

May 23, 2024

Eric Bachner
MVP Health Plan, Inc.
625 State Street
Schenectady, NY 12305

Re: MVP Health Plan, Inc.
2025 Vermont Exchange Rate Filing – Individual
SERFF Tracking #: MVPH-134081032
Objection #1

Dear Mr. Bachner:

The following additional information is required for this filing.

Notice regarding proper responses:

- A minimum-acceptable response to quantitative questions from us must include a spreadsheet calculation with retained formulas such that we can replicate the calculations therein.
- Explanatory responses are merely a supplement to the spreadsheet material and in of themselves will constitute a lack of response.

Questions:

General

1. Please provide the 2023 RATEE report from CMS.
2. Please provide the average age factor for MVP's individual market for 2023 and 2024.
3. Please provide the company's historical RBC ratio for a minimum of three years.
4. Please reconcile WS2 of the URRT, rows 21-22, showing a rate increase of 17.8% to the requested rate increase shown in the Actuarial Memo and SERFF of 11.7%.

Trend

5. Please provide detailed quantitative and qualitative support for the 2024 & 2025 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 FY24 (<https://gmcboard.vermont.gov/FY2024hospitalbudgets>) 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.
6. 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.

7. Provide quantitative support for the 1.045 trend factor applied to the claims for the deductible in Exhibit 2a.
8. Please provide quantitative and further qualitative support for the utilization, unit cost, and deductible leveraging Rx trends in Exhibit 2b.
9. Please provide the historical annual Rx trends observed from 2020-2023, as well as the actual-to-expected ratio for the Rx trend in each year.

Experience Period

10. Page 3 of the Actuarial Memorandum states “our emerging unpaid experience indicates that there are high-cost claims only attributable to small group, so we have modified the IBNR factor for the entire VT population to reflect these amounts specifically in the small group filing”. Please provide quantitative and further qualitative support for the IBNR adjustment, including the small-group-specific adjustment factor and how it relates to the individual filing IBNR adjustment.
11. Please provide qualitative and quantitative support for the decrease in “Other Medical Expenses not in claim warehouse” and “Net Reinsurance Expense” shown on page 4 of the Actuarial Memorandum. Please elaborate on what is driving the decreased amounts for these two items compared to last year’s filing.
12. Please provide further qualitative and quantitative support for the Well-Being Reimbursement and Claim Settlements to Providers amounts shown on page 4 of the Actuarial Memorandum.
13. For each month from January 2019 through March 2024, 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.

Rating Adjustments

14. Please provide further qualitative and quantitative support for the adjustment on lines 11-15 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.
15. The Actuarial Memo states the following about the morbidity adjustment for the impact of COVID vaccines: “During the experience period, MVP was responsible for the administration cost of COVID-19 vaccines for all 12 months but began to be responsible for the full ingredient cost of those vaccines starting in September 2023. MVP is projecting the cost for 2025 to be: the 2023 utilization of COVID-19 vaccines for all 12 months multiplied by \$140, which represents the full amount for ingredient and administration costs.” If MVP was responsible for the ingredient cost starting in September 2023, that implies that there are 4 months of ingredient costs included in the experience

period. However, MVP is adding 12 months of ingredient costs into the rating period. Why isn't MVP adding only 8 months of ingredient costs into the rating period?

16. Page 5 of the Actuarial Memorandum states that “MVP is preparing to file an amendment to our rate filing shortly after submission to include the final impact of [Vermont House Bill H.766] in our premium rates.” Further, MVP states that “our preliminary analysis suggest this would increase premium rates by 8-10%.” We note that H.766 was signed into law on May 10th. Please provide only an updated URRT and the updated “VT 2025 Exchange Rate Filing...” rate development exhibits file only. No further revised files will be needed at this time. Additionally, please provide quantitative and qualitative support for the derivation of the applied impact due to H. 766.
17. We note that there are no rating adjustments for the impact of Medicaid redeterminations. Since the Medicaid continuous enrollment provision ended mid-2023, the base period may not fully reflect the impact of Medicaid redeterminations. Please provide further quantitative and qualitative support for assuming no impact on rates due to Medicaid redeterminations.

Actuarial Value

18. Please provide quantitative support for the Benefit Relativity and Induced Demand Reflected in Index Rate factor in Exhibit 6.

Risk Adjustment

19. Please provide quantitative and further qualitative support for the expected 2023 risk adjustment payment.

Non-Benefit Expenses

20. Please provide the national study performed by the external actuarial consulting group for the 0.41% impact of the National High Cost Reinsurance Pool.
21. Please provide a breakdown of the assumed general administrative load of \$59.13 shown in Exhibit 5 by expense category. Please also provide this breakdown for the actual 2023 expenses.
22. What were the drivers of the significant increase in administrative costs in SHCE admin PMPM from 2022 to 2023, as shown on page 9 of the Actuarial Memorandum?
23. Please provide actual bad debt expense as a percentage of premium for 2023.
24. Please provide the historical actual to expected profit margin for a minimum of three years.
25. Please provide the historical loss ratio for a minimum of three years. Additionally, please provide the projection loss ratio for 2024, based on 2024 experience to date.

To ensure that the review of your filing is completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than May 31, 2024.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

A handwritten signature in black ink that reads "Traci Hughes". The signature is written in a cursive, flowing style.

Traci Hughes, FSA, MAAA
Vice President & Principal
Lewis & Ellis, LLC
thughes@LewisEllis.com
(972)-850-0850