



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphealthcare.com

June 10, 2023

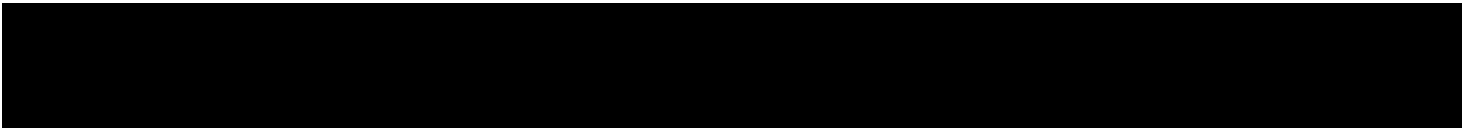
Ms. Traci Hughes, FSA, MAAA
Lewis & Ellis, Inc.
700 Central Expressway South, Suite 550
Allen, TX 75013

Re: 2024 Vermont Exchange Rate Filing - Individual
SERFF Tracking #: MVPH-133660955

Dear Ms. Hughes:

This letter is in response to your correspondence received 06/05/23 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. *Regarding question #4 in Objection Letter 2: What were the primary driver(s) of the higher Rx trends in 2020-2021 and, separately, 2021-2022?*



2. *Regarding question #5 in Objection Letter 2: Please elaborate on exactly what corrections need to be made to Exhibit 2a and the URRT. Further, please disclose any impact this has on the proposed rates.*

Response: No corrections need to be made to the URRT, but the percent of allowed claims on Exhibit 2a in cells C20:C22 and C29:C31 should be edited to reflect the actual percentages. Please see these values in the table below. This brings the annual allowed medical trend to 8.8%. The rate change would be 12.58% instead of 12.76% if this change was made in isolation but will have a different impact on the rate in the presence of other changes that may be ordered.

<u>2023 Annual Trend</u>	
	% of Allowed Claims
IP	17.9%
OP	54.4%
PHY	27.7%

<u>2024 Annual Trend</u>	
	% of Allowed Claims
IP	18.1%
OP	55.3%
PHY	26.6%



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3. *Regarding Line 13 in question #12 in Objection Letter 2:*

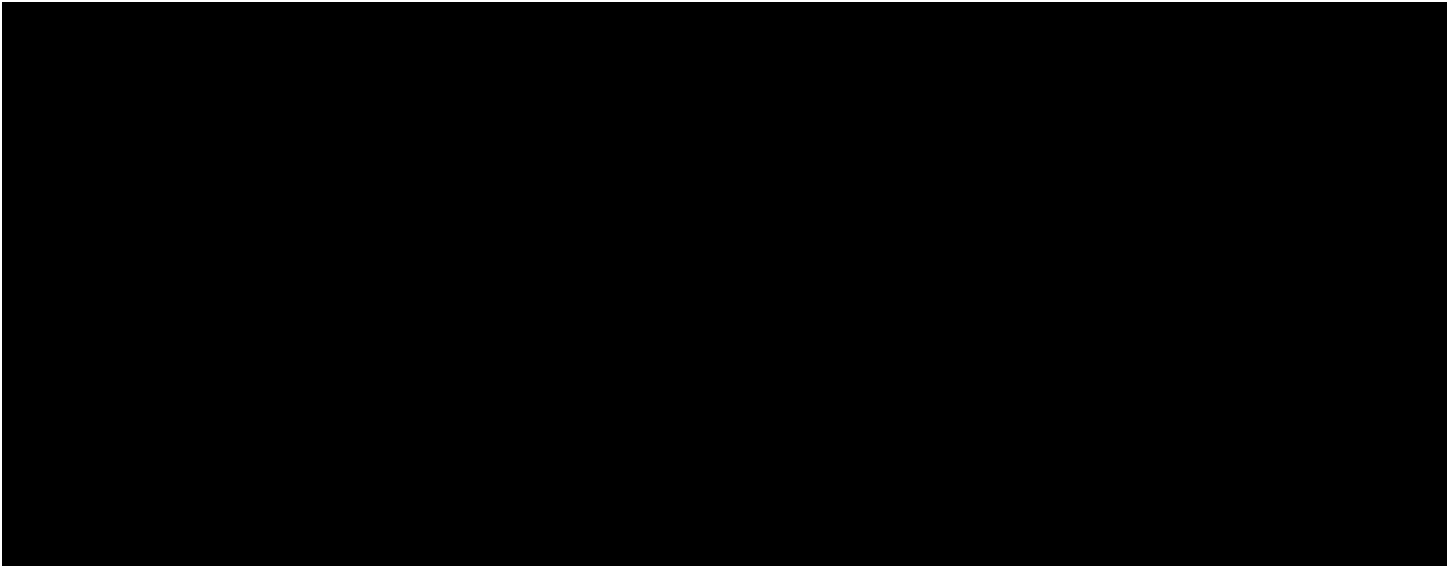
a. Why wasn't a utilization reduction assumption applied to treatment and visits due to the removal of waived cost sharing, as was done for testing?

b. The table provided, "Adjustments to Make to Experience Period Data due to Vaccines" indicates 165,128 member months. Please also provide the number of distinct members and the number of distinct COVID-19 vaccine utilizing members.

