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May 24, 2023

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

Re: 2024 Vermont Exchange Rate Filing – Small Group
SERFF Tracking #: MVPH-133660956

Dear Ms. Hughes:

This letter is in response to your correspondence received 05/18/23 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Please provide detailed quantitative and qualitative support for the 2023 & 2024 medical unit cost trend assumption separately for Vermont providers that are governed by the GMCB and all other providers. The support for the providers governed by GMCB should reconcile to the approved budget changes for FY23 (<https://gmcbboard.vermont.gov/node/3183>), and include an explanation and support for any differences. The support for all other providers should include the data and any adjustments that were made to the data to determine the best estimate of unit cost changes.

Response:

Facility Trends

For Facility (Inpatient and Outpatient) trends, facilities can generally be bucketed into three categories:

1. Vermont facilities under GMCB jurisdiction
2. Facilities MVP negotiates contractual discounts with directly but are not under GMCB jurisdiction
3. Facilities under a rental network arrangement, facilities that are non-participating, or facilities where discounts are negotiated on a claim-by-claim basis.

The starting point for MVP's facility trends in this rate filing is facility claims processed for all Vermont small group members for the calendar year 2022.

For facilities under GMCB jurisdiction, MVP is using the approved rate increases as referenced above, with the following exceptions:

Central Vermont Medical Center (CVMC)

The Green Mountain Care Board approved a 2.7% mid-year budget increase for fiscal year 2023, after approving 12.5% originally for CVMC. This increase was applied to the second half of 2022, so MVP is reflecting 14.0% in 2023 for both IP and OP.



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Rutland Regional

In Appendix 2 to Rutland Regional’s budget submission the standard requested changes were 18.1% for IP, 17.3% for OP, and 19.4% PHY, for a total commercial increase of 17.8%. This submission was approved at 17.4% and therefore MVP is reflecting the proportional increase for each area of service: 17.7% for IP and 16.9% for OP.

University of Vermont Medical Center (UVMC)

The Green Mountain Care Board approved a 2.5% mid-year budget increase for fiscal year 2023, after approving 14.8% originally for UVMC. This increase was applied to the second half of 2022, so MVP is reflecting 16.2% in 2023 for both IP and OP.

Since 2023 had exceptionally high hospital budget increases, 2024 medical unit cost trend assumptions were assumed to be equal to the approved budgets from 2022. The trends for facilities under the GMCB’s jurisdiction are 15.4% IP / 14.4% OP for 2023/2022 and 5.3% IP / 5.2% OP for 2024/2023.

Non-GMCB Facilities

Overall facility trends are calculated using a weighted average based on 2022 utilization and are 11.4% IP / 11.9% OP for 2023/2022 and 6.0% IP / 5.3% OP for 2024/2023. Please see the tab “Facility Trends” in the attached Excel workbook for the quantitative derivation of the trends.

Physician Trends

MVP has a few different contracting partners for physician claims in Vermont, including medical groups in VT/NH/NY, individual physicians participating in MVP’s network, and physicians outside of MVP’s network. The following physician groups are under the GMCB’s jurisdiction: UVMC, Porter, Rutland and CVMC. Those trends match the approved GMCB rate increases for 2023, with the same exceptions previously explained. 2024 trends are assumed to be equal to 2022 trends for these providers.



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All the other groups participating with MVP reflect MVP's best estimate of negotiated payment rates for 2023 and 2024, including claims for Vermont members at New York physician groups.

The individual trends are weighted together using 2022 experience for all Vermont small group members (in a similar fashion to the facility trends). The resulting physician trend is 6.6% for 2023/2022 and 3.1% for 2024/2023. Please see the "Physician Trends" tab in the attached Excel workbook for a quantitative derivation of this calculation.

2. We acknowledge the following from page 5 of the Actuarial Memorandum: "MVP analyzed historical medical utilization trends for its VT block of business and determined that the data has been too volatile in recent years to use for medical utilization trend purposes. MVP attributes this volatility to the significant membership growth for this block of business and COVID-19." Please provide the analysis of the historical medical utilization trends. This analysis should include quantitative and qualitative components.

Response: MVP used the triple exponential smoothing forecasting method for analyzing historical utilization patterns and projecting them to the rating period. MVP has experienced rapid membership growth in this block of business in the recent past, which may influence the results of historical trend methodologies. The utilization data is aggregated into rolling 12-month time periods at the service category level and adjusted for age/gender based on the Milliman age/gender table. The data inputs as well as the model outputs for the service categories can be seen on tabs "Question #2 Inpatient", "Question #2 Outpatient", and "Question #2 Physician" in the provided excel workbook. The results of the blended distribution can be seen in tab "Question #2 Aggregate" in the provided excel workbook. MVP has determined that the range of utilization trends forecasted by the model is too large to have confidence in the result.

3. Please provide quantitative and further qualitative support for the utilization, unit cost, and deductible leveraging Rx trends in Exhibit 2b.

Response: MVP is provided with pharmacy trend estimates by its Pharmacy Benefit Manager, CVSHealth. These trends are run for all of MVP's Vermont fully insured membership (ACA and Large Group) and use historical utilization and unit cost data for those populations. This historical data is combined with CVSHealth estimates of changes in utilization, unit cost and generic dispensing rates to calculate their best estimate of Gross PMPM claim cost trends for 2023 and 2024. MVP also applies its best estimate of contract changes between the experience period and the rating period to the unit cost information using a trend model provided by CVSHealth. Please see the attached exhibit (CONFIDENTIAL MVP_Vermont_4Q2022_CSTM_02162023) which provides CVSHealth's best estimate of trends as of the time of the filing.



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The individual cost components (unit cost and utilization by Generic/Brand/Specialty) are included in the Rx Trend Summary in Exhibit 2a for 2023 and 2024. The trends are annualized and match those on Exhibit 2b. The individual cost components are calculated as follows:

Generic: Unit Cost trend is represented by Generic Non-Specialty Cost/Day trend which is found in cell L46 on Page 1 (2023) and Page 2 (2024) of the attached. Generic Non-Specialty Gross Cost PMPM Trend can be found in cell J46 on Page 3 (2023) and Page 4 (2024) of the attached. Utilization is then calculated by taking Gross Cost PMPM Trend divided by the unit cost trend.

