

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc. 2024 )  
Vermont Large Group HMO Rate Filing ) DOCKET NO. GMCB-008-23rr  
SERFF No. MVPH-133767802 )

**MVP HEALTH PLAN, INC.’S MEMORANDUM IN LIEU OF HEARING**

MVP Health Plan, Inc. (“MVP”) by and through Primmer Piper Eggleston & Cramer PC submits this Memorandum requesting that the Green Mountain Care Board (“GMCB” or “Board”) approve the rates requested by MVP as modified by one of the recommendations of the Board’s actuary, Lewis and Ellis (“L&E”).<sup>1</sup>

As of April 2023, there were approximately 1,667 members enrolled in MVP Large Group plans in Vermont. Those members currently have one year term insurance policies which they procured during different quarters of 2023. They would therefore renew those policies when they expire in 2024, during the corresponding quarters of 2024. Approximately 75% of those members, 1,245, have a 1<sup>st</sup> quarter renewal; 0 have a 2<sup>nd</sup> quarter renewal; 285 have a 3<sup>rd</sup> quarter renewal; and 137 have a 4<sup>th</sup> quarter renewal. In its original August 4, 2023 rate filing, MVP proposed a quarterly manual rate *decrease* of 0.2% in the first quarter of 2024, and an *increase* of 2.4% for quarters two through four, which translates to an annual increase of 7.5%.<sup>2</sup> See *Actuarial Memorandum: MVP Health Plan, Inc. 2024 Vermont Large Group HMO Rate Filing, GMCB Docket No. 008-23rr, p. 1*. L&E made three recommendations and proposed an annual average rate increase of 3.3%. *L&E’s October 4, 2023 Actuarial Memorandum (“L&E Report”), p. 11*. This year, MVP agrees

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<sup>1</sup> MVP and the Health Care Advocate (“HCA”) have agreed to waive the hearing before the Board in this proceeding.

<sup>2</sup> All the percentage changes referenced herein are multiplicative, not additive.

with L&E’s first recommendation, to align hospital trend with approved hospital budgets, but disagrees with L&E’s second and third recommendations on pharmacy trend and COVID-19 utilization. *Section I.* Accepting L&E’s recommendation on hospital budgets, MVP requests that the Board approve a manual rate *decrease* of 3.6% in the first quarter of 2024, and an *increase* of 1.6% for quarters two through four, which translates to a total as-modified average rate increase of 3.9% which meets the statutory requirements of 8 V.S.A. §§ 5104(a); 4062(a)(2)-(3); *GMCB Board Rule 2.000. See Sections II and III.*

**I. MVP Agrees With One Out Of Three L&E Recommendations.**

L&E recommended that the Board approve MVP’s proposed rates with three modifications: 1) align the rates with approved hospital budgets; 2) reduce pharmacy trend; and 3) further reduce assumptions for COVID-19 testing. *L&E Report, p. 11.* MVP agrees with L&E’s first recommendation and disagrees with L&E’s second and third recommendations.

**A. The First Recommendation: MVP Agrees With L&E’s Recommendation To Align Trend With Approved Hospital Budgets.**

L&E recommends revising MVP’s medical trends to reflect the Board’s final orders for FY2024 hospital budgets. *L&E Report p. 11.* MVP agrees. The Board may take administrative notice of the facts detailed in MVP’s 2024 QHP Rate Filings and at the July 17, 2023 Rate Review Hearing, and as MVP has consistently testified this year and in prior years, MVP’s rate increases should align with actual Hospital Budgets. *Testimony of Christopher Pontiff, Transcript of the July 17, 2023 MVP Health Plan Inc., 2024 Small Group and Individual Group Vermont Health Connect Rate Hearing (“Pontiff Hearing Tr.”) GMCB Docket Nos. 004-23rr and 005-23rr, pp. 66-67 and 79; Testimony of Jacqueline B. Lee, Hearing Tr., pp. 222-223; MVP 2024 Individual and Small Group Hr’g Exs. 21, pp. 5-6 and 19; Hr’g Ex. 22, pp. 5-6 and 16.* “We are simply trying to best align the trends in the rate filing with the trends that the hospitals have proposed . .

..”. *Pontiff, Hearing Tr. p. 66.* Because the Board considers Large Group rates *after* it approves final hospital budgets, it need not estimate, and can use those actual Hospital Budgets (including any mid-year adjustments to Hospital Budgets) to best set these rates.

