

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 1Q/2Q 2017
Project Name/Number: /

Filing at a Glance

Company: MVP Health Insurance Company
Product Name: VT SG Grandfathered 1Q/2Q 2017
State: VermontGMCB
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.003A Small Group Only - PPO
Filing Type: GMCB Rate
Date Submitted: 08/05/2016
SERFF Tr Num: MVPH-130681893
SERFF Status: Closed-Approved
State Tr Num:
State Status:
Co Tr Num:

Implementation: 01/01/2017
Date Requested:
Author(s): Matt Lombardo, Eric Bachner
Reviewer(s): Thomas Crompton (primary), David Dillon, Judith Henkin, Jacqueline Lee, Marisa Melamed, Noel Hudson

Disposition Date: 11/03/2016
Disposition Status: Approved
Implementation Date: 01/01/2017

State Filing Description:

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
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General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type:	Group Market Size: Small
Group Market Type: Employer	Overall Rate Impact: 9%
Filing Status Changed: 11/04/2016	
State Status Changed:	Deemer Date:
Created By: Eric Bachner	Submitted By: Eric Bachner
Corresponding Filing Tracking Number:	

PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed rates enclosed within this filing are available to Small Group Grandfathered Vermont members with contract effective dates beginning between January 1, 2017 - June 30, 2017.

Company and Contact

Filing Contact Information

Matt Lombardo,	mlombardo@mvphealthcare.com
625 State Street	518-388-2483 [Phone]
Schenectady, NY 12305	

Filing Company Information

MVP Health Insurance Company	CoCode: 11125	State of Domicile: New York
625 State Street	Group Code: 1198	Company Type: Health
Schenectady, NY 12305	Group Name:	Insurance
(518) 388-2469 ext. [Phone]	FEIN Number: 14-1827918	State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	\$150.00
Retaliatory?	No
Fee Explanation:	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Thomas Crompton	11/04/2016	11/04/2016

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Response	Jacqueline Lee	08/22/2016	08/22/2016

Response Letters

Responded By	Created On	Date Submitted
Eric Bachner	08/25/2016	08/25/2016

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Actuarial Memorandum	Eric Bachner	08/05/2016	08/05/2016

SERFF Tracking #:

MVPH-130681893

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: VT SG Grandfathered 1Q/2Q 2017

Project Name/Number: /

Disposition

Disposition Date: 11/03/2016

Implementation Date: 01/01/2017

Status: Approved

HHS Status: Not Reported

State Review: Reviewed by Actuary

Comment: This filing is approved per GMCB order GMCB-009-16rr dated 11/03/16.

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
MVP Health Insurance Company	Increase	9.100%	9.100%	\$782,958	246	\$8,628,466	13.900%	9.000%

Percent Change Approved:

Minimum: 9.000%

Maximum: 13.900%

Weighted Average: 9.100%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Actuarial Memorandum		No
Supporting Document	Actuarial Memorandum		No
Supporting Document	Actuarial Memorandum and Certifications		No
Supporting Document	Civil Union Rating Requirements		No
Supporting Document	Consumer Disclosure Form		No
Supporting Document	Filing Compliance Certification		No
Supporting Document	Third Party Filing Authorization		No
Supporting Document	Unified Rate Review Template		No
Supporting Document	Response to Objection Letter #1		No

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 1Q/2Q 2017
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Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	08/22/2016
Submitted Date	08/22/2016
Respond By Date	08/30/2016

Dear Matt Lombardo,

Introduction:

Please see the attached letter.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas

Cabe W. Chadick, F.S.A.
 S. Scott Gibson, F.S.A.
 Glenn A. Tobleman, F.S.A., F.C.A.S.
 Michael A. Mayberry, F.S.A.
 David M. Dillon, F.S.A.
 Gregory S. Wilson, F.C.A.S.
 Steven D. Bryson, F.S.A.
 Brian D. Rankin, F.S.A.
 Bonnie S. Albritton, F.S.A.
 Jacqueline B. Lee, F.S.A.
 Wesley R. Campbell, F.C.A.S., F.S.A.
 Xiaoxiao (Lisa) Jiang, F.S.A.
 Brian C. Stentz, A.S.A.
 Jennifer M. Allen, A.S.A.
 Josh A. Hammerquist, A.S.A.
 Johnathan L. O'Dell, A.S.A.
 Clint Prater, A.S.A.
 Larry Choi, A.S.A.
 Kevin Ruggeberg, A.S.A.
 Traci Hughes, A.S.A.

**Kansas City**

Gary L. Rose, F.S.A.
 Terry M. Long, F.S.A.
 Leon L. Langlitz, F.S.A.
 D. Patrick Glenn, A.S.A., A.C.A.S.
 Christopher J. Merkel, F.S.A.
 Christopher H. Davis, F.S.A.
 Karen E. Elsom, F.S.A.
 Jill J. Humes, F.S.A.
 Kimberly S. Shores, F.S.A.
 Michael A. Brown, F.S.A.
 Naomi J. Kloppersmith, F.S.A.
 Stephanie T. Crownhart, F.S.A.
 Mark W. Birdsall, F.S.A.

London/Kansas City

Timothy A. DeMars, F.S.A., F.I.A.
 Scott E. Morrow, F.S.A., F.I.A.

Denver

Mark P. Stukowski, F.S.A.
 William J. Gorski, F.S.A.

Indianapolis

Kathryn R. Koch, A.C.A.S.

Baltimore

David A. Palmer, C.F.E.

August 22, 2016

Matt Lombardo
 MVP Health Insurance Company
 625 State Street
 Schenectady, NY 12305

Re: MVP Health Plan, Inc.
 1Q/2Q 2017 Vermont Small Group AR42 Rate Filing
 SERFF Tracking #: MVPH-130681893
 Objection #1

Dear Mr. Lombardo:

The following additional information is required for this filing.

Trend

1. Exhibit 5 states that the average renewal date for 2Q groups is 4.21 months later than the average renewal date for 1Q groups. Please explain why only 3 months of trend are being applied to 1Q rates to obtain rates for 2Q groups.
2. The description provided with the Rx trends seems to suggest that the change in 2016 trend from the prior filing is due solely to the application of PBM trends to MVP data rather than a more aggregated dataset. Is this correct? Does MVP have an understanding of why the generic cost trend is so low when based on Vermont data?

Experience Adjustments

3. When were the policy duration factors last updated? We would expect that medical trends would reduce the seasonality impact of a given deductible over time.

Non-Benefit Expenses


4. Please support the 0.75% assumption for the Insurer Fee assessed on 2Q 2017 renewals.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than August 30, 2016.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Rugeberg', written over a horizontal line.

Kevin Rugeberg, ASA, MAAA
Associate Actuary
Lewis & Ellis, Inc.
KRugeberg@LewisEllis.com
(972)-850-0850

SERFF Tracking #:

MVPH-130681893

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: VT SG Grandfathered 1Q/2Q 2017

Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/25/2016
Submitted Date 08/25/2016

Dear Thomas Crompton,

Introduction:

Response 1

Comments:

Attached is MVP's response to L&E's Objection dated 8/22/16.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to Objection Letter #1
Comments:	
Attachment(s):	Response to 1Q 2017 VT SG HIC Objection #1.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Eric Bachner

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 1Q/2Q 2017
Project Name/Number: /

Amendment Letter

Submitted Date: 08/05/2016

Comments:

Includes updated Actuarial Memorandum that was missing signature.

Changed Items:

No Form Schedule Items Changed.

No Rate Schedule Items Changed.

Supporting Document Schedule Item Changes	
Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.xlsx VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.pdf Impact of Membership Growth_Decline on Experience Pd Claims.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx Rolling 12 Medical and Rx Data - SG HDHP.xlsx Rolling 12 Medical and Rx Data - SG HDHP.pdf 1Q 2017 ACT MEMO HIC Small Group.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.xlsx VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.pdf 1Q 2017 ACT MEMO HIC Small Group.pdf Impact of Membership Growth_Decline on Experience Pd Claims.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx Rolling 12 Medical and Rx Data - SG HDHP.xlsx Rolling 12 Medical and Rx Data - SG HDHP.pdf</i>

State: VermontGMCB Filing Company: MVP Health Insurance Company
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 Product Name: VT SG Grandfathered 1Q/2Q 2017
 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method: SERFF
 Rate Change Type: Increase
 Overall Percentage of Last Rate Revision: 2.400%
 Effective Date of Last Rate Revision: 01/01/2016
 Filing Method of Last Filing: SERFF

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
MVP Health Insurance Company	Increase	9.100%	9.100%	\$782,958	246	\$8,628,466	13.900%	9.000%

State: VermontGMCB Filing Company: MVP Health Insurance Company
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
 Product Name: VT SG Grandfathered 1Q/2Q 2017
 Project Name/Number: /

Rate Review Detail

COMPANY:

Company Name: MVP Health Insurance Company
 HHS Issuer Id: 92802

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Preferred Suite HD EPO			1933

Trend Factors:

FORMS:

New Policy Forms:
 Affected Forms:
 Other Affected Forms: VT HDHP COC

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 22,746
 Benefit Change: Increase
 Percent Change Requested: Min: 9.0 Max: 13.9 Avg: 9.1

PRIOR RATE:

Total Earned Premium: 8,628,466.00
 Total Incurred Claims: 7,092,599.00
 Annual \$: Min: 349.22 Max: 493.53 Avg: 415.56

REQUESTED RATE:

Projected Earned Premium: 9,411,424.00
 Projected Incurred Claims: 7,736,190.00
 Annual \$: Min: 380.82 Max: 538.19 Avg: 453.17

SERFF Tracking #:

MVPH-130681893

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name: VT SG Grandfathered 1Q/2Q 2017

Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.xlsx VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.pdf Impact of Membership Growth_Decline on Experience Pd Claims.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx Rolling 12 Medical and Rx Data - SG HDHP.xlsx Rolling 12 Medical and Rx Data - SG HDHP.pdf 1Q 2017 ACT MEMO HIC Small Group.pdf
Item Status:	
Status Date:	
Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Civil Union Rating Requirements
Comments:	MVP's certificate of coverage complies with 8 V.S.A. § 4724.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Consumer Disclosure Form
Comments:	
Attachment(s):	Consumer Disclosure Form about Rate Increases - 2017Q1 SG GF.pdf
Item Status:	
Status Date:	
Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Certification of Compliance - VT.pdf
Item Status:	
Status Date:	

SERFF Tracking #:

MVPH-130681893

State Tracking #:**Company Tracking #:****State:**

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

VT SG Grandfathered 1Q/2Q 2017

Project Name/Number:

/

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Response to Objection Letter #1
Comments:	
Attachment(s):	Response to 1Q 2017 VT SG HIC Objection #1.pdf
Item Status:	
Status Date:	

SERFF Tracking #:

MVPH-130681893

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO

Product Name:

VT SG Grandfathered 1Q/2Q 2017

Project Name/Number:

/

Attachment VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.xlsx is not a PDF document and cannot be reproduced here.