Brand: Unit Cost trend is represented by Brand Non-Specialty Cost/Day trend which is found in cell M46 on Page 1 (2023) and Page 2 (2024) of the attached. Brand Non-Specialty Gross Cost PMPM Trend can be found in cell F46 on Page 3 (2023) and Page 4 (2024) of the attached. Utilization is then calculated by taking Gross Cost PMPM Trend divided by the unit cost trend. The impact of brand drugs moving to generic is implicitly covered under the cost/day trend under this methodology. This reflects the utilization of the current drug being re-weighted from the brand bucket to the generic bucket.

Specialty: Utilization trend is represented by Specialty Utilization trend which is found in cell N47 on Page 1 (2023) and Page 2 (2024) of the attached. Specialty Gross Cost PMPM can be found in cell G47 on Page 1 (2023) and Page 2 (2024) of the attached. Specialty unit cost trend is then calculated by taking Gross Cost PMPM Trend divided by the utilization trend.

CVSHealth buckets non-Specialty drugs by the first 2 characters of the GPI and Specialty drugs using their proprietary Rx Navigator methodology. The individual contribution of these buckets to Gross Cost PMPM trend can be found in column I of Page 1 (2023) and Page 2 (2024) of the attached. The Other bucket for non-Specialty claims includes all GPI categories not explicitly listed and the other bucket for Specialty claims include all conditions not explicitly listed.

MVP uses the trend factors calculated above and applies them to the experience period cost per script and scripts per 1,000 members to compute an annual paid trend. Scripts per 1,000 is trended using the utilization trends, while the allowed cost per script and coinsurance cost per script amounts are trended using the unit cost trends. Copay per script amounts are not trended and the deductible per script amounts are trended using the paid leveraging factor.

All of these trended items are then converted to a PMPM using the formula (projected cost per script * projected scripts per 1,000 members / 12,000) and the projected paid claims PMPM is calculated as the difference between the projected allowed claims PMPM and the sum of the cost sharing PMPM amounts. The total (24 month) paid trend (gross of rebate changes) is then calculated as the projected paid claims PMPM divided by the experience period paid claims PMPM. The paid claims net of pharmacy rebates is calculated as the projected net paid claims PMPM divided by the experience period net paid claims PMPM.

The amounts paid under the deductible by members in the experience period are converted to a per script basis. This per script amount is then trended and converted to a projected PMPM as explained above. The trend factor used for this line item is equivalent to the annualized trend factor for claims under the deductible on the medical side, the derivation of which can be found in the response to Question #6.



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4. Please provide the historical annual Rx trends observed from 2020-2022, as well as the actual-to expected ratio for the Rx trend in each year.

Response: Please see the following table for this trend analysis. Trends are taken from the most recent rate filing where a trend occurred (for instance, the 2021 to 2022 expected trend is taken from the 2023 VT Exchange filing). Also note that actuals and expected in the table below reflect both small and individual data since our PBM provides us with one trend for Vermont.

While reviewing the table, 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. Therefore, reviewing the actual-to-expected trends in isolation does not indicate the impact of these trends on MVP's financial performance.

**Comparison of Actual to Expected Pharmacy Allowed Trend,
2020 to 2022, VT Exchange**

Year	Actual	Expected	Difference
2022/2021	20.7%	11.4%	8.3%
2021/2020	13.7%	5.3%	8.0%
2020/2019	21.7%	5.8%	15.0%

5. The annualized trend using the first four service categories of the URRT is 8.5%, which is slightly different from the 8.7% shown in Exhibit 2a. Please reconcile.

Response: The allowed claim percentages used to develop this trend on Exhibit 2a are mistakenly a percentage of claim expense. We propose correcting this upon the resubmission of rates with the GMCB decision. Another difference is that the claims used to develop the trend on Exhibit 2a do not include dental, so only the first three service categories of the URRT should be considered. In addition, rounding on the URRT is causing a variance.

6. Provide quantitative support for the 1.065 trend factor applied to the claims for the deductible in Exhibit 2a.

Response: To value the impact of trend on claims under the deductible level, MVP utilized the probability distribution function table from its benefit relativity model that corresponds to all medical and pharmacy claims (except for preventive services covered in full). The average cost per claim band was calculated both with and without the total allowed claim trend from the filing, and the "deductible value" is calculated as:

[Sum product of average claim band and frequency for bands below the deductible] PLUS [Deductible level times probability of claims above the deductible].

The deductible trend is then calculated as the change in the "deductible value" from the experience period to the rating period.



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The total deductible trend is calculated as:

[Sum product of the deductible trend for a plan based on its single deductible level and that plans experience period membership] Divided by [Total experience period membership]

The quantitative derivation of the trend factor has been determined to be confidential and has been provided under separate cover.

7. Please provide quantitative support for the Benefit Actuarial Value and Induced Demand reflected in Index Rate in Exhibit 6.

Response: Please see the tab "Question #7" in the attached Excel document for a quantitative derivation of the experience period average Benefit Relativity and Induced Demand factor. The relativities for all plans are calculated using the same benefit relativity model that is used to price the 2024 plans, and the induced demand factor is calculated using a similar methodology as the rate filing.

The average factor is calculated by member-weighting the product of the benefit relativity model actuarial value and induced demand factor, consistent with prior filings.

8. Please provide the national study performed by Wakely Consulting Group for the impact of the National High Cost Reinsurance Pool.

Response: This response has been determined to be confidential and will be provided under separate cover.

9. For each month from January 2021 through March 2023, please provide the total allowed costs, member months, and any normalization factors appropriate to normalize for changes in unit costs, population age factors, and induced utilization.