**B. The Second Recommendation: MVP Disagrees With L&E’s Recommendation To Reduce Pharmacy Trend Because Eliminating Apparent Outlier Years Does Not Smooth Pharmacy Trend Fluctuations; Instead It Suppresses Data And Provides An Inaccurate Projection Of Pharmacy Costs For This Group.**

MVP assumed a 7.9% allowed pharmacy trend for 2024. L&E recommends reducing the pharmacy trend to 5.8%. *L&E Report p. 11.* L&E justified its recommended decrease by excluding purported outlier trends observed in 2018 and 2020 when comparing the historical pharmacy benefit manager (“PBM”) expected trends to actual allowed trends. *See L&E Report, pp. 6–7.*

MVP disagrees with this approach. L&E is not smoothing trend but suppressing it by failing to consider relevant data in a limited data set. In 2018, the actual pharmacy trend was significantly lower than expected. In 2020, the pharmacy trend was much higher than expected. However, simply eliminating purported outliers is not appropriate under the circumstances. The limited participation in MVP’s Large Group means that one large claim to one Large Group member could substantially impact annual pharmacy trends. To set an appropriate pharmacy trend, the Board should consider the data in its entirety. L&E is reviewing actual-to-expected trends in isolation and ignoring fluctuations.

Furthermore, L&E mistakenly stated that “the Vermont large group block of business has more than 20,000 members, and approximately over 250,000 member months each year, in recent history.” *L&E Report p. 7.* L&E is wrong. In fact, as of April 2023 there were 1,667 members in the VT large group and, in 2022, only 22,029 member-months—much fewer than the 20,000

members and 250,000 member months L&E states. *L&E Report p. 9*. L&E overstates the size of that block of business and ignores its volatility.

MVP's pharmacy trend assumption is superior and reflects the entire MVP book of business in Vermont. The Board should rely upon as much available data as possible in setting rates and reject L&E's second recommendation.

**C. The Third Recommendation: MVP Disagrees With The Increased Assumed Reduction In COVID-19 Testing.**

For COVID-19 testing, MVP assumed a 10% reduction in testing utilization related costs for 2024, resulting in a \$0.26 PMPM decrease. L&E recommends that the Board further reduce this 10% assumption to 40%. MVP provided COVID-19 testing claims counts for January 2021 through June 2023. *L&E Report p. 7*. MVP disagrees with L&E's assumptions that the decline in COVID-19 testing will continue at a more advanced rate than projected. L&E suggests reducing the relevant data set to exclude an apparent "spike in COVID-19 claims counts August 202[1] through January 2022." *L&E Report p. 7*. L&E would rely solely on data from April 2022 through March 2023. MVP's assumption, in contrast, relies on a longer period of reliable historical data.

MVP notes that following L&E's recommendation requires an *increase* in the cost sharing component of MVP's COVID-19 assumptions. In the Individual and Small Group rate filings, MVP made the same 10% assumption, which L&E found "reasonable and appropriate," recognizing the interplay between cost sharing and testing. *July 5, 2023 L&E Individual and Small Group Actuarial Memoranda, p. 8*. MVP removed expenses from the projection period due to the reinstatement of cost sharing on COVID-19 services as the public health emergency ended. MVP's assumptions on testing services were a significant basis for removing those expenses and were part of the calculus to arrive at the *reduction* to rates due to resumption of cost sharing. If the Board adopts L&E's proposed 40% reduction to testing, then MVP would need to recalculate the amount

removed from the rates for expenses defrayed through COVID-19 cost sharing resulting in an *increase* to expenses.

MVP is confident that its assumptions related to COVID-19 testing are accurate. The data available to MVP this year indicates that Vermonters will continue to receive COVID-19 tests, vaccines, and boosters, as they remain motivated to protect themselves and their communities from COVID-19. Respectfully, this Board should adopt MVP's COVID-19 testing assumptions.

**II. Continued Losses Are Not Sustainable—The Board Should Not Reduce MVP's CTR.**

Over the last three years MVP's Vermont book of business has suffered multi-million dollar losses exacerbated by Board reductions to MVP's proposed rates. L&E agreed that long-term negative profits for MVP are not sustainable. *L&E Report p. 10*. Each of the markets MVP serves (New York and Vermont) must be self-sustaining and are expected to contribute to a healthy overall reserve level. *Pontiff, Hearing Tr. pp. 42-44; Hr'g Ex. 12; Hr'g Ex. 46*. MVP will need to re-evaluate markets that have substantial losses year in and year out due to circumstances outside of MVP's control. *Pontiff, Hearing Tr. pp. 42-44; Hr'g Ex. 12; Hr'g Ex. 46*.