Attachment Impact of Membership Growth_Decline on Experience Pd Claims.xlsx is not a PDF document and cannot be reproduced here.

Attachment Rolling 12 Medical and Rx Data - SG HDHP.xlsx is not a PDF document and cannot be reproduced here.



MVP Health Care -- Q1 & Q2 2017 SG HIC Grandfathered Rate Filing

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - June 30, 2017

Exhibit 1 -- Summary of Medical Coplans Offered

Exhibit 2a -- Pricing Trend Assumptions Q1 2017

Exhibit 2b -- Rx Trend Projection Q1 2017

Exhibit 2c -- Pricing Trend Assumptions Q2 2017

Exhibit 2d -- Rx Trend Projection Q2 2017

Exhibit 3a -- Claim Projection and Proposed Single Rate Change Q1 2017

Exhibit 3b -- Claim Projection and Proposed Single Rate Change Q2 2017

Exhibit 4 -- Conversion Factor and Tier Ratios

Exhibit 5 -- Retention Loads and Paid Claim Surcharges

Exhibit 6a -- Medical Base Rates

Exhibit 6b -- Medical Riders

Exhibit 1 -- Summary of Medical Coplans Offered

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
 For Effective Dates Beginning Between January 1, 2017 - June 30, 2017

Coplan	Product Type	In-Network Benefits										Out-of-Network Benefits			Pharmacy
		PCP	SCP	IP (Med/Surg)	ER	OP Surg	DME	Amb	Ded	Coins.	OOP Max	Coins	Ded	OOP Max	
VEHD-01S	HDEPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$1,500	0%	\$2,500	N/A	N/A	N/A	\$10/\$30/\$50
VEHD-02S	HDEPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$2,500	0%	\$3,500	N/A	N/A	N/A	\$10/\$30/\$50
VEHD-07S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$1,500	20%	\$3,000	N/A	N/A	N/A	20%/20%/40%
VEHD-08S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	20%/20%/40%
VEHD-12S	HDEPOagg	10%	10%	10%	10%	10%	10%	10%	\$2,500	10%	\$5,000	N/A	N/A	N/A	50%
VEHD-14S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	50%
VEHD-15S	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,500	20%	\$5,000	N/A	N/A	N/A	50%
VEHD-17S	HDEPOagg	\$30	\$50	\$500	\$150	\$200	50%	\$150	\$2,500	0%	\$5,000	N/A	N/A	N/A	\$10/\$30/\$50
VEHD-19	HDEPO	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$5,000	0%	\$5,000	N/A	N/A	N/A	\$0 after Deductible
VEHD-49	HDEPO	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$2,600	0%	\$3,600	N/A	N/A	N/A	\$10/\$30/\$50
VPHD-03S	HDPPPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$5,000	0%	\$5,000	20%	\$10,000	\$20,000	\$0 after Deductible
VPHD-04S	HDPPPOagg	10%	10%	10%	10%	10%	10%	10%	\$1,500	10%	\$3,000	30%	\$3,000	\$6,000	10%/10%/30%
VPHD-06S	HDPPPOagg	10%	10%	10%	10%	10%	10%	10%	\$2,500	10%	\$5,000	30%	\$5,000	\$10,000	10%/10%/30%

Exhibit 2 -- Pricing Trend Assumptions

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

Experience Period:	May 1, 2015 - April 30, 2016
Rating Period:	January 1, 2017 - December 31, 2017

Months of Trend	2016	2017	2018	Total
	8	12	0	20

Medical Trend Summary

2016 Annual Trend				
--------------------------	--	--	--	--

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	11.3%	4.1%	0.0%	4.1%
OP and Other Med	56.0%	3.5%	0.0%	3.5%
PHY	32.6%	-3.1%	0.0%	-3.1%
Medical Total		1.4%	0.0%	1.4%

2017 Annual Trend				
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	% of Allowed Claims	Unit Cost	Utilization	Total
IP	11.5%	5.1%	0.0%	5.1%
OP and Other Med	56.8%	4.4%	0.0%	4.4%
PHY	31.7%	1.4%	0.0%	1.4%
Medical Total		3.5%	0.0%	3.5%

Leveraging Impact - Small Group HDHP Fee-For-Service Medical Claims					
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	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$390.89	\$0.87	\$0.03	\$82.71	\$307.28
20 Months of Trend:	1.045	1.045	1.000	1.016	1.052
Projection Period:	\$408.34	\$0.91	\$0.03	\$84.02	\$323.38
Allowed Trend (Annual)	2.7%				
Paid Trend (Annual)	3.1%				
Leveraging (Annual)	0.4%				

*Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Exh 3 unless these adjustments are taken into account.

Rx Trend Summary

	2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-12.6%	3.4%	-3.2%	3.1%
Brand	10.4%	-2.2%	17.3%	-1.9%
Specialty	10.9%	10.3%	11.7%	7.9%

Exhibit 2b -- Rx Trend Development - HDHP
--

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

Experience Period: May 1, 2015 - April 30, 2016
Member Months: 22,746

Rx Claim Information	Generic	Brand	Specialty	Total
Experience Period Scripts / 1000	7,874	791	86	8,751
Experience Period Allowed Cost per Script	\$17.95	\$193.24	\$3,214.02	\$65.20
Experience Period Allowed PMPM	\$11.78	\$12.73	\$23.03	\$47.54
Experience Period Deductible PMPM	\$4.74	\$4.14	\$1.18	\$10.06
Experience Period Copay PMPM	\$1.02	\$0.68	\$0.04	\$1.74
Experience Period Coinsurance PMPM	\$0.03	\$0.49	\$0.02	\$0.54
Experience Period Cost Sharing PMPM	\$5.80	\$5.31	\$1.23	\$12.34
Experience Period Paid PMPM	\$5.98	\$7.42	\$21.80	\$35.21
Annual Util Trend	1.032	0.980	1.089	1.028
Annual Unit Cost Trend	0.929	1.145	1.114	1.098
Annual Deductible Trend	1.010	1.010	1.010	1.010
Annual Paid Trend	0.905	1.194	1.223	1.167
Months of Trend to Q1 2017*	20	20	20	20
Projected Scripts / 1000 as of Q1 2017	8,303	765	99	9,167
Projected Allowed Cost per Script as of Q1 2017	\$15.88	\$242.12	\$3,845.17	\$76.13
Projected Allowed PMPM as of Q1 2017	\$10.99	\$15.43	\$31.74	\$58.16
Projected Deductible PMPM	\$4.82	\$4.20	\$1.19	\$10.22
Projected Copay PMPM	\$1.07	\$0.66	\$0.04	\$1.78
Projected Coinsurance PMPM	\$0.03	\$0.60	\$0.02	\$0.65
Projected Cost Sharing PMPM as of Q1 2017	\$5.92	\$5.46	\$1.26	\$12.64
Projected Paid PMPM as of Q1 2017	\$5.07	\$9.97	\$30.48	\$45.52

Exhibit 2c -- Pricing Trend Assumptions 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

Experience Period:	May 1, 2015 - April 30, 2016
Rating Period [^] :	January 1, 2017 - December 31, 2017

Months of Trend	2016	2017	2018	Total
	8	12	3	23

[^] Reflects Q2 2017 rating period

Medical Trend Summary

2016 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	11.3%	4.1%	0.0%	4.1%
OP and Other Med	56.0%	3.5%	0.0%	3.5%
PHY	32.6%	-3.1%	0.0%	-3.1%
Medical Total		1.4%	0.0%	1.4%

2017 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	11.5%	5.1%	0.0%	5.1%
OP and Other Med	56.8%	4.4%	0.0%	4.4%
PHY	31.7%	1.4%	0.0%	1.4%
Medical Total		3.5%	0.0%	3.5%

2018 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	11.7%	5.1%	0.0%	5.1%
OP and Other Med	57.2%	4.4%	0.0%	4.4%
PHY	31.0%	1.4%	0.0%	1.4%
Medical Total		3.5%	0.0%	3.5%

Leveraging Impact - Small Group HDHP Fee-For-Service Medical Claims

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$390.89	\$0.87	\$0.03	\$82.71	\$307.28
23 Months of Trend:	1.054	1.054	1.000	1.019	1.063
Projection Period:	\$411.87	\$0.92	\$0.03	\$84.29	\$326.63
Allowed Trend (Annual)	2.8%				
Paid Trend (Annual)		3.2%			
Leveraging (Annual)		0.5%			

*Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Exh 3 unless these adjustments are taken into account.