Response: Please see the tab "Question #9" in the attached Excel document which provides this information. The age normalization reflects the age curve created by HHS and the induced demand normalization factors reflect the induced demand slope MVP uses to price (which complies with HHS guidelines). The unit cost normalization reflects the best estimate of unit cost trends from the most recent filing that a trend was presented (i.e. 2022/2021 trend is from the 2023 Exchange filing, as opposed to the 2022 Exchange filing).

MVP would like to note that any changes to allowed claims for a risk-adjusted population should include a review of risk adjustment payments and receipts. MVP's risk adjustment payments as a percentage of allowed claims have increased over this period and this will serve to deflate allowed trends above and beyond analysis of a static population.

10. As shown in the Experience Period Claims section of the Actuarial Memorandum, please provide qualitative and quantitative support for the increase in "Other Medical Expenses not in claim warehouse" and "Net Reinsurance Expense". Please elaborate on what is driving the increased amounts for these two items compared to last year's filing.



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Response: The increase in “Other Medical Expenses not in claim warehouse” between the 2023 and 2024 rate filing is driven by an increase in claim settlements. Settlements happen when contract implementation may be retroactive or there is mass re-adjudication needed on claims. Settlements are used to limit member cost share abrasion. These amounts must be added to the expenses since there would’ve been increased claim expense if not paid as a settlement. Please see the table below.

	2024 Rate Filing	2023 Rate Filing
Claims Settlement	\$1.98	\$0.75
Other Items	\$1.68	\$1.82

The increase in net reinsurance expense is due to a change in methodology. In previous filings, MVP expressed net reinsurance as the projected reinsurance premium multiplied by 1 minus the target loss ratio of the reinsurer. This assumed that MVP would recover the same percentage every year and it would be stable. The methodology has been altered to be consistent with the methodology used for the CMS national reinsurance program. This methodology is to remove any recoveries from the experience period adjusted for any reinsurance program changes and then add in the expectation of the premium. Since MVP did not have any corporate reinsurance recoveries in 2022, the calculation of the 2024 estimate of net reinsurance is just the 2024 premium, which is estimated to be \$0.75 PMPM.

11. Please provide further qualitative and quantitative support for the adjustment on lines 11-16 of Exhibit 3. This should include a derivation of the calculated impact, disclosure of all assumptions made, as well as support and/or sources used as a basis for assumptions made.

Response:

Line 11- Adjustment for Waived Cost Share Due to COVID-19

MVP is removing \$2.02 PMPM to account for cost sharing related to the COVID-19 pandemic including treatment, visits, and testing that was waived during the experience period. Cost sharing will shift back to the members in 2024 with the unwinding of the public health emergency. Please see the tab “Question #11 Waived Cost Share” in the attached Excel document for further support. There was no cost share on any COVID-19 related claims in 2022, so a cost share factor based on historical utilization was developed and applied to the COVID services.

Line 12- Adjustment for COVID Testing

MVP is assuming a 10% reduction in Covid testing costs in the projection period due to a utilization decrease, resulting in the removal of \$0.41 PMPM. We expect demand for testing to decrease once cost sharing is reinstated. Please see the tab “Question #11 COVID Testing” in the attached Excel document for further support.

Line 13- Adjustment for COVID Vaccines

It is expected commercial payers will have to pay the full ingredient cost of Covid vaccines by 2024. MVP is taking 2022 experience and increasing it by \$130/\$40, the expected ingredient cost in 2024 over what we pay currently. This results in the additional \$2.32 PMPM. This can be found at <https://www.kff.org/coronavirus-covid-19/issue-brief/how-much-could-covid-19-vaccines-cost-the-u-s-after-commercialization/>. Please see the tab “Question #11 COVID Vaccines” in the attached Excel document for further support.



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Line 14- Adjustment for Hearing Aids as EHB

Hearing aids have been added as an essential health benefit in 2024. MVP analyzed historical experience in its New York population and used a two-year average to calculate the additional \$0.34 PMPM. Please see the tab “Question #11 Hearing Aids” in the attached Excel document for further support.

Line 15- Adjustment for Abortions Covered in Full

Vermont has mandated coverage of abortions without cost sharing except before the deductible on HDHPs. MVP analyzed its historical VT experience for this block and used a two-year average to calculate the additional \$0.03 PMPM. Please see the tab “Question #11 Abortions” in the attached Excel document for further support.

Line 16- Adjustment for Telemedicine Benefit Expansion

Telemedicine is now covered in full on all plans. The Consolidation Appropriations Act of 2023 allowed the extension of safe harbor before the deductible for all telehealth, even for HDHPs. Our benefit relativity model accounts for this so the expansion of telemedicine for all HDHPs is reflected in the AV of the plan. Based on the cost share MVP took in 2022, this benefit is an additional \$0.04 PMPM on the rate. Please see the tab “Question #11 Telemedicine” in the attached Excel document for further support.

12. Please provide the incurred and paid claims PMPM for COVID testing, COVID vaccinations, and COVID treatment costs, separately by incurral month from January 2022 through December 2022. Similarly, please provide the projected incurred and paid claims PMPM for COVID testing, COVID vaccinations, and COVID treatment costs for calendar year 2024.

Response: Please see the tables below for the experienced monthly claims associated with COVID visits, testing, vaccinations, and treatment costs and the projected costs for 2024.