Response: Testing is more elective and there are multiple available alternatives to obtain a test. Therefore, the change in cost sharing could affect the member's purchasing behavior. The utilization of treatment and visits is not as elective and therefore we believe there won't be a decrease in utilization due to the cost sharing being turned back on. The number of distinct members in our individual population was 16,844, of which 4,166 utilized COVID-19 vaccines.

4. *Regarding question #14 in Objection Letter 2: Membership shifts for 2020 to 2021 and 2021 to 2022 were provided. Please also provide the membership shift between metal levels for 2022 to 2023, using the current enrollment distribution.*

Response:





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5. Regarding question #18 in Objection Letter 2: Please provide a similar breakdown of the general administrative load for actual 2022 expenses.

Response: Please see the table below which provides a breakout of the administrative expense by major category.

VT Individual Administrative Expense by Category	
	2022 Actual Admin PMPM
Personnel Expenses	\$29.26
Software	\$4.31
Consulting/Project Expenses	\$3.55
All Other Administrative Expenses	\$11.14
Total	\$48.26

6. The Federal Act Memo states that there is a +0.05% allowed claim cost impact for plan design changes related to the impact of hearing aids as EHB. However, the "Plan Design Changes" adjustment factor in the URRT is 1.000. Please confirm that this is due to URRT rounding.

Response: This is due to URRT rounding.

7. Regarding the historical SHCE admin PMPM provided in the Actuarial Memorandum:

- a. What were the driver(s) of the significant increase in administrative costs PMPM in 2021?
- b. In the rate-year 2022 filing (filed in 2020), it was stated that in 2022 MVP would take on the billing and payment processing functions, resulting in an increase to the administrative costs PMPM. However, the actual 2022 administrative costs PMPM decreased by approximately \$3 PMPM. Please reconcile.

Response:

- a. The main drivers of the increase in administrative costs in 2021 was investment in product/benefit research and development as well as projects related to expanded provider relations in Vermont.
- b. MVP did incur additional fees as a result of taking on billing, however that was offset by other efficiencies achieved within our operational areas by combining billing and enrollment functions that offset the total anticipated increases.

8. We are aware of an updated actuarial certification from Wakely for the 2024 Standard Plans due to IRS-release final H.S.A. limits for 2024. Please either confirm that the noted revisions are included in the submitted rate filing or list each revision and provide the calculation of the resulting rate impact. If the latter, do not provide fully revised documentation (URRT, Act Memo, Exhibits, etc.) at this time.

Response: All of the revisions due to the IRS releasing final limits for 2024 were not included in the submitted rate filing. Please see the list of revisions below as well as the rate impact.



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Plan	Before			After			Individual Premium Change
	Deductible	OOPM	Rx OOPM	Deductible	OOPM	Rx OOPM	
FRVT-HMOH-G-003-N (2024)			\$1500/\$3000			\$1600/\$3200	-0.04%
FRVT-HMOH-S-002-N (2024)			\$1500/\$3000			\$1600/\$3200	-0.04%
FRVT-HMOH-S2-001-N (2024)			\$1500/\$3000			\$1600/\$3200	-0.04%
FRVT-HMOH-S2-002-N (2024)			\$1500/\$3000			\$1600/\$3200	-0.04%
FRVT-HMOH-S2-003-N (2024)			\$1500/\$3000			\$1600/\$3200	-0.04%
FRVT-HMO-S3-002-S (2024)	\$1100/\$2200	\$2300/\$3600		\$1250/\$2500	\$2450/\$4900		-0.26%
FRVT-HMOH-S-004-S (2024)			\$1500/\$3000			\$1600/\$3200	-0.54%
FRVT-HMOH-S4-001-S (2024)	\$1850/\$3700	\$5800/\$9450/\$10600	\$1500/\$3000	\$2000/\$4000	\$5950/\$9450/\$11900	\$1600/\$3200	-0.54%
FRVT-HMOH-S4-002-S (2024)	\$1500/\$3000	\$4400/\$8800	\$1500/\$3000	\$1750/\$3500	\$4650/\$9300	\$1600/\$3200	-0.54%
FRVT-HMOH-S4-003-S (2024)	\$1500/\$3000	\$1500/\$3000	\$1500/\$3000	\$1600/\$3200	\$1600/\$3200	\$1600/\$3200	-0.54%
FRVT-HMOH-S4-004-S (2024)	\$500/\$1000	\$500/\$1000	\$500/\$1000	\$550/\$1100	\$550/\$1100	\$550/\$1100	-0.54%
VT-HMOH-S-002-N II (2024)			\$1500/\$3000			\$1600/\$3200	-0.03%
VT-HMOH-S-004-S II (2024)			\$1500/\$3000			\$1600/\$3200	-0.05%
FRVT-HMOH-B-003-S (2024)			\$1500/\$3000			\$1600/\$3200	-0.03%

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.