Rx Trend Summary

	2015 Trend		2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-12.6%	3.4%	-3.2%	3.1%	-3.2%	3.1%
Brand	10.4%	-2.2%	17.3%	-1.9%	17.3%	-1.9%
Specialty	10.9%	10.3%	11.7%	7.9%	11.7%	7.9%

Exhibit 2b -- Rx Trend Development - HDHP 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

Experience Period: May 1, 2015 - April 30, 2016
Member Months: 22,746

Rx Claim Information	Generic	Brand	Specialty	Total
Experience Period Scripts / 1000	7,874	791	86	8,751
Experience Period Allowed Cost per Script	\$17.95	\$193.24	\$3,214.02	\$65.20
Experience Period Allowed PMPM	\$11.78	\$12.73	\$23.03	\$47.54
Experience Period Deductible PMPM	\$4.74	\$4.14	\$1.18	\$10.06
Experience Period Copay PMPM	\$1.02	\$0.68	\$0.04	\$1.74
Experience Period Coinsurance PMPM	\$0.03	\$0.49	\$0.02	\$0.54
Experience Period Cost Sharing PMPM	\$5.80	\$5.31	\$1.23	\$12.34
Experience Period Paid PMPM	\$5.98	\$7.42	\$21.80	\$35.21
Annual Util Trend	1.032	0.980	1.087	1.028
Annual Unit Cost Trend	0.934	1.149	1.114	1.100
Annual Deductible Trend	1.010	1.010	1.010	1.010
Annual Paid Trend	0.914	1.198	1.221	1.169
Months of Trend to Q2 2017*	23	23	23	23
Projected Scripts / 1000 as of Q2 2017	8,367	761	101	9,229
Projected Allowed Cost per Script as of Q2 2017	\$15.75	\$251.98	\$3,952.82	\$78.30
Projected Allowed PMPM as of Q2 2017	\$10.98	\$15.98	\$33.25	\$60.22
Projected Deductible PMPM	\$4.83	\$4.22	\$1.20	\$10.25
Projected Copay PMPM	\$1.08	\$0.66	\$0.04	\$1.78
Projected Coinsurance PMPM	\$0.03	\$0.62	\$0.02	\$0.67
Projected Cost Sharing PMPM as of Q2 2017	\$5.95	\$5.49	\$1.26	\$12.70
Projected Paid PMPM as of Q2 2017	\$5.04	\$10.49	\$31.99	\$47.52

Exhibit 3a -- Claim Projection & Proposed Rate Change
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

SG HIC HDHP Projection of Claims and Proposed Rate Change
--

Experience Period: May 1, 2015 - April 30, 2016
Completed Through: June 30, 2016

Experience Period Member Months	22,746
1) Experience Period Medical Claims PMPM	\$302.62
1a) Claims in Excess of \$100k over Experience Period	\$46.61
1b) Pooling Charge	1.204
2) IBNR Factor	1.015
3) Experience Period Incurred Medical Claims = [1) - 1a)] * 1b) * 2)	\$313.04
4) Claims Settlement PMPM	\$4.40
5) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.031
6) Months of Trend to Q1 2017*	20
7a) Capitations and Non-FFS Claim Expenses	\$4.90
7b) NY State HCRA Surcharge	0.25%
8) Trended Incurred Medical Claims PMPM as of Q1 2017 = [[3) + 4)] ^ [5) / 12] + 6) + 7a)] * [1 + 7b)]	\$339.81
9) Experience Period Rx Claims PMPM	\$35.21
9a) Claims in Excess of \$100k over Experience Period	\$5.34
9b) Pooling Charge	1.204
10) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.167
11) Months of Trend to Q1 2017*	20
12) Trended Gross Rx Claims PMPM as of Q1 2017 = [9) - 9a)] * 9b) * 10) ^ [11) / 12]	\$46.50
12a) Impact of Bill H559	\$0.87
12b) Rx Rebates	(\$8.42)
13) Trended Net Rx Claims PMPM as of Q1 2017 = 12) + 12a) + 12b)	\$38.94
14) Total Net Claims PMPM as of Q1 2017 = 8) + 13)	\$378.76
15) Impact of Membership Growth/Decline on Experience Pd Claims	1.002
16) PMPM Taxes/Assessments for Q1 2017 <i>See Exhibit 5</i>	\$0.69
17) % of Paid Claims Taxes/Assessments for Q1 2017 <i>See Exhibit 5</i>	0.999%
18) % of Premium Taxes/Assessments for Q1 2017 <i>See Exhibit 5</i>	2.50%
19) % of Premium Retention Components for Q1 2017 <i>See Exhibit 5</i>	10.65%
20) Impact of Change in Single Conversion Factor for Q1 2017 <i>See Exhibit 4</i>	-0.41%
21) Impact of Change in HHS Age Factor for Q1 2017	1.01%
22) Gross Claim Cost for Q1 2017 = [14) * 15) * [1 + 17)] * [1 + 20)] * [1 + 21)] + 16)] / [1 - 18) - 19)]	\$444.75
23) Projected Revenue Collected at Q4 2016 Rate Level	\$448.15
24) Q1 2017 Required Rate Action = 22) / 23) - 1	-0.8%

Exhibit 3b -- Claim Projection & Proposed Rate Change 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

SG HIC HDHP Projection of Claims and Proposed Rate Change
--

May 1, 2015 - April 30,
Experience Period: 2016
Completed Through: June 30, 2016

Experience Period Member Months	22,746
1) Experience Period Medical Claims PMPM	\$302.62
1a) Claims in Excess of \$100k over Experience Period	\$46.61
1b) Pooling Charge	1.204
2) IBNR Factor	1.015
3) Experience Period Incurred Medical Claims = [1) - 1a)] * 1b) * 2)	\$313.04
4) Claims Settlement PMPM	\$4.40
5) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.032
6) Months of Trend to Q2 2017*	23
7a) Capitations and Non-FFS Claim Expenses	\$4.90
7b) NY State HCRA Surcharge	0.25%
8) Trended Incurred Medical Claims PMPM as of Q2 2017 = [[3) + 4)] ^ [5) / 12] + 6) + 7a)] * [1 + 7b)]	\$343.18
9) Experience Period Rx Claims PMPM	\$35.21
9a) Claims in Excess of \$100k over Experience Period	\$5.34
9b) Pooling Charge	1.204
10) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.169
11) Months of Trend to Q2 2017*	23
12) Trended Gross Rx Claims PMPM as of Q2 2017 = [9) - 9a)] * 9b) * 10) ^ [11) / 12]	\$48.54
12a) Impact of Bill H559	\$0.87
12b) Rx Rebates	(\$8.32)
13) Trended Net Rx Claims PMPM as of Q2 2017 = 12) + 12a) + 12b)	\$41.09
14) Total Net Claims PMPM as of Q2 2017 = 8) + 13)	\$384.27
15) Impact of Membership Growth/Decline on Experience Pd Claims	1.002
16) PMPM Taxes/Assessments for Q2 2017 <i>See Exhibit 5</i>	\$0.69
17) % of Paid Claims Taxes/Assessments for Q2 2017 <i>See Exhibit 5</i>	0.999%
18) % of Premium Taxes/Assessments for Q2 2017 <i>See Exhibit 5</i>	3.25%
19) % of Premium Retention Components for Q2 2017 <i>See Exhibit 5</i>	10.65%
20) Impact of Change in Single Conversion Factor for Q2 2017 <i>See Exhibit 4</i>	-0.41%
21) Impact of Change in HHS Age Factor for Q2 2017 <i>See Exhibit 4</i>	1.01%
22) Gross Claim Cost for Q2 2017 = [14) * 15) * [1 + 17)] * [1 + 20)] * [1 + 21)] + 16)] / [1 - 18) - 19)]	\$455.15
23) Projected Revenue Collected at Q1 2017 Rate Level	\$444.75
24) Q2 2017 Required Rate Action Relative to Proposed Q1 2017 Rates	2.3%

Exhibit 3b -- Claim Projection & Proposed Rate Change 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

= 22) / 23) - 1

Exhibit 4 -- Conversion Factor and Tier Ratios

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - June 30, 2017

VT Small Group AR42 Subscriber and Membership Summary -- June 2016 Membership
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HDHP Data

Tier	Contract Type	Subscriber Months	Member Months	Avg Contract Size	Load Factor
2	Single	71	71	1.000	1.000
2	Family	42	166	3.952	2.500
3	Single	597	597	1.000	1.000
3	Double	140	280	2.000	2.000
3	Family	202	794	3.931	2.600
4	Single	12	12	1.000	1.000
4	Double	2	4	2.000	2.000
4	Parent/Child(ren)	3	9	3.000	1.900
4	Family	0	0	n/a	2.800

Proposed Conversion Factor	<u>1.208</u>
Current Conversion Factor	<u>1.213</u>
% Change in Conversion Factor	<u>-0.41%</u>

Exhibit 5 -- Retention Loads, Taxes/Assessments, and Paid Claim Surcharges

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - June 30, 2017

% of Premium Retention Components	
	HDHP
General Administrative Load	8.40%
Broker Load	0.00%
Bad Debt	0.25%
Contribution to Reserves	2.00%
Total % of Premium Retention Components	10.65%

% of Premium Taxes and Assessments	
	HDHP
Premium Tax	2.00%
VT Vaccine Pilot	0.50%
ACA Insurer Tax (1Q Renewals)	0.00%
ACA Insurer Tax (2Q Renewals)	0.75%
Total % of Premium Taxes/Assessments (1Q Renewals)	2.50%
Total % of Premium Taxes/Assessments (2Q Renewals)	3.25%

% of Paid Claim Taxes and Assessments	
	HDHP
Vermont Paid Claim Surcharge	0.999%
New York State HCRA Surcharge	0.250%
Total % of Paid Claim Taxes/Assessments	1.249%

PMPM Taxes and Assessments	
Average 1Q Renewal Month:	1.16
Average 2Q Renewal Month:	5.37
Q1 2017 Contract Effective Dates	HDHP
2017 Billback- Health Care Advocate	\$0.49
Comparative Eff Research Tax	\$0.20
Total PMPM Taxes/Assessments	\$0.69
Q2 2017 Contract Effective Dates	HDHP
2017 Billback- Health Care Advocate	\$0.49
Comparative Eff Research Tax	\$0.20
Total PMPM Taxes/Assessments	\$0.69

Exhibit 6a -- Medical Base Rates (Q1 2017)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

Coplan	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Annual Rate Change
VEHD-01S	HDEPOagg	\$650.13	\$1,300.26	\$1,235.25	\$1,625.33	\$1,690.34	\$1,820.36	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-02S	HDEPOagg	\$548.58	\$1,097.16	\$1,042.30	\$1,371.45	\$1,426.31	\$1,536.02	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-07S	HDEPOagg	\$585.25	\$1,170.50	\$1,111.98	\$1,463.13	\$1,521.65	\$1,638.70	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-08S	HDEPOagg	\$523.92	\$1,047.84	\$995.45	\$1,309.80	\$1,362.19	\$1,466.98	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-12S	HDEPOagg	\$496.87	\$993.74	\$944.05	\$1,242.18	\$1,291.86	\$1,391.24	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-14S	HDEPOagg	\$516.50	\$1,033.00	\$981.35	\$1,291.25	\$1,342.90	\$1,446.20	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-15S	HDEPOagg	\$477.01	\$954.02	\$906.32	\$1,192.53	\$1,240.23	\$1,335.63	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-17S	HDEPOagg	\$503.11	\$1,006.22	\$955.91	\$1,257.78	\$1,308.09	\$1,408.71	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-19	HDEPO	\$460.03	\$920.06	\$874.06	\$1,150.08	\$1,196.08	\$1,288.08	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VEHD-49	HDEPO	\$578.28	\$1,156.56	\$1,098.73	\$1,445.70	\$1,503.53	\$1,619.18	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VPHD-03S	HDPPOagg	\$462.22	\$924.44	\$878.22	\$1,155.55	\$1,201.77	\$1,294.22	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	13.9%
VPHD-04S	HDPPOagg	\$631.26	\$1,262.52	\$1,199.39	\$1,578.15	\$1,641.28	\$1,767.53	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%
VPHD-06S	HDPPOagg	\$515.13	\$1,030.26	\$978.75	\$1,287.83	\$1,339.34	\$1,442.36	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.0%