COVID Incurred Claims PMPM Experience				
Incurral Month	Testing	Vaccines	Treatment	Visits
202201	\$13.81	\$2.15	\$21.99	\$3.10
202202	\$5.07	\$0.47	\$2.32	\$1.15
202203	\$4.15	\$0.31	\$1.20	\$0.69
202204	\$4.35	\$1.10	\$9.86	\$1.84
202205	\$3.93	\$1.00	\$3.23	\$0.98
202206	\$3.05	\$0.72	\$1.59	\$0.65
202207	\$2.21	\$0.82	\$1.09	\$1.28
202208	\$2.01	\$0.59	\$1.68	\$0.83
202209	\$2.03	\$1.36	\$1.33	\$0.56
202210	\$2.27	\$1.96	\$3.67	\$0.67
202211	\$2.79	\$1.22	\$1.19	\$0.92
202212	\$3.71	\$0.66	\$1.02	\$0.66



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COVID Projection				
	Testing	Vaccines	Treatment	Visits
Experience Period Incurred PMPM	\$4.12	\$1.03	\$4.20	\$1.11
Adjustment due to Cost Share Changes	-\$0.85	\$0.00	-\$0.58	-\$0.59
Adjustment due to Utilization/Unit Cost Changes	-\$0.41	\$2.32	\$0.00	\$0.00
2024 Projection	\$2.87	\$3.35	\$3.62	\$0.53

13. Please provide the average age factor for MVP’s small group market for 2022 and 2023.

Response: Please see the table below for the average HHS age factor for this market in each year. Note that 2023 membership data only includes through February.

Age Factors for MVP's Small Group Market	
Year	Average Age Factor
2022	1.626
2023	1.649

14. Please provide the bad debt as a percentage of premium for 2022.

Response: Please see the tab “Question #14” in the attached Excel document for historical actual bad debt information.

15. Please provide a breakdown of the assumed general administrative load of \$44.62 shown in Exhibit 5 by expense category.

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	\$27.65
Software	\$6.42
Consulting/Project Expenses	\$3.01
All Other Administrative Expenses	\$7.54
Total	\$44.62



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16. Please provide the company's historical RBC ratio for a minimum of three years.

Response: Please see the table below.

MVPHP RBC Ratio	
Year	Actual
2020	429.4%
2021	354.0%
2022	369.3%

17. Please provide the historical actual to expected profit margin for a minimum of three years.

Response: See the table below for the historical actual to expected profit margin in the individual 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 Small Group Actual to Expected Profit Margin		
Year	Actual	Expected (Approved)
2019	-1.0%	1.5%
2020	9.2%	1.0%
2021	-8.0%	0.5%
2022	-8.2%	1.0%

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

Sincerely,

Christopher Pontiff, FSA, MAAA
Senior Director, Commercial Pricing, Network & Trend Actuary
MVP Health Care, Inc.

Derivation of Inpatient Trends for VT Exchange, 2023-2024, by Provider

Facility Name	Inpatient %	2023 IP Contract	2023 Trended IP %	2024 IP Contract	Notes
Brattleboro Memorial Hospital					GMCB Rate effective 10/01/21 Best estimate of contract negotiation
Brattleboro Retreat					GMCB Rate effective 10/01/21
Central Vermont Physicians Medical Center					GMCB Rate effective 10/01/21
Copley Hospital					GMCB Rate effective 10/01/21
Gifford Medical Center					GMCB Rate effective 10/01/21
Grace Cottage Hospital					GMCB Rate effective 10/01/21 Best estimate of contract negotiation
Green Mountain Surgery Center					GMCB Rate effective 10/01/21
Mt. Ascutney Hospital					GMCB Rate effective 10/01/21
North Country Hospital					GMCB Rate effective 10/01/21
Northeast Vermont Regional Hospital					GMCB Rate effective 10/01/21
Northwestern Medical Center					GMCB Rate effective 10/01/21
Porter Hospital					GMCB Rate effective 10/01/21
Rutland Regional					GMCB Rate effective 10/01/21
Southwestern Vermont Medical Center					GMCB Rate effective 10/01/21
Springfield Hospital					GMCB Rate effective 10/01/21
University of Vermont Medical Center					GMCB Rate effective 10/01/21
Dartmouth-Hitchcock Medical Center (NH)					Best estimate of contract negotiation
Rental/NY/Negotiated/Other					Blend of best estimates and effective contracts
TOTAL, GMCB HOSPITALS	53.4%	15.4%	55.3%	5.3%	
TOTAL, ALL HOSPITALS	100.0%	11.4%	100.0%	6.0%	

Derivation of Outpatient Trends for VT Exchange, 2023-2024, by Provider

Facility Name	Outpatient %	2023 OP Contract	2023 Trended OP %	2024 OP Contract	Notes
Brattleboro Memorial Hospital					GMCB Rate effective 10/01/21 Best estimate of contract negotiation
Brattleboro Retreat					GMCB Rate effective 10/01/21
Central Vermont Physicians Medical Center					GMCB Rate effective 10/01/21
Copley Hospital					GMCB Rate effective 10/01/21
Gifford Medical Center					GMCB Rate effective 10/01/21
Grace Cottage Hospital					GMCB Rate effective 10/01/21
Green Mountain Surgery Center					Best estimate of contract negotiation
Mt. Ascutney Hospital					GMCB Rate effective 10/01/21
North Country Hospital					GMCB Rate effective 10/01/21
Northeast Vermont Regional Hospital					GMCB Rate effective 10/01/21
Northwestern Medical Center					GMCB Rate effective 10/01/21
Porter Hospital					GMCB Rate effective 10/01/21
Rutland Regional					GMCB Rate effective 10/01/21
Southwestern Vermont Medical Center					GMCB Rate effective 10/01/21
Springfield Hospital					GMCB Rate effective 10/01/21
University of Vermont Medical Center					GMCB Rate effective 10/01/21
Dartmouth-Hitchcock Medical Center (NH)					Best estimate of contract negotiation
Rental/NY/Negotiated/Other					Blend of best estimates and effective contracts
TOTAL, GMCB HOSPITALS	72.1%	14.4%	73.8%	5.2%	
TOTAL, ALL HOSPITALS	100.0%	11.9%	100.0%	5.3%	

