PMPM
Personnel Expenses	\$31.42
Software	\$2.63
Consulting/Project Expenses	\$4.84
All Other Administrative Expenses	\$8.95
Total	\$47.84

5. 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	-0.06%	-0.22%
COVID-19 Vaccinations	0.35%	0.21%
Total Morbidity Adjustment	0.29%	-0.01%

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

Response: Please see the tab “Question #6” in the attached Excel workbook for the age distribution of MVP’s small group membership as of February 2024.



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7. 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 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
Green Mountain Surgery Center					Best estimate of contract negotiation
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
Dartmouth-Hitchcock Medical Center (NH)					Best estimate of contract negotiation
Rental/NY/Negotiated/Other					Blend of best estimates and effective contracts
TOTAL, GMCB HOSPITALS	50.9%	3.9%	50.5%	3.8%	
TOTAL, ALL HOSPITALS	100.0%	4.8%	100.0%	4.8%	

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
Green Mountain Surgery Center					Best estimate of contract negotiation
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
Dartmouth-Hitchcock Medical Center (NH)					Best estimate of contract negotiation
Rental/NY/Negotiated/Other					Blend of best estimates and effective contracts
TOTAL, GMCB HOSPITALS	73.7%	5.1%	73.6%	5.0%	
TOTAL, ALL HOSPITALS	100.0%	5.2%	100.0%	5.5%	

Question #6

Small Group Market Age Distribution 202402	
Age	Count of Members
0	80
1	82
2	90
3	68
4	98
5	89
6	100
7	93
8	115
9	116
10	97
11	102
12	113
13	141
14	114
15	117
16	150
17	155
18	145
19	176
20	200
21	161
22	188
23	197
24	206
25	255
26	230
27	247
28	231
29	235
30	249
31	242
32	224
33	289
34	269
35	267
36	270
37	267
38	271

Question #6

39	235
40	244
41	261
42	259
43	247
44	264
45	274
46	295
47	259
48	253
49	242
50	256
51	261
52	287
53	346
54	306
55	364
56	290
57	351
58	353
59	387
60	361
61	383
62	357
63	332
64	292
65	149
66	108
67	67
68	56
69	39
70	29
71	10
72	19
73	9
74	14
75	3
76	7
77	4
78	0
79	4
80	3
81	4
82	0

Question #6

83	0
84	2
85	0
86	1
87	0
88	1