Exhibit 6a -- Medical Base Rates (Q2 2017)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

Coplan	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD-01S	HDEPOagg	\$665.33	\$1,330.66	\$1,264.13	\$1,663.33	\$1,729.86	\$1,862.92	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-02S	HDEPOagg	\$561.40	\$1,122.80	\$1,066.66	\$1,403.50	\$1,459.64	\$1,571.92	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-07S	HDEPOagg	\$598.93	\$1,197.86	\$1,137.97	\$1,497.33	\$1,557.22	\$1,677.00	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-08S	HDEPOagg	\$536.17	\$1,072.34	\$1,018.72	\$1,340.43	\$1,394.04	\$1,501.28	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-12S	HDEPOagg	\$508.49	\$1,016.98	\$966.13	\$1,271.23	\$1,322.07	\$1,423.77	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-14S	HDEPOagg	\$528.57	\$1,057.14	\$1,004.28	\$1,321.43	\$1,374.28	\$1,480.00	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-15S	HDEPOagg	\$488.16	\$976.32	\$927.50	\$1,220.40	\$1,269.22	\$1,366.85	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-17S	HDEPOagg	\$514.87	\$1,029.74	\$978.25	\$1,287.18	\$1,338.66	\$1,441.64	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-19	HDEPO	\$470.78	\$941.56	\$894.48	\$1,176.95	\$1,224.03	\$1,318.18	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VEHD-49	HDEPO	\$591.80	\$1,183.60	\$1,124.42	\$1,479.50	\$1,538.68	\$1,657.04	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VPHD-03S	HDPPOagg	\$473.03	\$946.06	\$898.76	\$1,182.58	\$1,229.88	\$1,324.48	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	15.4%
VPHD-04S	HDPPOagg	\$646.02	\$1,292.04	\$1,227.44	\$1,615.05	\$1,679.65	\$1,808.86	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VPHD-06S	HDPPOagg	\$527.17	\$1,054.34	\$1,001.62	\$1,317.93	\$1,370.64	\$1,476.08	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%

Exhibit 6b – Medical Riders (Q1 2017)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
 For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

Rider	Description	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDEPO	\$4.56	\$9.12	\$8.66	\$11.40	\$11.86	\$12.77	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.6%	9.1%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$3.78	\$7.56	\$7.18	\$9.45	\$9.83	\$10.58	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	8.9%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$3.19	\$6.38	\$6.06	\$7.98	\$8.29	\$8.93	-0.6%	-0.6%	-0.7%	-0.6%	-0.7%	-0.7%	9.2%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.69	\$3.38	\$3.21	\$4.23	\$4.39	\$4.73	-0.6%	-0.6%	-0.6%	-0.5%	-0.7%	-0.6%	9.7%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$4.56	\$9.12	\$8.66	\$11.40	\$11.86	\$12.77	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.6%	9.1%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$3.19	\$6.38	\$6.06	\$7.98	\$8.29	\$8.93	-0.6%	-0.6%	-0.7%	-0.6%	-0.7%	-0.7%	9.2%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.69	\$3.38	\$3.21	\$4.23	\$4.39	\$4.73	-0.6%	-0.6%	-0.6%	-0.5%	-0.7%	-0.6%	9.7%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Co	HDHP	\$6.54	\$13.08	\$12.43	\$16.35	\$17.00	\$18.31	-0.8%	-0.8%	-0.7%	-0.8%	-0.8%	-0.8%	9.0%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.22)	(\$0.44)	(\$0.42)	(\$0.55)	(\$0.57)	(\$0.62)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	\$3.21	\$6.42	\$6.10	\$8.03	\$8.35	\$8.99	-0.6%	-0.6%	-0.7%	-0.6%	-0.6%	-0.6%	9.2%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$6.24	\$12.48	\$11.86	\$15.60	\$16.22	\$17.47	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.1%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$6.70	\$13.40	\$12.73	\$16.75	\$17.42	\$18.76	-0.7%	-0.7%	-0.8%	-0.8%	-0.7%	-0.7%	9.1%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	\$3.02	\$6.04	\$5.74	\$7.55	\$7.85	\$8.46	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%	-0.6%	9.0%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	\$4.32	\$8.64	\$8.21	\$10.80	\$11.23	\$12.10	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	9.1%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	\$2.78	\$5.56	\$5.28	\$6.95	\$7.23	\$7.78	-0.7%	-0.7%	-0.8%	-0.7%	-0.7%	-0.8%	9.0%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$4.17	\$8.34	\$7.92	\$10.43	\$10.84	\$11.68	-0.7%	-0.7%	-0.8%	-0.7%	-0.7%	-0.7%	9.2%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	\$4.16	\$8.32	\$7.90	\$10.40	\$10.82	\$11.65	-0.7%	-0.7%	-0.8%	-0.8%	-0.6%	-0.7%	9.2%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	\$3.17	\$6.34	\$6.02	\$7.93	\$8.24	\$8.88	-0.6%	-0.6%	-0.7%	-0.6%	-0.6%	-0.6%	8.9%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	\$3.78	\$7.56	\$7.18	\$9.45	\$9.83	\$10.58	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	8.9%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.29	\$8.58	\$8.15	\$10.73	\$11.15	\$12.01	-0.7%	-0.7%	-0.7%	-0.6%	-0.7%	-0.7%	9.2%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$6.22	\$12.44	\$11.82	\$15.55	\$16.17	\$17.42	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	9.1%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	\$6.94	\$13.88	\$13.19	\$17.35	\$18.04	\$19.43	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	8.9%
VHD316	Disposable Medical Supplies	HDHP	\$0.92	\$1.84	\$1.75	\$2.30	\$2.39	\$2.58	-1.1%	-1.1%	-1.1%	-1.3%	-1.2%	-0.8%	8.2%
VHDC317	Changes Contract Yr To Calendar Year	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHDC343	Gym Membership Reimbursement - \$300 Maximum per Subscriber	HDHP	\$3.83	\$7.66	\$7.28	\$9.58	\$9.96	\$10.72	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - \$300 Maximum per Subscriber	HDHP	\$0.98	\$1.96	\$1.86	\$2.45	\$2.55	\$2.74	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	HDHP	\$0.31	\$0.62	\$0.59	\$0.78	\$0.81	\$0.87	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Exhibit 6b -- Medical Riders (Q2 2017)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
 For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

Rider	Description	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDEPO	\$4.67	\$9.34	\$8.87	\$11.68	\$12.14	\$13.08	2.4%	2.4%	2.4%	2.5%	2.4%	2.4%	10.7%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$3.87	\$7.74	\$7.35	\$9.68	\$10.06	\$10.84	2.4%	2.4%	2.4%	2.4%	2.3%	2.5%	10.6%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$3.26	\$6.52	\$6.19	\$8.15	\$8.48	\$9.13	2.2%	2.2%	2.1%	2.1%	2.3%	2.2%	10.5%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.73	\$3.46	\$3.29	\$4.33	\$4.50	\$4.84	2.4%	2.4%	2.5%	2.4%	2.5%	2.3%	10.9%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$4.67	\$9.34	\$8.87	\$11.68	\$12.14	\$13.08	2.4%	2.4%	2.4%	2.5%	2.4%	2.4%	10.7%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$3.26	\$6.52	\$6.19	\$8.15	\$8.48	\$9.13	2.2%	2.2%	2.1%	2.1%	2.3%	2.2%	10.5%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.73	\$3.46	\$3.29	\$4.33	\$4.50	\$4.84	2.4%	2.4%	2.5%	2.4%	2.5%	2.3%	10.9%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C)	HDHP	\$6.69	\$13.38	\$12.71	\$16.73	\$17.39	\$18.73	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.4%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.23)	(\$0.46)	(\$0.44)	(\$0.58)	(\$0.60)	(\$0.64)	4.5%	4.5%	4.8%	5.5%	5.3%	3.2%	15.0%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	\$3.29	\$6.58	\$6.25	\$8.23	\$8.55	\$9.21	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	10.8%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$6.39	\$12.78	\$12.14	\$15.98	\$16.61	\$17.89	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	10.6%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$6.86	\$13.72	\$13.03	\$17.15	\$17.84	\$19.21	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	10.6%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	\$3.09	\$6.18	\$5.87	\$7.73	\$8.03	\$8.65	2.3%	2.3%	2.3%	2.4%	2.3%	2.2%	10.4%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	\$4.42	\$8.84	\$8.40	\$11.05	\$11.49	\$12.38	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.5%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	\$2.84	\$5.68	\$5.40	\$7.10	\$7.38	\$7.95	2.2%	2.2%	2.3%	2.2%	2.1%	2.2%	10.1%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$4.27	\$8.54	\$8.11	\$10.68	\$11.10	\$11.96	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	10.6%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	\$4.26	\$8.52	\$8.09	\$10.65	\$11.08	\$11.93	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	10.6%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	\$3.24	\$6.48	\$6.16	\$8.10	\$8.42	\$9.07	2.2%	2.2%	2.3%	2.1%	2.2%	2.1%	10.2%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	\$3.87	\$7.74	\$7.35	\$9.68	\$10.06	\$10.84	2.4%	2.4%	2.4%	2.4%	2.3%	2.5%	10.6%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.39	\$8.78	\$8.34	\$10.98	\$11.41	\$12.29	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.6%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$6.37	\$12.74	\$12.10	\$15.93	\$16.56	\$17.84	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	10.6%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	\$7.10	\$14.20	\$13.49	\$17.75	\$18.46	\$19.88	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	10.4%
VHD316	Disposable Medical Supplies	HDHP	\$0.94	\$1.88	\$1.79	\$2.35	\$2.44	\$2.63	2.2%	2.2%	2.3%	2.2%	2.1%	1.9%	9.3%
VHDC317	Changes Contract Yr To Calendar Year	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHDC343	Gym Membership Reimbursement - \$300 Maximum per Subscriber	HDHP	\$3.83	\$7.66	\$7.28	\$9.58	\$9.96	\$10.72	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - \$300 Maximum per Subscriber	HDHP	\$0.98	\$1.96	\$1.86	\$2.45	\$2.55	\$2.74	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	HDHP	\$0.31	\$0.62	\$0.59	\$0.78	\$0.81	\$0.87	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Small Group HDHP - Grandfathered Only