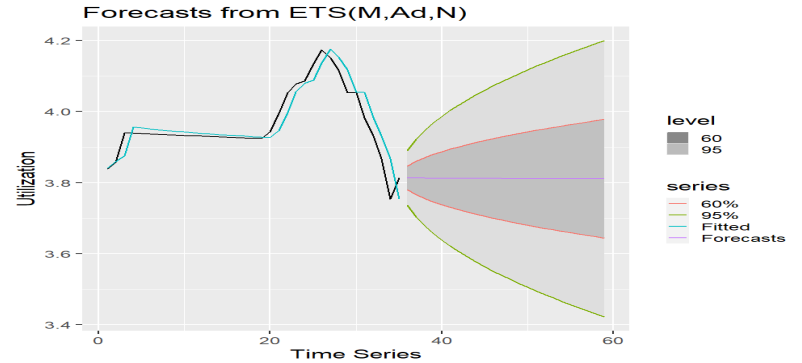
Derivation of Physician Trends for VT Exchange, 2023-2024, by Provider

Facility Name	Physician %	2023 PHY		2024 PHY
		Contract	2023 Trended PHY %	Contract
UVMHC				
Rutland Regional				
CVMC				
Porter Hospital				
HealthFirst				
VT Community				
All Other Vermont				
VT PT-OT				
VT BH				
VT Chiro				
New Hampshire Participating				
Ambulatory - Ancillary				
ASC - Ancillary				
DME - Ancillary				
Home Infusion - Ancillary				
Lab - Ancillary				
Rental/NY/Negotiated/Other				
TOTAL	100.0%	6.6%	100.0%	3.1%

Prediction Intervals for Utilization

Data set: VT IP

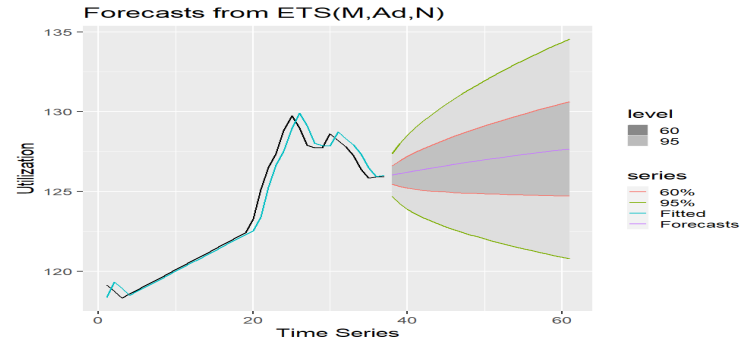
R12 Ending	Timeline	Values	Forecast	Lower Bound 60% Confidence	Upper Bound 60% Confidence	Lower Bound 95% Confidence	Upper Bound 95% Confidence
2019-12	1	3.838393269					
2020-01	2	3.856775146					
2020-02	3	3.940085139					
2020-03	4	3.939097999					
2020-04	5	3.93811086					
2020-05	6	3.93712372					
2020-06	7	3.93613658					
2020-07	8	3.935149441					
2020-08	9	3.934162301					
2020-09	10	3.933175161					
2020-10	11	3.932188022					
2020-11	12	3.931200882					
2020-12	13	3.930213742					
2021-01	14	3.929226603					
2021-02	15	3.928239463					
2021-03	16	3.927252323					
2021-04	17	3.926265184					
2021-05	18	3.925278044					
2021-06	19	3.924290904					
2021-07	20	3.943523137					
2021-08	21	3.995020832					
2021-09	22	4.052821134					
2021-10	23	4.077227068					
2021-11	24	4.087032905					
2021-12	25	4.135244492					
2022-01	26	4.174373701					
2022-02	27	4.151108041					
2022-03	28	4.115992611					
2022-04	29	4.053536543					
2022-05	30	4.053399128					
2022-06	31	3.982308055					
2022-07	32	3.931146814					
2022-08	33	3.867857838					
2022-09	34	3.75407654					
2022-10	35	3.813735977					
2022-11	36		3.813450092	3.780250113	3.846650071	3.73613412	3.890766064
2022-12	37		3.813193346	3.766136266	3.860250426	3.703607017	3.922779675
2023-01	38		3.812962702	3.755209448	3.870715956	3.678467167	3.947458236
2023-02	39		3.812755505	3.745937976	3.879573033	3.657151126	3.968359884
2023-03	40		3.812569372	3.737729429	3.887409314	3.638282428	3.986856315
2023-04	41		3.812402161	3.730280087	3.894524235	3.621156621	4.003647701
2023-05	42		3.812251949	3.723409413	3.901094485	3.605355826	4.019148073
2023-06	43		3.812117008	3.716999592	3.907234424	3.590607971	4.033626045
2023-07	44		3.811995785	3.710968595	3.913022975	3.57672409	4.047267481
2023-08	45		3.811886886	3.70525651	3.918517262	3.563566615	4.060207257
2023-09	46		3.811789057	3.699817943	3.923760171	3.551031198	4.072546916
2023-10	47		3.811701174	3.694617483	3.928784865	3.539037167	4.084365181
2023-11	48		3.811622225	3.689626841	3.933617609	3.527519889	4.095724562
2023-12	49		3.811551302	3.684822975	3.93827963	3.516426907	4.106675698
2024-01	50		3.81148759	3.6801868	3.94278838	3.505714863	4.117260317
2024-02	51		3.811430354	3.675702289	3.947158419	3.495347408	4.1275133
2024-03	52		3.811378937	3.671355821	3.951402053	3.485293694	4.13746418
2024-04	53		3.811332747	3.667135694	3.955529801	3.475527256	4.147138238
2024-05	54		3.811291253	3.663031764	3.959550741	3.46602518	4.156557325
2024-06	55		3.811253977	3.659035169	3.963472785	3.456767458	4.165740496
2024-07	56		3.811220491	3.655138107	3.967302875	3.447736492	4.174704489
2024-08	57		3.811190409	3.651333666	3.971047151	3.4389167	4.183464117
2024-09	58		3.811163385	3.647615691	3.974711078	3.430294204	4.192032565
2024-10	59		3.811139108	3.643978667	3.978299549	3.421856577	4.200421639