Healthy reserves allow MVP to continue to take risk, innovate and reinvest to the benefit of MVP's members. *Pontiff, Hearing Tr. pp. 42-44; Hr'g Ex. 12*. The Vermont Department of Financial Regulation evaluated MVP's rate filings as-filed and agreed that MVP's proposed rates support MVP solvency. *Solvency Impact of Vermont Large Group HMO 2024 Rate Filing, of MVP Health Plan, Inc., dated October 3, 2023*.

Every year, MVP sets Contribution to Reserves ("CTR") at a level that will protect insurer solvency for *that year* without being excessive or inadequate. MVP does not attempt to "catch-up" based on losses in a previous year. Nevertheless, when premium and claim costs do not align, the continued resulting losses exacerbated by cuts to CTR year over year threaten continued carrier

viability in Vermont. The Board should not cut CTR for 2024. The same solvency issues related to CTR were presented at this year's Individual and Small Group rate hearing as are presented here. In the Board's Decision and Order in this year's Individual and Small Group, the Board, apparently recognizing MVP's losses, did not order any modification to MVP's proposed CTR and should do the same here for substantively the same reasons. *See July 17, 2023 Vermont Exchange Rate Filing Decision and Order, GMCB Docket Nos. 004-23rr and 005-23rr.*

This year, L&E found MVP's proposed 2.0% CTR to be historically consistent with past-proposed CTRs and reasonable. *L&E Report pp. 9–10.* L&E observed that it is “slightly concerning that MVP has experienced negative profits in the last few years” and that it is “not sustainable to have significant losses, and therefore, a higher CTR could be justified.” *Id.* MVP's 2024 proposed 2.0% CTR would not result in an inadequate rate after amendment to the proposed rate increases based on adjustments for the Hospital Budgets.

**III. L&E And MVP Agree On Utilization Trend, Unit Cost Trend, COVID-19 Cost Sharing, COVID-19 Vaccinations, and Administrative Load.**

L&E agreed with MVP's conclusion that the Vermont Large Group historical data for its book of business is not credible and too volatile to estimate medical utilization trend. L&E found MVP's assumption of a 1.0% medical utilization trend to be consistent with utilization trend used in the last three QHP filings and both reasonable and appropriate. *L&E Report p. 5.*

Now that 2024 hospital budgets have been set, L&E recommends that MVP reduce the average annual allowed unit cost trend from 8.8% to 6.5%, thus reducing the total average annual paid medical trend from 11.2% to 8.6%. MVP agrees with this recommendation having received and reviewed the Green Mountain Health Care Board's final decision regarding 2024 hospital budgets. *L&E Report p. 5.*

L&E found MVP's \$1.37 PMPM reduction to COVID-19 cost sharing to be reasonable and appropriate. *L&E Report p. 7.* L&E further found MVP's 40% reduction to COVID-19 vaccination costs to be reasonable and appropriate. *L&E Report p. 8.* To be clear, while L&E and MVP agree on cost sharing and vaccination, MVP disagrees with L&E's proposed reduction to COVID-19 testing costs. *Section I (supra).*

L&E found MVP's assumed general administrative load to be reasonable, appropriate, and consistent with the average of the most recent three years. *L&E Report p. 9.*

**IV. MVP is Lowering Costs, Promoting Quality of Care and Access, and Affordability in This Rate Filing.**

The Board shall modify or disapprove a rate request only if it is “unjust, unfair, inequitable, misleading or contrary to law, or . . . fails to meet the standards of affordability, promoting quality of care and promotion of access.” 8 V.S.A. §§ 5104(a) and 4062(a)(2)-(3). The Board may take administrative notice of the facts detailed in MVP's 2024 QHP Rate Filings and at the July 17, 2023 Rate Review Hearing, showing that MVP has taken the following significant steps to contain costs and address affordability, access, and quality of care:

1. MVP strives to put forth the lowest premium possible relative to the benefits we are covering.
2. MVP promotes an affordable rate with a quality product.
3. MVP promotes primary care.
4. MVP employs a comprehensive staff of clinicians.
5. MVP administers over 10 specific care management programs directly with our members.
6. MVP engages in a competitive bidding process.
7. MVP contracts with a PBM, to get the best prices on prescription pharmaceuticals.
8. MVP has sought to increase member engagement and cost transparency via its website.