Adjustment Factors by Deductible Level

Deductible Level	Factors											
	1	2	3	4	5	6	7	8	9	10	11	12
\$1,500	0.41	0.77	0.91	0.98	1.03	1.07	1.10	1.12	1.14	1.15	1.16	1.17
\$2,000	0.37	0.72	0.88	0.97	1.03	1.07	1.11	1.13	1.15	1.17	1.19	1.20
\$2,500	0.34	0.68	0.85	0.96	1.03	1.08	1.12	1.15	1.17	1.19	1.21	1.23
\$2,600	0.33	0.67	0.85	0.96	1.03	1.08	1.12	1.15	1.17	1.20	1.21	1.23
\$5,000	0.24	0.58	0.76	0.89	1.00	1.08	1.14	1.19	1.23	1.27	1.30	1.32

Percent of Total Member Months

Deductible Level	Coverage Month											
	1	2	3	4	5	6	7	8	9	10	11	12
\$1,500	0.15%	0.15%	0.15%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
\$2,000	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%
\$2,500	6.78%	6.86%	6.81%	6.83%	6.75%	6.74%	6.69%	6.62%	6.70%	6.68%	6.69%	6.91%
\$2,600	0.40%	0.40%	0.39%	0.39%	0.43%	0.41%	0.43%	0.43%	0.43%	0.43%	0.43%	0.15%
\$5,000	1.04%	1.06%	1.00%	0.99%	1.00%	1.01%	1.02%	0.97%	0.98%	0.99%	1.00%	1.01%

Avg Policy Duration Factor 0.9980
 Inverse of Factor 1.0020

Small Group Historical Medical & Rx Claims Summary - HDHP Grandfathered Only														
Rolling 12 End Date	Medical + Rx Claim						Claims > \$100k as % of Claims < \$100k	Rolling 12 Medical		Rolling 12 Paid Trend			Rolling 12 Membership Change	Paid To Allowed Ratio
	Expense > \$100k PMPM	Medical Claim Expense PMPM	Rx Claim Expense PMPM	Medical Allowed - COB PMPM	Rx Allowed PMPM	Member Months		Claim Expense Trend	Rolling 12 Rx Claim Expense Trend	Removing High Cost Claims	Rolling 12 Medical Allowed - COB Trend	Rolling 12 Rx Allowed Trend		
201412	\$47.98	\$295.86	\$24.76	\$376.73	\$37.38	22,304	17.6%	N/A	N/A	N/A	N/A	N/A	N/A	77.4%
201501	\$49.06	\$304.29	\$24.91	\$386.04	\$37.64	22,345	17.5%	N/A	N/A	N/A	N/A	N/A	N/A	77.7%
201502	\$47.62	\$311.34	\$25.48	\$394.32	\$38.28	22,389	16.5%	N/A	N/A	N/A	N/A	N/A	N/A	77.9%
201503	\$52.02	\$314.67	\$25.97	\$399.65	\$38.63	22,438	18.0%	N/A	N/A	N/A	N/A	N/A	N/A	77.7%
201504	\$63.56	\$321.29	\$26.74	\$405.38	\$39.33	22,471	22.3%	N/A	N/A	N/A	N/A	N/A	N/A	78.3%
201505	\$62.36	\$318.44	\$26.86	\$401.68	\$39.35	22,508	22.0%	N/A	N/A	N/A	N/A	N/A	N/A	78.3%
201506	\$61.82	\$318.84	\$28.59	\$402.48	\$40.94	22,533	21.6%	N/A	N/A	N/A	N/A	N/A	N/A	78.4%
201507	\$70.23	\$329.13	\$29.04	\$411.88	\$41.20	22,550	24.4%	N/A	N/A	N/A	N/A	N/A	N/A	79.1%
201508	\$67.21	\$328.73	\$30.18	\$411.92	\$42.46	22,537	23.0%	N/A	N/A	N/A	N/A	N/A	N/A	79.0%
201509	\$59.19	\$332.93	\$30.49	\$416.82	\$42.62	22,535	19.5%	N/A	N/A	N/A	N/A	N/A	N/A	79.1%
201510	\$57.47	\$332.04	\$30.68	\$415.07	\$42.68	22,554	18.8%	N/A	N/A	N/A	N/A	N/A	N/A	79.2%
201511	\$60.90	\$338.99	\$31.22	\$423.45	\$43.27	22,587	19.7%	N/A	N/A	N/A	N/A	N/A	N/A	79.3%
201512	\$63.73	\$332.23	\$31.71	\$416.24	\$43.51	22,588	21.2%	12.3%	28.1%	10.1%	10.5%	16.4%	1.3%	79.2%
201601	\$65.60	\$324.41	\$31.94	\$406.88	\$43.51	22,601	22.6%	6.6%	28.2%	3.8%	5.4%	15.6%	1.1%	79.1%
201602	\$65.98	\$322.62	\$31.92	\$406.28	\$43.92	22,643	22.9%	3.6%	25.3%	-0.2%	3.0%	14.7%	1.1%	78.8%
201603	\$61.16	\$314.86	\$33.86	\$398.28	\$46.10	22,692	21.3%	0.1%	30.4%	-0.4%	-0.3%	19.3%	1.1%	78.5%
201604	\$52.67	\$307.28	\$35.21	\$390.89	\$47.54	22,746	18.2%	-4.4%	31.7%	1.9%	-3.6%	20.9%	1.2%	78.1%

Summary of Historical Rx Claims Broken Out by Rx Category

LOB	Size	Product Type	Rolling 12 End Date YYYYMM	Rx Category	Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
AR42	Small	HDHP	201412	1 Generic	\$247,109	22,304	\$11.08	N/A
AR42	Small	HDHP	201501	1 Generic	\$251,000	22,345	\$11.23	N/A
AR42	Small	HDHP	201502	1 Generic	\$255,134	22,389	\$11.40	N/A
AR42	Small	HDHP	201503	1 Generic	\$258,120	22,438	\$11.50	N/A
AR42	Small	HDHP	201504	1 Generic	\$260,455	22,471	\$11.59	N/A
AR42	Small	HDHP	201505	1 Generic	\$263,107	22,508	\$11.69	N/A
AR42	Small	HDHP	201506	1 Generic	\$265,926	22,533	\$11.80	N/A
AR42	Small	HDHP	201507	1 Generic	\$268,052	22,550	\$11.89	N/A
AR42	Small	HDHP	201508	1 Generic	\$274,005	22,537	\$12.16	N/A
AR42	Small	HDHP	201509	1 Generic	\$282,651	22,535	\$12.54	N/A
AR42	Small	HDHP	201510	1 Generic	\$283,487	22,554	\$12.57	N/A
AR42	Small	HDHP	201511	1 Generic	\$286,775	22,587	\$12.70	N/A
AR42	Small	HDHP	201512	1 Generic	\$279,913	22,588	\$12.39	11.9%
AR42	Small	HDHP	201601	1 Generic	\$276,678	22,601	\$12.24	9.0%
AR42	Small	HDHP	201602	1 Generic	\$273,718	22,643	\$12.09	6.1%
AR42	Small	HDHP	201603	1 Generic	\$270,228	22,692	\$11.91	3.5%
AR42	Small	HDHP	201604	1 Generic	\$267,905	22,746	\$11.78	1.6%
AR42	Small	HDHP	201412	2 Brand	\$254,793	22,304	\$11.42	N/A
AR42	Small	HDHP	201501	2 Brand	\$255,320	22,345	\$11.43	N/A
AR42	Small	HDHP	201502	2 Brand	\$258,853	22,389	\$11.56	N/A
AR42	Small	HDHP	201503	2 Brand	\$262,323	22,438	\$11.69	N/A
AR42	Small	HDHP	201504	2 Brand	\$271,455	22,471	\$12.08	N/A
AR42	Small	HDHP	201505	2 Brand	\$271,398	22,508	\$12.06	N/A
AR42	Small	HDHP	201506	2 Brand	\$289,836	22,533	\$12.86	N/A
AR42	Small	HDHP	201507	2 Brand	\$286,123	22,550	\$12.69	N/A
AR42	Small	HDHP	201508	2 Brand	\$285,332	22,537	\$12.66	N/A
AR42	Small	HDHP	201509	2 Brand	\$280,341	22,535	\$12.44	N/A
AR42	Small	HDHP	201510	2 Brand	\$283,910	22,554	\$12.59	N/A
AR42	Small	HDHP	201511	2 Brand	\$286,848	22,587	\$12.70	N/A
AR42	Small	HDHP	201512	2 Brand	\$282,490	22,588	\$12.51	9.5%
AR42	Small	HDHP	201601	2 Brand	\$277,852	22,601	\$12.29	7.6%
AR42	Small	HDHP	201602	2 Brand	\$283,713	22,643	\$12.53	8.4%
AR42	Small	HDHP	201603	2 Brand	\$290,051	22,692	\$12.78	9.3%
AR42	Small	HDHP	201604	2 Brand	\$289,664	22,746	\$12.73	5.4%