Prediction Intervals for Utilization

Data set: VT OP

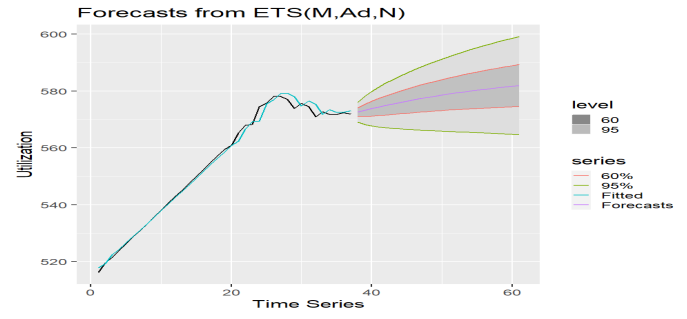
R12 Ending	Timeline	Values	Forecast	Lower Bound 60% Confidence	Upper Bound 60% Confidence	Lower Bound 95% Confidence	Upper Bound 95% Confidence
2019-12	1	119.1354279					
2020-01	2	118.7621639					
2020-02	3	118.3228621					
2020-03	4	118.578579					
2020-04	5	118.8342958					
2020-05	6	119.0900126					
2020-06	7	119.3457295					
2020-07	8	119.6014463					
2020-08	9	119.8571631					
2020-09	10	120.11288					
2020-10	11	120.3685968					
2020-11	12	120.6243137					
2020-12	13	120.8800305					
2021-01	14	121.1357473					
2021-02	15	121.3914642					
2021-03	16	121.647181					
2021-04	17	121.9028978					
2021-05	18	122.1586147					
2021-06	19	122.4143315					
2021-07	20	123.278388					
2021-08	21	125.1300324					
2021-09	22	126.504009					
2021-10	23	127.3734641					
2021-11	24	128.8135841					
2021-12	25	129.7558056					
2022-01	26	128.9797712					
2022-02	27	127.8972263					
2022-03	28	127.7404136					
2022-04	29	127.7365104					
2022-05	30	128.616507					
2022-06	31	128.18385					
2022-07	32	127.8036833					
2022-08	33	127.2495496					
2022-09	34	126.3994108					
2022-10	35	125.8436154					
2022-11	36	125.911477					
2022-12	37	125.9403003					
2023-01	38		126.0313222	125.4594143	126.6032301	124.6994654	127.363179
2023-02	39		126.120434	125.3093619	126.931506	124.2316128	128.0092551
2023-03	40		126.2076756	125.2115729	127.2037784	123.8879557	128.5273955
2023-04	41		126.2930865	125.1397561	127.4464168	123.6072156	128.9789573
2023-05	42		126.3767049	125.0837886	127.6696212	123.3657668	129.387643
2023-06	43		126.4585685	125.0385155	127.8786215	123.1515551	129.7655819
2023-07	44		126.5387142	125.0009009	128.0765275	122.957461	130.1199673
2023-08	45		126.6171779	124.9689861	128.2653697	122.7788758	130.45548
2023-09	46		126.693995	124.9414266	128.4465634	122.612621	130.775369
2023-10	47		126.7692	124.9172561	128.621144	122.4564008	131.0819992
2023-11	48		126.8428268	124.8957562	128.7898975	122.3084969	131.3771568
2023-12	49		126.9149085	124.8763777	128.9534393	122.1675866	131.6622305
2024-01	50		126.9854775	124.8586922	129.1122628	122.0326288	131.9383262
2024-02	51		127.0545656	124.8423591	129.266772	121.9027885	132.2063426
2024-03	52		127.1222037	124.8271041	129.4173034	121.7773854	132.4670221
2024-04	53		127.1884225	124.8127034	129.5641415	121.655858	132.7209869
2024-05	54		127.2532515	124.7989728	129.7075303	121.5377375	132.9687656
2024-06	55		127.3167201	124.7857591	129.8476812	121.4226286	133.2108117
2024-07	56		127.3788568	124.7729342	129.9847794	121.3101953	133.4475183
2024-08	57		127.4396895	124.7603906	130.1189883	121.2001496	133.6792293
2024-09	58		127.4992455	124.7480372	130.2504538	121.0922432	133.9062478
2024-10	59		127.5575517	124.7357968	130.3793067	120.9862607	134.1288427
2024-11	60		127.6146343	124.7236036	130.505665	120.8820142	134.3472544
2024-12	61		127.670519	124.7114017	130.6296363	120.7793391	134.5616989



