



625 State Street, PO Box 2207
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mvphhealthcare.com

June 29, 2023

Michael Barber
General Counsel
Green Mountain Care Board

Re: MVP Health Plan, Inc. 2024 Individual Market Rate Filing	GMCB-004-23rr SERFF No. MVPH-133660955
MVP Health Plan, Inc. 2024 Small Group Market Rate Filing	GMCB-005-23rr SERFF No. MVPH-133660956

Dear Mr. Barber:

This letter is in response to your correspondence received 06/22/23 regarding the above-mentioned rate filings. The responses to your questions are provided below.

1. Please demonstrate the impact of "known contract changes" for 2023 and 2024 reflected in the Rx unit cost trends for these filings. Ind. Actuarial Mem. at 5; SG Actuarial Mem. at 5.

2. In responses to HCA Questions 3 and 4 dated June 27, 2022, in the dockets GMCB-005-22rr and 006-22rr, MVP stated that its contract with its current pharmacy benefit manager (PBM) runs through December 31, 2023. MVP also stated that its PBM contract has "annual market check provisions" that enable MVP to survey the market and negotiate contract enhancements. Please detail the outcome of any MVP "market check" MVP performed on its PBM in the last 12 months.

3. Please demonstrate the impact of any contract enhancements that MVP negotiated with its PBM in the last 12 months for the Vermont individual and small group books of business.

4. Regarding the passage of Vermont Act 131 (2022):

a. Did MVP evaluate whether its PBM has complied with the requirements of Act 131? If so, please provide an explanation of the manner in which this evaluation was completed. If not, explain why not.

b. Please explain the impact of Act 131's requirements on MVP's rates.



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Response:

- a. MVP works with our PBM to construct a grid that tracks compliance of each provision in Act 131.
- b. MVP is making no adjustments to the rate filing due to Act 131. If the PBM believes it will impact overall cost or utilization, that would be reflected in the pharmacy trends.

5. On page 35 of its January 15, 2023, report regarding PBMs, the Department of Financial Regulation stated that, “read in a light most favorable to patients, the statutory language [if Act 131] suggests that Vermont health plans must apply copay assistance to patient deductibles.” For policies subject to these rate filings, state whether MVP applied copay assistance to member deductibles.

Response: MVP’s PBM processes the pharmacy claims and based on our tracking is compliant with Act 131, which includes applying copay assistance to member deductibles.

6. Please document the impact, if any, of allowing copay assistance to apply to member deductibles on these filings.

Response: There is no impact to the rate filing for this additional plan liability.

7. We note MVP’s current RBC ratio is well above the level that would trigger regulatory action. Please provide support for the assertion that 1.5% CTR is required in these filings to maintain “statutory reserve requirement for MVP’s VT block of business.” Ind. Actuarial Mem. at 8; SG Actuarial Mem. at 8.

Response: The answer below was prepared by our Finance department.

Health Plans take tremendous risk when guaranteeing premium rates for an insured population as they must pay for all covered benefits regardless of cost. A risk margin is standard actuarial practice and part of premium rate development to account for adverse deviation in projected costs as well as a means to adhere to minimum regulatory reserve requirements.

When regulators reduce actuarial sound premium rates to remove risk margins and to ‘make premiums more affordable’ it compromises a Health Plan’s ability to serve members and remain a viable option in the marketplace.

Below is a summary of MVP’s performance over the past 5 years. MVP has collectively lost \$31M in the past 5 years and is anticipating a significant loss in 2023.

Year	Operating Margin	Medical Loss Ratio
2018	(\$0.7M)	92.2%
2019	(\$1.8M)	93.3%
2020	\$17M	86.4%
2021	(\$23M)	101.1%
2022	(\$22.3M)	101.9%
Cumulative 2018-2022	(\$30.8M)	94.7%
2023 Projection (as of Jan23)	\$ (14.3M)	