Summary of Historical Rx Claims Broken Out by Rx Category

LOB	Size	Product Type	Rolling 12 End Date YYYYMM	Rx Category	Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
AR42	Small	HDHP	201412	3 Specialty	\$331,754	22,304	\$14.87	N/A
AR42	Small	HDHP	201501	3 Specialty	\$334,773	22,345	\$14.98	N/A
AR42	Small	HDHP	201502	3 Specialty	\$343,032	22,389	\$15.32	N/A
AR42	Small	HDHP	201503	3 Specialty	\$346,252	22,438	\$15.43	N/A
AR42	Small	HDHP	201504	3 Specialty	\$351,959	22,471	\$15.66	N/A
AR42	Small	HDHP	201505	3 Specialty	\$351,252	22,508	\$15.61	N/A
AR42	Small	HDHP	201506	3 Specialty	\$366,660	22,533	\$16.27	N/A
AR42	Small	HDHP	201507	3 Specialty	\$374,966	22,550	\$16.63	N/A
AR42	Small	HDHP	201508	3 Specialty	\$397,648	22,537	\$17.64	N/A
AR42	Small	HDHP	201509	3 Specialty	\$397,459	22,535	\$17.64	N/A
AR42	Small	HDHP	201510	3 Specialty	\$395,152	22,554	\$17.52	N/A
AR42	Small	HDHP	201511	3 Specialty	\$403,677	22,587	\$17.87	N/A
AR42	Small	HDHP	201512	3 Specialty	\$420,360	22,588	\$18.61	25.1%
AR42	Small	HDHP	201601	3 Specialty	\$428,803	22,601	\$18.97	26.6%
AR42	Small	HDHP	201602	3 Specialty	\$436,960	22,643	\$19.30	26.0%
AR42	Small	HDHP	201603	3 Specialty	\$485,780	22,692	\$21.41	38.7%
AR42	Small	HDHP	201604	3 Specialty	\$523,886	22,746	\$23.03	47.0%



ACTUARIAL MEMORANDUM

1Q and 2Q 2017 Small Group Grandfathered AR42 Filing

Purpose and Scope of Filing

The purpose of this filing is to demonstrate the development of premium rates in support of MVP Health Insurance Company's Small Group High Deductible EPO/PPO grandfathered product portfolio and seek approval of the premium rates. The premium rates included in this filing are for group effective dates between 1/1/2017 and 6/30/2017. The rates are effective for 12 months. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

This is a closed block of business and as of June 2016, there were 1,933 members enrolled in plans impacted by this rate filing. Of those 1,933 members, 1,263 members have 1Q contract effective dates and 305 have 2Q contract effective dates. MVP is proposing a quarterly rate decrease of 0.8% over the approved 4Q 2016 rates and annual rate increases of 9.0% and 10.5% for 1Q and 2Q 2017 renewals, respectively.

Derivation of Annual Rate Increases Based on Quarterly Rate Changes

	2Q '16 / 1Q '16	3Q '16 / 2Q '16	4Q '16 / 3Q '16	1Q '17 / 4Q '16	2Q '17 / 1Q '17	1Q '17 Annual Increase	2Q '17 Annual Increase
HDHP	1.0%	8.3%	0.4%	-0.8%	2.3%	9.0%	10.5%

Experience Period Claims

Small group grandfathered AR42 high deductible claims incurred between May 2015 and April 2016, paid through June 2016 was the basis of MVP's rate analysis. Fee-for-service (FFS) medical and pharmacy claims were projected to the 1Q 2017 rating period by applying 20 months of trend to the experience period data. The capitation and non-FFS costs included in the rate development represent MVP's best estimate of these costs during the rating period.

MVP has chosen to only use claims for groups which are currently active as of June 2016 as their base for rating. Because this is a closed block, MVP feels it is prudent to only rate the block based on the groups that are currently eligible to renew in the rating period.

MVP is also reflecting an additional claim expense that is not processed through its claims system (Line 4 of Exhibit 3). This is a claims settlement fee accrual that will be paid to a VT provider for 2015 dates of service and is identical to the additional expense reflected in the 2017 VT Exchange filing (SERFF# MVPH-130558905). The \$4.40 PMPM reflected in the rates is calculated as the estimated \$6.65 PMPM for 2015 multiplied by the percent of member months in the experience period that were in 2015 (66.2%).

Please note that \$185,009 in Rx paid claims were removed from the experience period data (approximately \$31,000 per month for July – December 2015). These claims are associated with one member’s utilization of the Hepatitis C drug Harvoni. Because the treatment lasts a limited amount of time (which does not flow into the rating period), MVP feels it is reasonable to remove the claims from the data. MVP recognizes the risk of other members within this block utilizing this drug, but because it is a closed block and Hepatitis C treatments have been approved by the FDA for over two years at this point, the risk of more members within this pool utilizing this drug is significantly less likely than if this were an open block of business. Including these claims in our data would result in a rate increase that is 3.5% higher than what is being proposed.

IBNR Factor

As previously stated, MVP has used claim data with two months of paid claim runout. We have completed the claims using an IBNR factor of 1.5% which also reflects two months of runout. This number is lower than the factor used to complete this block in the 2017 Exchange filing (1.7%) and the factor used in the last version of this filing (2.0%). MVP uses a combined trended PMPM and completion factor method, so this variance is not unexpected. Please see the following table comparing incurred and paid claim amounts by month for the experience period. Please note that this IBNR model is not exclusive to this block of business, so the paid and incurred claim amounts will not tie out to the experience in the filing.

Incurred Month	Paid Claims	Incurred Claims	IBNR Factor
201604	\$1,119,780	\$1,216,934	1.087
201603	\$1,343,918	\$1,404,218	1.045
201602	\$1,048,834	\$1,082,688	1.032
201601	\$1,108,343	\$1,132,961	1.022
201512	\$1,538,182	\$1,561,711	1.015
201511	\$1,891,250	\$1,911,271	1.011
201510	\$1,817,129	\$1,830,483	1.007
201509	\$2,098,315	\$2,108,574	1.005
201508	\$1,997,089	\$2,002,753	1.003
201507	\$2,090,765	\$2,094,013	1.002
201506	\$1,568,383	\$1,569,963	1.001
201505	\$1,503,400	\$1,504,274	1.001
Total	\$19,125,387	\$19,419,842	1.015

Pooling Charge

To account for volatility in high cost claims, medical and Rx claims in excess of \$100,000 are being removed from the claim projection and being replaced by a pooling charge. The pooling charge of 20.4% represents the arithmetic average cost of claims in excess of \$100,000 for the grandfathered small group high deductible (active-only) block over rolling 12 month time periods with ending dates between December 2014 and April 2016. A summary of the high cost claim ratio can be found in the attached file, “Rolling 12 Medical and Rx Data - SG HDHP”. This is an increase from the 16.0% used in the last version of this filing, but a different subset of the data was used to develop the charges. As stated in the previous filing’s Actuarial Memorandum, the pooling charge would have been 19.3% had MVP used active groups only.

Development of Base Premium Rates

Exhibit 3a demonstrates the development of the proposed 1st quarter rate action. Claims adjusted with the pooling charge described above and completed with IBNR are projected to the rating period. Non-FFS claim expenses and New York's paid claim surcharge expense (HCRA) are added to the claim projection. Please see the table below for a summary of non-FFS and capitation expenses reflected in MVP's rate development for this filing.

Summary of Capitations and Non-FRDM Claim Expenses	
Other Medical Expense not in warehouse	\$1.27
ASH Cap	\$0.28
Net Reinsurance Expense	\$0.20
Medical Home and PCP Incentive	\$3.15
Total	\$4.90

The expected non-FFS medical expenses added to the claim projection reflect costs associated with net reinsurance expense, PCP incentive payments and Medical Home, and other miscellaneous MVP claim expenses not included in the historical experience period data such as manual checks and Massachusetts surcharges.

Experience period Rx claims are adjusted for pooling and projected to the rating period. Rx claims are adjusted for the impact of Bill H559, which is not fully reflected in the experience period data. Rebates are removed from the projected claim cost.

Bill H559 was effective beginning with October 2012 renewals. Included in this regulation is an out of pocket maximum for prescription drug expenses. All of the claim adjustments attributable to Bill H559 are not being processed within MVP's claim system during the experience period for this rate filing. Therefore, an adjustment to the experience period claims is needed. To quantify the impact of this mandate, MVP analyzed member level drug claims historically for members to quantify this impact. MVP captured amounts paid by members in excess of the Rx OOP maximum to be in effect for 1Q 2017, or \$1,300. The amount of Rx claims in excess of \$1,300 was used to quantify the impact of this mandate on drug claim expenses in 2017/2018 and is equal to \$0.87 PMPM.

MVP has received Rx rebate information from our pharmacy benefit manager for 2016, but has not received rebate information for 2017 as of this filing. We have assumed the same rebates per script for 2017 as 2016. The data provided is an average rebate per script for brand and specialty drugs. These amounts were applied to MVP's projection period brand and specialty script utilization to obtain a PMPM estimate of the rebates in the projection period and equals \$8.42 PMPM for 1Q 2017 and \$8.32 PMPM for 2Q 2017.

The claim projection is then being adjusted to account for the impact of membership not representing a full 12-month contract over the experience period. Because deductibles are present in all of these products, paid claims are suppressed in the early months of a member's contract and are higher than average in later contract months. Therefore, if the experience period membership is not evenly distributed by contract month, an adjustment to the claim costs should be made to reflect the expected claim costs for a 12-month contract period.

To determine the adjustment factor for the experience period claims cost, MVP used deductible suppression factors which were developed by analyzing commercial claims for members with 12 months of medical and Rx benefit coverage. MVP assumed that allowed claims were uniformly distributed by month and determined the expected paid claim cost for a given month relative to the average paid amount for 12 months. Factors were developed for a number of different deductible levels, and MVP split its experience period membership by these deductible levels to compute the appropriate adjustment factors. This adjustment factor equals 1.002 and can be found in Exhibit 3a. A quantitative derivation of this factor can be found in the file, "Impact of Membership Growth_Decline on Experience Pd Claims". This factor is higher than the 0.995 used in the previous file, but is due to the switch in membership base between the experience periods. We would expect a factor close to 1.000 for active groups in a closed block, and the factor is slightly higher due to an increase in membership (within groups) in January 2016.

To arrive at the required rate change for 1Q 2017, projected net claims are converted to a gross claims cost. This is achieved by accounting for taxes/assessments being charged in 1Q 2017, making an adjustment for changes to the single conversion factor and HHS age factor, and other retention items. Other retention items include administrative costs, contribution to reserves, and bad debt. The projected rating period required gross premium is compared to the prior rating period gross premium to indicate the suggested quarterly rate change.