Prediction Intervals for Utilization

Data set: VT PHY

R12 Ending	Timeline	Values	Forecast	Lower Bound 60% Confidence	Upper Bound 60% Confidence	Lower Bound 95% Confidence	Upper Bound 95% Confidence
2019-12	1	516.2561142					
2020-01	2	519.5634372					
2020-02	3	521.5775427					
2020-03	4	523.9477152					
2020-04	5	526.3178876					
2020-05	6	528.68806					
2020-06	7	531.0582324					
2020-07	8	533.4284048					
2020-08	9	535.7985772					
2020-09	10	538.1687496					
2020-10	11	540.538922					
2020-11	12	542.9090944					
2020-12	13	545.2792668					
2021-01	14	547.6494392					
2021-02	15	550.0196116					
2021-03	16	552.389784					
2021-04	17	554.7599564					
2021-05	18	557.1301288					
2021-06	19	559.5003012					
2021-07	20	560.9412571					
2021-08	21	565.3105329					
2021-09	22	567.9493873					
2021-10	23	568.1838976					
2021-11	24	574.4650563					
2021-12	25	575.807219					
2022-01	26	578.0905791					
2022-02	27	578.1825387					
2022-03	28	577.0337072					
2022-04	29	573.8220746					
2022-05	30	575.7110421					
2022-06	31	574.503287					
2022-07	32	570.9624116					
2022-08	33	572.7062767					
2022-09	34	571.7223823					
2022-10	35	571.8061034					
2022-11	36	572.4095953					
2022-12	37	571.928794					
2023-01	38		572.5818184	571.0845741	574.0790626	569.0950422	576.0685945
2023-02	39		573.2073819	571.088673	575.3260908	568.2733416	578.1414222
2023-03	40		573.8066396	571.2102305	576.4030486	567.7601332	579.853146
2023-04	41		574.3806976	571.3809035	577.3804918	567.3947897	581.3666056
2023-05	42		574.9306158	571.5748747	578.2863568	567.1157801	582.7454514
2023-06	43		575.4574091	571.7793875	579.1354306	566.8920479	584.0227703
2023-07	44		575.96205	571.9872404	579.9368595	566.7055302	585.2185697
2023-08	45		576.44547	572.1940441	580.6968959	566.5447673	586.3461726
2023-09	46		576.9085615	572.3969984	581.4201246	566.4020524	587.4150707
2023-10	47		577.3521794	572.5942719	582.110087	566.2719844	588.4323745
2023-11	48		577.7771426	572.7846573	582.7696279	566.1506639	589.4036213
2023-12	49		578.1842354	572.9673662	583.4011046	566.0352124	590.3332584
2024-01	50		578.5742094	573.1419004	584.0065184	565.9234711	591.2249478
2024-02	51		578.9477845	573.3079672	584.5876018	565.8138016	592.0817674
2024-03	52		579.3056502	573.4654221	585.1458783	565.7049517	592.9063487
2024-04	53		579.6484672	573.6142295	585.6827048	565.5959598	593.7009745
2024-05	54		579.9768682	573.7544332	586.1993031	565.4860879	594.4676485
2024-06	55		580.2914595	573.8861366	586.6967823	565.3747706	595.2081484
2024-07	56		580.5928218	574.0094865	587.176157	565.2615784	595.9240651
2024-08	57		580.8815113	574.1246621	587.6383606	565.1461892	596.6168335
2024-09	58		581.1580611	574.2318656	588.0842566	565.0283663	597.2877756
2024-10	59		581.4229816	574.3313163	588.5146469	564.9079413	597.9380219
2024-11	60		581.6767618	574.4232444	588.9302792	564.7848011	598.5687225
2024-12	61		581.9198702	574.5078878	589.3318525	564.6588768	599.1808635



Utilization	R12 Ending	Timeline	Values	Forecast	Lower Bound 60% Confidence	Upper Bound 60% Confidence	Lower Bound 95% Confidence	Upper Bound 95% Confidence
IP	2022-10	35	3.81					
IP	2024-10	59		3.81	3.64	3.98	3.42	4.20
OP	2022-12	37	125.94					
OP	2024-12	61		127.67	124.71	130.63	120.78	134.56
PHY	2022-12	37	571.93					
PHY	2024-12	61		581.92	574.51	589.33	564.66	599.18

24 month Trends

Utilization	Mean	Standard Deviation	Weight
IP	-0.07%	5.21%	21.71%
OP	1.37%	2.79%	49.40%
PHY	1.75%	1.54%	28.89%
Blend	1.17%	1.84%	

2-Year Trends

5th Percentile	10th Percentile	20th Percentile	30th Percentile	40th Percentile	50th Percentile	60th Percentile	70th Percentile	80th Percentile	90th Percentile	95th Percentile
-1.85%	-1.19%	-0.38%	0.20%	0.70%	1.17%	1.63%	2.13%	2.72%	3.52%	4.19%

EP Allowed Trend
 RP Allowed Trend
 Exp Pd Allowed PMPM
 Rating Pd Trend Allowed PMPM

Deductible Level	HDHP Allowed \$	Distinct Mbrs	Average Annual Cost of Claim in Band	Freq	Experience Pd Trended average annual cost of claim per band	Rating Pd Trended average annual cost of claim per band	Deductible Value Exp Pd	Deductible Value Rating Pd	Paid Yr 1	Paid Yr 2	Deductible Trend

Member Months Distinct Members Avg Months per Member

Plan Name	2022 SG Member Months	Deductible	Deductible Trend

Total Deductible Trend 1.065

Derivation of Experience Period Average AV and Induced Demand Factor

Medical Coplan	Member Months	Pricing Model AV	Induced Demand Factor	Weighted Average AV * ID
				0.8350 AV * ID
VT Standard Bronze 3 (2022)	23,527	0.606	1.000	0.606
VT Non-Standard Gold 3 (2022)	63,984	0.843	1.080	0.910
VT Standard Silver 4 (2022)	306	0.690	1.030	0.711
VT Non-Standard Bronze 1 (2022)	2,251	0.599	1.000	0.599
VT Standard Bronze 2 (2022)	10,431	0.602	1.000	0.602
VT Standard Bronze 4 (2022)	1,129	0.622	1.000	0.622
VT Non-Standard Bronze 5 (2022)	1,361	0.616	1.000	0.616
VT Standard Gold 1 (2022)	43,140	0.820	1.080	0.886
VT Non-Standard Gold 2 (2022)	4,999	0.850	1.080	0.918
VT Standard Platinum 1 (2022)	39,081	0.933	1.150	1.072
VT Non-Standard Silver 1 (2022)	652	0.680	1.030	0.701
VT Non-Standard Silver 2 II (2022)	7,415	0.697	1.030	0.718
VT Standard Silver 4 II (2022)	17,495	0.690	1.030	0.710
VT Non-Standard Silver 1 II (2022)	16,759	0.680	1.030	0.701
VT Standard Silver 3 II (2022)	16,793	0.672	1.030	0.692

