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[mvphealthcare.com](http://mvphealthcare.com)

September 13, 2024

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

Re: 2025 Large Group HMO Rate Filing  
SERFF Tracking #: MVPH-134197798

Dear Ms. Hughes:

This letter is in response to your correspondence received 09/06/24 regarding the above-mentioned rate filing. The responses to your questions are provided below.

*1. Regarding the response to prior objection #2 –*

- a. We acknowledge that MVP instituted a new administrative process, creating a lag time between receiving a claim and it being paid. Does MVP expect this lag to diminish over time, or is this a permanent feature of the new process?*
- b. Now that there are one to three additional months (May-July) of claims runout are available, how does the most recent estimate of incurred claims compare to the estimate files (\$188.3M from May 2023-Apr 2024)?*

Response:

- a. This claim payment lag is expected to be permanent due to the new process.
- b. Our most recent estimate of incurred claims (through July) is very close to what was used to develop our IBNR factor. Including the modification for high-cost claims that are only attributable to small group, our incurred claim estimate has increased from \$187.6M to \$188.1M for May 2023-Apr 2024. Please see the tab "Question #1" in the attached Excel document for further support.

*2. Please demonstrate the development of the additional \$0.27 PMPM for COVID-19 vaccines, e.g., provide the actual 2023 PMPM, utilization, etc.*

Response: We found an error upon review and would like to correct this adjustment to \$0.10 PMPM. MVP will be responsible for the full administration cost and ingredient cost of COVID-19 vaccines in the projection period. The \$0.10 PMPM represents the **difference** between the projected cost and the experience cost. Please see the tab "Question #2" in the attached Excel document for further support.

This is confidential material.



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3. Please provide the New York experience used in developing the \$0.33 PMPM for hearing aid coverage. If any adjustments are made to the experience, please justify such adjustments.

Response: Hearing aids were added as an essential health benefit in 2024. MVP analyzed historical experience in its New York population and used a three-year average to calculate the additional \$0.33 PMPM. We acknowledge that the mandate was in effect for four months of the experience period, however, we did not make an adjustment for this. We believe the first few months of the benefit were under-utilized because it was new to members and does not reflect the true ultimate claim cost. Please see the tab "Question #3" in the attached Excel document for further support.

4. Please provide the Vermont experience used in developing the \$0.03 PMPM for abortions. If any adjustments are made to the experience, please justify such adjustments.

Response: Vermont has mandated coverage of abortions without cost sharing except before the deductible on HDHPs. MVP analyzed its historical experience for all of VT and used a three-year average to calculate the additional \$0.03 PMPM. We acknowledge that the mandate was in effect for four months of the experience period, but an adjustment was not necessary as the dollars were negligible. Please see the tab "Question #4" in the attached Excel document for further support.

5. Please provide further support for the \$6.80 PMPM for the well-being reimbursement program. What are the YTD well-being claims PMPM?

Response: Vermont large group members incurred \$88,654, or \$5.02 PMPM, of wellness dollars in the experience period. We are trending this by 20% annually to the projection period based on historical utilization increases. Not only are we seeing more utilizers, but those who utilize the benefit are sticky. The table below shows how the claims for this benefit has increased over the past few years for all our VT members, with a particularly large increase from 2022 to 2023. Although we have included 2024 data through August, there is significant paid seasonality on well-being claims, where most of the dollars are incurred in December as members seek to use their benefit before the year ends.

VT Commercial Well-Being Data by Incurred Year			
Incurred Year	Total Well-Being Expense	Expense PMPM	YoY Increase
2020	\$61,920	\$0.14	
2021	\$83,166	\$0.18	29%
2022	\$99,924	\$0.23	28%
2023	\$563,547	\$1.65	617%
2024	\$221,130	\$1.01	-39%



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6. Please provide further support for the \$4.04 PMPM for claims settlements to providers. Are these settlement amounts paid historically that are expected to re-occur going forward?

Response: [REDACTED]  
[REDACTED]  
[REDACTED] These claims were not processed and paid through MVP's claims payment system but are valid medical claims for services rendered during the experience period. These claims, after the settlement, will be adjudicated through our claims system going forward. Therefore, the settlement amount has been added to our experience period claim cost as \$3.81 PMPM across all VT members [REDACTED]  
[REDACTED]

The settlement is not expected to re-occur going forward but the services will continue.

7. Please provide further support for the increase in pooling charges on page 2 of the VT Experience Rated Addendum.

Response: Because MVP has limited large group data in Vermont, the pooling charges in the addendum align with MVP's large group business in New York, consistent with prior filings. We are using 100% credibility on our 2023 data for upstate NY (excludes mid-Hudson and NYC). There are many drivers of the pooling charge increase, particularly increased drug spending in the provider setting (utilization of expensive chemotherapy drugs has increased across all of our markets over the past couple of years).

8. Please complete the following tables, displaying all values as a percentage of premium.

Response: Please see the tab "Question #8" in the attached Excel document.

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.