MVP used June 2016 membership to determine the single conversion factor for the rating period. MVP has also determined the HHS age factor for the rating period (using June 2016 membership) and compared it to the experience period data to reflect an increase in the average age (and therefore claim cost) over time. The results can be seen in the following table.

HHS Age Factor Change- Exp. Pd. To Rating Pd.			
Block	Time Period	Average Age	HHS Age Fx
GF Active Only	Experience Period	38.9	1.566
GF Active Only	Current Snapshot	39.2	1.582
Change in Factor			1.01%

MVP has also developed 2Q 2017 premium rates for this rate filing. Please see Exhibit 3b which is identical to Exhibit 3a except for the fact that one more quarter of trend has been applied to the experience period claims and changes in taxes/fees between 1Q and 2Q 2017 contract effective dates is also being captured. The required quarterly rate change for 2Q 2017 is calculated by comparing the required rate change for 2Q 2017 to the proposed 1Q 2017 gross premium rates.

Medical Trend Factors

The development of annual medical paid claim trend factors for 1Q 2017 is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its data. Regression analysis has been performed on MVP's utilization data, and it was concluded that the predictive ability of the historical utilization trends was weak and not reliable. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network. MVP has not changed the unit cost trends from the 2017 VT Exchange filing, and 2018 trends are assumed to be equal to 2017 trends for purposes of calculating the 2Q 2017 total trend.

In addition to the medical cost inflation rate assumed from the historical experience period to the rating period, an adjustment is needed to reflect the impact of cost share leveraging on the carrier's share of the medical cost. Leveraging is a result of the fixed nature of deductibles and copays in health benefit plans. When there are fixed member deductibles and copays, the carrier bears a greater portion of the cost of medical inflation. Therefore, an additional factor adjustment is made to the trend assumption to capture this cost.

The trend applied to the deductible portion of the experience period was derived using the distribution of claims for MVP's VT book of business. Claims below the average deductible amount over the experience period were trended at the applicable allowed trend rate while claims greater than the deductible were held flat.

Also included in this filing is a paid trend development exhibit for 2Q 2017. Please see Exhibit 2c which is identical to Exhibit 2a except there is one quarter of 2018 trend reflected in the calculation.

Rx Trend Factors

Annual Rx trend factors split by generic, brand and specialty drugs are illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy benefit manager (PBM) and reflect their best estimate of expected changes to pharmacy costs and drug utilization, given MVP's data as a starting point. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends for 3Q 2016 can be found in Exhibit 2b.

MVP has revised its trend forecasts from the previous version of this filing to incorporate MVP's data into the PBM's projections. The PBM has provided trends for 2016 and 2017, and MVP is assuming that 2018 trends will be equal to 2017 trends. These trends are identical to the trends used to project small group pharmacy claims in our 2017 VT Exchange filing. The trend forecast provided by MVP's PBM accounts for drugs coming off patent, changes in average wholesale price, new drugs being released to the market, and price competitiveness amongst generic and brand drug manufacturers. Because the Rx market is constantly changing and the items listed above are not reflected in historical trends, MVP does not feel that historical Rx trends have relevance for projecting future increases in Rx costs. Please see the following tables which display MVP's pharmacy trends in this filing and the previous version of this filing.

Rx Trends Used in 3Q 2016 MVP VT Small Group Grandfathered Filing				
	2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
Generic	3.0%	2.2%	3.0%	2.4%
Brand	13.5%	-4.4%	13.5%	-6.0%
Specialty	12.0%	6.0%	12.0%	4.0%

Rx Trends Used in 1Q 2017 MVP VT Small Group Grandfathered Filing				
	2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-12.6%	3.4%	-3.2%	3.1%
Brand	10.4%	-2.2%	17.3%	-1.9%
Specialty	10.9%	10.3%	11.7%	7.9%

Please see the attached file, "Rolling 12 Medical and Rx Data – SG HDHP" which contains a rolling 12 month summary of total Rx claim costs as well as Rx data broken out by Generic, Brand, and Specialty. This block's Rx allowed PMPM has increased at an annualized rate of 24.1% from the prior experience period (after removal of the Harvoni claims discussed previously), far outpacing trends that were built into previous filings.

Also included in this filing is a paid trend development exhibit for 2Q 2017. Please see Exhibit 2d which is identical to Exhibit 2b except there is one quarter of 2018 trend reflected in the calculation.

Retention Expenses

Exhibit 5 in the rate filing illustrates the non-claim expense loads included in the proposed premium rates. This portion of the premium rates is intended to cover MVP's general administrative expenses, taxes/assessments, bad debt expense, and a contribution to surplus.

The proposed premium rates reflect an administrative charge equal 8.4% of premium for this filing. This is an increase of 0.4% from the previous SG AR42 filing. Because this is a closed block, MVP expects declining membership in the future. This increase in admin is a result of spreading administrative costs across a smaller population. Please see the table below for a summary of MVP's administrative expenses from 2012 – 2015 for Small Group business in Vermont:

Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit				
	Small Group - AR42 & AR44			
	Member Months	Premium PMPM	Admin PMPM	Expense Ratio
2012	190,795	\$365.29	\$37.24	10.2%
2013	178,794	\$394.67	\$46.56	11.8%
2014	87,545	\$410.60	\$38.11	9.3%
2015	53,993	\$416.49	\$34.04	8.2%

Admin PMPM reflects the following lines from Part I of the SHCE: 6.6, 8.3, 10.1, and 10.4

A summary of the taxes/assessments included in the premium rates are provided below:

ACA Insurer Tax

Since 2014, carriers have been taxed based on earned premium, but there will be a one year moratorium on this fee for 2017. The fee will then be reinstated for 2018 and beyond. MVP estimates this tax will be 0.0% of premium for first quarter 2017 renewals and 0.75% for second quarter renewals. MVP is weighting this percentage based on the average renewal month for 1Q and 2Q policies. These percentages by renewal quarter can be found on Exhibit 5.

Paid Claim Taxes

In addition to the State of Vermont 0.999% tax on paid claims, MVP is subject to New York HCRA taxes which are based on paid medical claims. The New York HCRA tax is based only on claims paid for services performed by New York hospitals. The New York HCRA load equals 0.25% and is based on historical HCRA fees incurred by Vermont members.

Comparative Effectiveness Research Fee

This is a prescribed Federal fee equal to \$0.20 PMPM to fund the Federal Research Fund. MVP has increased this fee by \$0.02 PMPM over the last filing to reflect an increase in the tax, which is indexed to inflation in National Health Expenditures.

VT Vaccine Pilot

This is a Vermont state assessment based on plan premiums which is used to fund immunizations provided by the state. This assessment has been maintained at 0.5% of premium for this filing based on 1Q 2016 assessments from the State of Vermont for the Kids Vax program.

Assessment to Fund Health Care Advocate

Recent legislation has been proposed which will assess carriers and hospitals to fund the Health Care Advocate. The total assessment equals \$510,000 with 24.2%, or \$123,420, of it being funded by health insurance companies licensed under 8 V.S.A. Chapter 101. The assessment will be allocated amongst carriers under this license based on earned premium. MVP reviewed the earned premium reported on the 2015 Supplemental Health Care Exhibits for carriers under this license and estimates that MVP will be responsible for 56.7% of the assessment, or approximately \$70,000. Based on MVP's March 2016 total commercial enrollment in the State of Vermont, \$0.49 PMPM is being added to the proposed premium rates for this assessment.

Contribution to Reserves/Risk Charge

MVP is building a 2% contribution to reserves/risk charge into the premium rates for the filing. This charge is added to premium rates to meet statutory reserve requirements for MVP's VT block of business and protect against adverse experience relative to pricing assumptions.

Bad Debt Expense

A plan level adjustment equal to 0.25% of premium was added to account for non-payment of premium risk. This charge is unchanged from the previous filing.

Loss Ratio Information

The traditional target loss ratio (claims cost / premium) for the rates proposed in this rate filing is 86.7%. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal target loss ratio for the rates proposed in this filing is 89.9%. Please see the table below for more detail:

Target Loss Ratio for SG HDHP in 1Q 2017	
	Small Group AR42 HDHP
A) Claims Expense	\$385.58
B) Taxes/Assessments	\$11.81
C) Quality Improvement	\$3.74
D) Premium	\$444.75
E) Traditional Loss Ratio = A) / D)	86.7%
F) Federal Loss Ratio = [A) + C)] / [D) - B)]	89.9%

Please note that the traditional target loss ratio has decreased from 87.5% in the 3Q 2016 filing to 86.7% for this filing. This is due to the administrative load and contribution to reserve increases as well as the Health Care Advocate assessment, and offset by removal of the temporary reinsurance pool fee and decreasing the ACA Insurer Tax.

Over the experience period, the actual loss ratio for the members in the experience period is 94.8%. MVP will not be rebating customers for its Small Group AR42 VT block in 2015. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal loss ratio used to determine if this block is in a rebating situation for 2015 is 97.0%.

Supplemental Exhibits

Also included with this filing is a historical claim and membership summary for the past 28 months grouped into rolling 12 month periods. Incurred claims from January 2014 – April 2016 completed through June 2016 are reflected in the data.

Retired Products

Base coplan VEHD-09S is being retired from the Small Group Grandfathered portfolio effective January 1, 2017. This plan no longer has membership as of June 2016.

Actuarial Certification

I, Eric Bachner, am an Associate of the Society of Actuaries. I have examined the assumptions and methods used in determining MVP's requested rates. Based on my review and examination, it is my opinion that the proposed premium rates are reasonable in relation to the benefits provided and that they are not excessive, inadequate, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.



Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care, Inc.

08/05/2016

Date



Consumer Disclosure about Proposed Health Insurance Rate Increases VT 2017 1Q/2Q SG Grandfathered Rate Filing

MVP Health Insurance Co. is a health care payer operating in Vermont and New York. MVP's mission is to provide high quality and affordable health care with a focus on wellness to our members.

MVP must obtain approval from the Green Mountain Care Board for the health insurance premium rates charged. MVP files semi-annual premium rates for this block of business which are guaranteed for 12 months. This rate filing seeks approval of MVP's 2016 Small Group Grandfathered rates (effective dates of coverage beginning between January 1, 2017 and June 30, 2017).