9. MVP supports the use of telemedicine.
10. MVP maintains a nationwide network of providers.
11. MVP offers both standard and non-standard plans.
12. MVP has robust evidence-based guidelines such as MVP's Medical Policies and Utilization Management Program designed to decrease unwarranted variations in care and support appropriate utilization. These medical policies undergo continuous review and are vetted by community physicians throughout our service area. Vermont physicians serve as representatives on MVP's Medical Management Committee, Pharmacy and Therapeutics Committee, and Quality Improvement Committee.
13. MVP supports and guides taxpayers who may be eligible for premium assistance, cost-sharing incentives or subsidies.
14. MVP reduces out-of-pocket costs for enrollees earning from 100% to 300% of the federal poverty level through cost sharing reductions.
15. MVP's New York and Vermont business is accredited by The National Committee for Quality Assurance ("NCQA"), which employs a large set of robust quality standards and requires reporting in more than 40 areas. MVP believes that it offers quality services and that the providers with which it has contracted are high performing.
16. MVP uses current technology to manage costs and improve affordability, access to care and quality of care.

*Pre-filed Testimony of Christopher Pontiff, GMCB Docket Nos. 004-23rr and 005-23rr; Hr'g Ex. 16, pp. 6 – 16. The Prefiled Testimony of Christopher Pontiff, along with evidence presented at this year's Individual and Small Group rate hearing provided ample evidence that MVP's proposed rates promote affordability, access to care, and quality of care. See id.*

### **CONCLUSION**

First, MVP accepts L&E's recommendation to revise the trends to reflect the final orders regarding FY2024 hospital budgets, resulting in a reduction to the proposed 2024 first quarter rates by 3.4%, and adjustment to the amended annual average rate from 7.5% to 3.9%. *Section I(A)*. Second, MVP respectfully disagrees with L&E's pharmacy trend recommendation; the pharmacy



trend needs to be determined by examining data holistically, rather than in a limited manner, as suggested by L&E. *Section I(B)*. Third, MVP respectfully disagrees with L&E's COVID-19 testing costs reduction, which may lead to recalculation and an increase of expenses; L&E found MVP's 10% testing adjustment reasonable and appropriate in the 2024 Small Group and Individual rate review, recognizing the necessary interplay between COVID-19 cost sharing and testing. *Section I(C)*. The current trend of MVP multi-million dollar losses is not sustainable and the Board should not reduce MVP's proposed CTR. *Section II*. MVP agrees with L&E's determinations in regards to utilization trend, unit cost trend, COVID-19 cost sharing and vaccination, and administrative load. *Section III*. MVP is lowering costs, promoting quality of care and access, and promoting affordability in this rate filing. *Section IV*. Therefore, MVP requests that the Board approve a manual rate *decrease* of 3.6% in the first quarter of 2024, and an *increase* of 1.6% for quarters two through four, which translates to an overall projected annual revenue change based on MVP's current membership distribution of 3.9%.

Dated: October 13, 2023

PRIMMER PIPER EGGLESTON & CRAMER PC

By: /s/ Gary F. Karnedy  
Gary F. Karnedy, Esq.  
Ryan M. Long, Esq.  
30 Main Street, Suite 500  
P.O. Box 1489  
Burlington, VT 05402-1489  
(802) 864-0880  
[gkarnedy@primmer.com](mailto:gkarnedy@primmer.com)  
[rlong@primmer.com](mailto:rlong@primmer.com)

*Attorneys for MVP Health Plan, Inc.*

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**CERTIFICATE OF SERVICE**

I, Ryan M. Long, hereby certify that I have served a copy of *MVP's Proposed Findings of Fact and Conclusions of Law* via e-mail upon the following:

Michael Barber, Esq.  
Laura Beliveau, Esq.  
Geoffrey Battista  
Tara Bredice  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602  
[Michael.Barber@vermont.gov](mailto:Michael.Barber@vermont.gov)  
[Laura.Beliveau@vermont.gov](mailto:Laura.Beliveau@vermont.gov)  
[Geoffrey.battista@vermont.gov](mailto:Geoffrey.battista@vermont.gov)  
[Tara.bredice@vermont.gov](mailto:Tara.bredice@vermont.gov)  
[Gmcb.rate@vermont.gov](mailto:Gmcb.rate@vermont.gov)

Eric Schultheis, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
[HCARateReview@vtlegalaid.org](mailto:HCARateReview@vtlegalaid.org)

Charles Becker, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
1085 U.S. Route 4, Suite 1A  
Rutland, VT 05701  
[HCARateReview@vtlegalaid.org](mailto:HCARateReview@vtlegalaid.org)

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PRIMMER PIPER EGGLESTON & CRAMER PC

By: /s/ Ryan M. Long  
Gary F. Karnedy, Esq.  
Ryan M. Long, Esq.  
30 Main Street, Suite 500  
P.O. Box 1489  
Burlington, VT 05402-1489  
(802) 864-0880  
[gkarnedy@primmer.com](mailto:gkarnedy@primmer.com)  
[rlong@primmer.com](mailto:rlong@primmer.com)

*Attorneys for MVP Health Plan, Inc.*