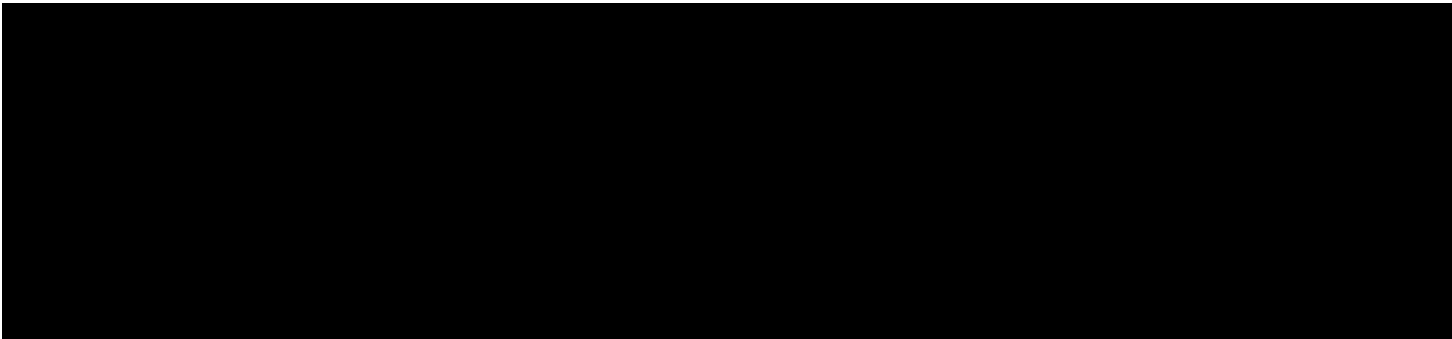
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MVP is a diversified not for profit insurer doing its best to serve New York and Vermont customers across multiple lines of business. Each of the markets we serve must be self-sustaining over the long run and be expected to contribute to a healthy (not excessive) overall reserve level. Markets that do not have that expectation due to circumstances outside of MVP's control will be reevaluated. New York Regulators do not expect MVP's New York Markets to subsidize Vermont Markets or vice versa.

A healthy reserve position allows for continued risk taking, innovation and reinvestment. It allows MVP to achieve our Mission, Vision and Purpose which is to improve health and provide peace of mind, create healthier communities and find a better way to help our members achieve their best health through innovation.

As of 12/31/2022 MVP Health Plan had total net assets of \$413.5 million on \$3.14 billion in revenue. The reserves as a percentage of premium was at 13.16%. NYS requires that we maintain a 12.5% reserve ratio vs premiums earned. MVP has an RBC of 369%. Since premiums need to increase each year just to keep up if the cost of care increases we must maintain a profit margin just to maintain our current reserve position. Continuing losses in VT Small Group and Individual products are not sustainable for MVP. Our for profit competitors are much larger and better capitalized than MVP. Regional not for profit plans must remain profitable in order to serve the communities we work and live in.

8. Describe MVP's negotiations with hospitals subject to GMCB regulation for FY2023. MVP's answer should identify any savings off the GMCB approved rates and quantify the impact of these savings on medical cost trend in these rate filings.



9. MVP selected the upper end of the range (\$130 ingredient, \$40 administration) for both ingredient cost and administration of the Covid vaccine, resulting in a \$2.29 PMPM Ind and \$2.32 PMPM SG charge. What would the PMPM be if the low end of the range (\$110 ingredient, \$25 administration) were selected?

Response: MVP is assuming that the total cost of the vaccine in 2024 would be \$130, which is why we have increased the cost of vaccines by \$130/\$40 and not \$170/\$40. We are not speculating the ingredient separate from the administration but believe that in total the vaccine will cost \$130 in 2024. This value is lower than the low end of the range stated above. If the low end of the range were selected, the result would be \$2.42 PMPM Ind and \$2.45 PMPM SG.



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10. Provide support for the increase in administrative costs from \$47.10 to \$52.74 PMPM Ind. And \$38.75 to \$44.62 PMPM SG.

Response: The answer below was prepared by our Finance department.

The figures stated above represent an increase over two years, from 2022 to 2024. MVP, like other organizations in the US, has been affected by the tight labor market and has had to improve its compensation and benefit packages to attract and retain staff. According to various economic research, this tight US labor market was mainly caused by general declines in the labor force, primarily among older workers (ages 55+) who had left the workforce and women who have provided care for other family members. We are hopeful that these macroeconomic issues are resolving themselves so that future increases will be more in line with historical levels. Additionally, the COVID pandemic has required MVP to invest in more software technologies to support market expectations around new digital service capabilities.

11. Please quantify the impact of MVP's Quality Improvement/Cost Control programs, estimated cost of which is 6% to 7% of administrative expense. Ind. Actuarial Mem. at 8; SG Actuarial Mem. At 8.

Response: The answer below was prepared by our Quality department.

Quality Improvement initiatives aim to improve member health outcomes through the delivery of timely, equitable, and patient-centered healthcare. As a result, Quality Improvement initiatives reduce the risk of adverse events, lower health care costs, and improve patient satisfaction and safety. Lastly, they ensure organizations, such as MVP, are following laws and regulations enacted by the various regulatory agencies we are accountable to.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Pontiff".

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