



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

September 6, 2023

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

Re: 2024 Large Group HMO Rate Filing
SERFF Tracking #: MVPH-133767802

Dear Ms. Hughes:

This letter is in response to your correspondence received 08/31/23 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. *Please numerically reconcile the 2023 and 2024 pharmacy utilization trends shown in "VT LG HMO 2024 Rate Filing SERFF.xlsx" (tab Exh 2a. Trend Projection, cells D63-64 and F63-64) to the trends provided in "CONFIDENTIAL_MVP_Vermont_4Q2022_CSTM_02162023_v2.xlsx".*

Response:

The following cell references come from "CONFIDENTIAL_MVP_Vermont_4Q2022_CSTM_02162023_v2.xlsx", which was provided in the previous objection. The 2.2% generic utilization trend for 2023 is $[(1 + \text{cell J46 on Page 4}) / (1 + \text{cell L46 on Page 1})] - 1$. The 3.0% generic utilization trend for 2024 is $[(1 + \text{cell J46 on Page 5}) / (1 + \text{cell L46 on Page 2})] - 1$. The 8.7% brand utilization trend for 2023 is $[(1 + \text{cell F46 on Page 4}) / (1 + \text{cell M46 on Page 1})] - 1$. The 0.2% brand utilization trend for 2024 is $[(1 + \text{cell F46 on Page 5}) / (1 + \text{cell M46 on Page 2})] - 1$.

2. *We acknowledge the following from page 4 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.*

Response: MVP used the triple exponential smoothing forecasting method for analyzing historical utilization patterns and projecting them to the rating period. MVP has experienced rapid membership growth in this block of business in the recent past, which may influence the results of historical trend methodologies. The utilization data is aggregated into rolling 12-month time periods at the service category level and adjusted for age/gender based on the Milliman age/gender table. The data inputs as well as the model outputs for the service categories can be seen on tabs "Question #2 Inpatient", "Question #2 Outpatient", and "Question #2 Physician" in the provided excel workbook. The results of the blended distribution can be seen in tab "Question #2 Aggregate" in the provided excel workbook. MVP has determined that the range of utilization trends forecasted by the model is too large to have confidence in the result.



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