Month	Member Months	Medical Allowed	Pharmacy Allowed	Dental Allowed	Medical Unit				Normalized Medical	Normalized Pharmacy	Normalized Dental	Normalized Total
		PMPM	PMPM	PMPM	Age Fx	ID Fx	Cost Fx	Rx Unit Cost Fx	Allowed PMPM	Allowed PMPM	PMPM	Allowed PMPM
202101	21795	\$468.23	\$86.20	\$1.43	1.617	1.066	1	1	\$468.23	\$86.20	\$1.43	\$555.86
202102	21855	\$466.91	\$102.77	\$1.85	1.617	1.066	1	1	\$467.01	\$102.79	\$1.85	\$571.65
202103	21817	\$532.96	\$113.78	\$1.77	1.619	1.066	1	1	\$532.44	\$113.67	\$1.77	\$647.88
202104	21757	\$517.90	\$104.65	\$1.53	1.619	1.066	1	1	\$517.11	\$104.49	\$1.52	\$623.13
202105	21667	\$499.61	\$103.55	\$1.92	1.622	1.066	1	1	\$498.06	\$103.23	\$1.91	\$603.20
202106	21722	\$540.39	\$106.99	\$1.93	1.622	1.066	1	1	\$538.54	\$106.62	\$1.93	\$647.08
202107	21773	\$486.82	\$114.11	\$1.70	1.622	1.066	1	1	\$485.21	\$113.73	\$1.70	\$600.64
202108	21797	\$482.75	\$112.80	\$2.46	1.621	1.066	1	1	\$481.48	\$112.50	\$2.45	\$596.43
202109	21751	\$660.44	\$115.30	\$0.89	1.622	1.066	1	1	\$658.19	\$114.91	\$0.89	\$773.99
202110	21720	\$532.98	\$116.68	\$1.98	1.622	1.066	1	1	\$531.09	\$116.26	\$1.97	\$649.32
202111	21622	\$583.61	\$117.51	\$1.77	1.622	1.066	1	1	\$581.60	\$117.10	\$1.76	\$700.46
202112	21513	\$548.26	\$122.71	\$2.96	1.623	1.066	1	1	\$546.27	\$122.26	\$2.95	\$671.48
202201	20922	\$530.32	\$111.48	\$1.88	1.625	1.066	1.058	1.078	\$498.75	\$102.88	\$1.77	\$603.40
202202	20903	\$479.56	\$113.99	\$1.57	1.625	1.066	1.058	1.078	\$450.86	\$105.16	\$1.47	\$557.49
202203	20868	\$581.65	\$129.63	\$1.71	1.626	1.067	1.058	1.078	\$546.45	\$119.50	\$1.61	\$667.56
202204	20893	\$537.51	\$126.52	\$1.66	1.629	1.067	1.058	1.078	\$504.26	\$116.47	\$1.56	\$622.28
202205	20802	\$521.36	\$124.96	\$1.92	1.628	1.067	1.058	1.078	\$489.39	\$115.10	\$1.80	\$606.29
202206	20773	\$577.42	\$131.96	\$2.29	1.627	1.067	1.058	1.078	\$542.21	\$121.59	\$2.15	\$665.95
202207	20757	\$538.62	\$129.99	\$2.31	1.626	1.066	1.058	1.078	\$506.10	\$119.85	\$2.17	\$628.13
202208	20799	\$616.10	\$140.59	\$3.04	1.624	1.067	1.058	1.078	\$579.48	\$129.75	\$2.86	\$712.09
202209	20775	\$511.57	\$134.60	\$1.70	1.627	1.067	1.058	1.078	\$480.34	\$124.02	\$1.60	\$605.96
202210	20662	\$648.82	\$134.64	\$2.16	1.626	1.067	1.058	1.078	\$609.63	\$124.13	\$2.03	\$735.79
202211	20613	\$574.03	\$143.28	\$2.58	1.626	1.067	1.058	1.078	\$539.34	\$132.09	\$2.42	\$673.86
202212	20556	\$596.76	\$148.91	\$2.86	1.627	1.067	1.058	1.078	\$560.10	\$137.14	\$2.68	\$699.92
202301	16424	\$644.09	\$138.37	\$2.77	1.648	1.072	1.168	1.162	\$538.35	\$116.20	\$2.32	\$656.86
202302	16262	\$624.67	\$142.44	\$2.86	1.649	1.072	1.168	1.162	\$521.83	\$119.56	\$2.39	\$643.77

Adjustments to Make to Experience Period Data due to Cost Share Changes	
(Remove Dollars)/Add Dollars	VT AR44 Small Group
Treatment	(\$0.58)
Visits	(\$0.59)
Testing	(\$0.85)
Total Adjustment	(\$2.02)

Adjustments to Make to Experience Period Data due to Testing	
(Remove Dollars)/Add Dollars	VT AR44 Small
Claim Expense	\$1,028,970
Member Months	249323
Expense PMPM	\$4.13
Total Adjustment	(\$0.41)

Adjustments to Make to Experience Period Data due to Vaccines	
(Remove Dollars)/Add Dollars	VT AR44 Small
Claim Expense	\$256,782
Member Months	249323
Expense PMPM	\$1.03
Total Adjustment	\$2.32

Adjustments to Make to Experience Period Data due to Hearing Aids as EHB			
	2021	2022	2 Year Total
Claim Expense	\$307,114	\$257,075	\$564,188
Member Months	886179	781687	1667866
Claim Expense PMPM	\$0.35	\$0.33	\$0.34

Adjustments to Make to Experience Period Data due to Hearing Aids Covered in Full			
	2021	2022	2 Year Total
Allowed-COB	\$30,419	\$26,838	\$57,257
Claim Expense	\$22,439	\$18,057	\$40,497
Cost Sharing	\$7,980	\$8,781	\$16,760
Member Months	260789	249323	510112
Cost Share PMPM	\$0.03	\$0.04	\$0.03

Adjustments to Make to Experience Period Data due to Telemedicine Benefit Expansion	
	2022
Allowed-COB	\$41,733
Claim Expense	\$31,577
Cost Sharing	\$10,155
Member Months	249323
Cost Share PMPM	\$0.04

Historical Bad Debt as % of Premium, 2019 to 2022**Small Group**

Year	Bad Debt	Premium	Bad Debt as % Premium
2019	\$63,355	\$93,565,302	0.07%
2020	\$22,565	\$135,732,258	0.02%
2021	\$29,262	\$148,055,670	0.02%
2022	\$35,060	\$143,456,179	0.02%
Total	\$150,243	\$520,809,409	0.03%