The premium rates filed reflect MVP's current estimate of the cost to provide health insurance for that coverage period. The filed premium rates may be higher or lower than the previously filed premium rates; however, premium rates generally increase over time. Increases in premium rates are driven by many factors including increases in use of medical services by the insured population, increases in hospital and physician required charges for medical care, increases in prescription drug costs, expanded covered services due to government mandates, fees and assessments charged by the government to insurers, and the exit of healthier individuals from the insurance marketplace as the cost of insurance increases.

The proposed rates reflect an average rate adjustment to prior rates of 9.0% for policies renewing in the first quarter of 2017 and 10.5% for policies renewing in the second quarter of 2017. The increases range from 9.0% to 13.9% in the first quarter and from 10.5% to 15.4% in the second quarter. There are 246 policyholders, 1,069 subscribers and 1,933 members impacted by this rate filing.

Certification of Compliance

I hereby certify that I have reviewed the applicable filing requirements for this filing and the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.

Print Name: Karla Austen **Title:** Chief Financial Officer & Executive Vice President

Signature: 

Date: 08/05/16



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

August 25, 2016

Mr. Kevin Rugeberg, ASA, MAAA
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2017 Vermont Small Group AR42 Rate Filing
SERFF Tracking #: MVPH-1306818193

Dear Mr. Rugeberg:

This letter is in response to your correspondence received 08/22/16 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. Exhibit 5 states that the average renewal date for 2Q groups is 4.21 months later than the average renewal date for 1Q groups. Please explain why only 3 months of trend are being applied to 1Q rates to obtain rates for 2Q groups.

Response: MVP has consistently in the past applied its medical and pharmacy trends from the end of the experience period to the end of the rating period for the earliest possible renewal. We recognize that since this is a closed block, the average quarterly renewal is unlikely to vary considerably over time, but MVP has chosen to be consistent in its trend application among all of its filings. MVP estimates that the 2Q rate increase would be approximately 0.6% higher if an additional 1.2 months of 2018 trend were added.

2. The description provided with the Rx trends seems to suggest that the change in 2016 trend from the prior filing is due solely to the application of PBM trends to MVP data rather than a more aggregated dataset. Is this correct? Does MVP have an understanding of why the generic cost trend is low when based on Vermont data?

Response: MVP attributes the majority of trend changes to be driven by using MVP Vermont small group and individual data rather than a more aggregated data set. However, it is also possible that the PBM has changed its unit cost projections for individual drugs between the two filings. The extent to which these changes would have changed the original projections is unknown. MVP has noted that the Vermont-specific generic unit cost trends are much lower than the trends for its other entities, and data provided by the PBM has pinpointed several drug categories that have a material impact on the lower trends. The specific drugs in these categories that are impacting the trends are unknown.

3. When were the policy duration factors last updated? We would expect that medical trends would reduce the seasonality impact of a given deductible over time.

Response: The policy duration factors were updated prior to the 2017 Exchange filing and reflect data from 2014 dates of service. MVP has recognized a shift in the cumulative distribution function of allowed claims towards larger amounts over time, and agrees that this shift results in MVP's liability being more evenly distributed across the contract period. Please see the following tables which reflect the duration factors used in the 3Q/4Q 2016 filing and the 1Q/2Q 2017 filing.



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

3Q/4Q 2016 Policy Duration Factors by Deductible

Deductible Level	1	2	3	4	5	6	7	8	9	10	11	12
\$1,500	0.37	0.72	0.88	0.97	1.03	1.08	1.11	1.14	1.16	1.17	1.18	1.19
\$2,000	0.32	0.67	0.84	0.95	1.03	1.08	1.12	1.15	1.18	1.20	1.22	1.23
\$2,500	0.29	0.63	0.81	0.94	1.02	1.08	1.13	1.17	1.20	1.22	1.25	1.26
\$2,600	0.29	0.63	0.81	0.93	1.02	1.08	1.13	1.17	1.20	1.23	1.25	1.27
\$5,000	0.20	0.53	0.73	0.87	0.98	1.07	1.14	1.21	1.26	1.30	1.34	1.37

1Q/2Q 2017 Policy Duration Factors by Deductible

Deductible Level	1	2	3	4	5	6	7	8	9	10	11	12
\$1,500	0.41	0.77	0.91	0.98	1.03	1.07	1.10	1.12	1.14	1.15	1.16	1.17
\$2,000	0.37	0.72	0.88	0.97	1.03	1.07	1.11	1.13	1.15	1.17	1.19	1.20
\$2,500	0.34	0.68	0.85	0.96	1.03	1.08	1.12	1.15	1.17	1.19	1.21	1.23
\$2,600	0.33	0.67	0.85	0.96	1.03	1.08	1.12	1.15	1.17	1.20	1.21	1.23
\$5,000	0.24	0.58	0.76	0.89	1.00	1.08	1.14	1.19	1.23	1.27	1.30	1.32

The factors here represent the ratio of MVP’s assumed liability PMPM for a given month to MVP’s assumed liability PMPM over the entire contract. As you can see, the updated factors show an increase in MVP’s liability in earlier months, consistent with an increase in morbidity over time, and a corresponding (relative) decrease in later months to compensate.

4. Please support the 0.75% assumption for the Insurer Fee assessed on 2Q 2017 renewals.

Response: Assuming that a renewal month of 1.0 reflects an actual renewal date of January 1, an average renewal month of 5.37 reflects an approximate renewal date of May 11. This means that the average second quarter renewal will spend 7.63 (12 – 4.37) months of their contract in 2017 and 4.37 months of their contract in 2018. To calculate the ACA Insurer Fee for second quarter renewals, MVP multiplied the proportion of the average contract spent in 2018 (4.37 / 12) times the assumed 2.0% Insurer Fee for 2018 to get to 0.73% (rounded to 4 decimal places). MVP has rounded this number to 0.75% in the filing.

If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

Eric Bachner, ASA
 Senior Actuarial Analyst
 MVP Health Care

State: VermontGMCB
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 1Q/2Q 2017
Filing Company: MVP Health Insurance Company
Project Name/Number: /

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
08/05/2016		Supporting Document	Actuarial Memorandum	08/05/2016	VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.xlsx VT SG HIC GF Q1 & Q2 2017 Rate Filing SERFF.pdf 1Q 2017 ACT MEMO HIC Small Group.pdf (Superceded) Impact of Membership Growth_Decline on Experience Pd Claims.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx Rolling 12 Medical and Rx Data - SG HDHP.xlsx Rolling 12 Medical and Rx Data - SG HDHP.pdf



ACTUARIAL MEMORANDUM

1Q and 2Q 2017 Small Group Grandfathered AR42 Filing

Purpose and Scope of Filing

The purpose of this filing is to demonstrate the development of premium rates in support of MVP Health Insurance Company's Small Group High Deductible EPO/PPO grandfathered product portfolio and seek approval of the premium rates. The premium rates included in this filing are for group effective dates between 1/1/2017 and 6/30/2017. The rates are effective for 12 months. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

This is a closed block of business and as of June 2016, there were 1,933 members enrolled in plans impacted by this rate filing. Of those 1,933 members, 1,263 members have 1Q contract effective dates and 305 have 2Q contract effective dates. MVP is proposing a quarterly rate decrease of 0.8% over the approved 4Q 2016 rates and annual rate increases of 9.0% and 10.5% for 1Q and 2Q 2017 renewals, respectively.

Derivation of Annual Rate Increases Based on Quarterly Rate Changes

	2Q '16 / 1Q '16	3Q '16 / 2Q '16	4Q '16 / 3Q '16	1Q '17 / 4Q '16	2Q '17 / 1Q '17	1Q '17 Annual Increase	2Q '17 Annual Increase
HDHP	1.0%	8.3%	0.4%	-0.8%	2.3%	9.0%	10.5%

Experience Period Claims

Small group grandfathered AR42 high deductible claims incurred between May 2015 and April 2016, paid through June 2016 was the basis of MVP's rate analysis. Fee-for-service (FFS) medical and pharmacy claims were projected to the 1Q 2017 rating period by applying 20 months of trend to the experience period data. The capitation and non-FFS costs included in the rate development represent MVP's best estimate of these costs during the rating period.

MVP has chosen to only use claims for groups which are currently active as of June 2016 as their base for rating. Because this is a closed block, MVP feels it is prudent to only rate the block based on the groups that are currently eligible to renew in the rating period.

MVP is also reflecting an additional claim expense that is not processed through its claims system (Line 4 of Exhibit 3). This is a claims settlement fee accrual that will be paid to a VT provider for 2015 dates of service and is identical to the additional expense reflected in the 2017 VT Exchange filing (SERFF# MVPH-130558905). The \$4.40 PMPM reflected in the rates is calculated as the estimated \$6.65 PMPM for 2015 multiplied by the percent of member months in the experience period that were in 2015 (66.2%).

Please note that \$185,009 in Rx paid claims were removed from the experience period data (approximately \$31,000 per month for July – December 2015). These claims are associated with one member’s utilization of the Hepatitis C drug Harvoni. Because the treatment lasts a limited amount of time (which does not flow into the rating period), MVP feels it is reasonable to remove the claims from the data. MVP recognizes the risk of other members within this block utilizing this drug, but because it is a closed block and Hepatitis C treatments have been approved by the FDA for over two years at this point, the risk of more members within this pool utilizing this drug is significantly less likely than if this were an open block of business. Including these claims in our data would result in a rate increase that is 3.5% higher than what is being proposed.

IBNR Factor

As previously stated, MVP has used claim data with two months of paid claim runout. We have completed the claims using an IBNR factor of 1.5% which also reflects two months of runout. This number is lower than the factor used to complete this block in the 2017 Exchange filing (1.7%) and the factor used in the last version of this filing (2.0%). MVP uses a combined trended PMPM and completion factor method, so this variance is not unexpected. Please see the following table comparing incurred and paid claim amounts by month for the experience period. Please note that this IBNR model is not exclusive to this block of business, so the paid and incurred claim amounts will not tie out to the experience in the filing.

Incurred Month	Paid Claims	Incurred Claims	IBNR Factor
201604	\$1,119,780	\$1,216,934	1.087
201603	\$1,343,918	\$1,404,218	1.045
201602	\$1,048,834	\$1,082,688	1.032
201601	\$1,108,343	\$1,132,961	1.022
201512	\$1,538,182	\$1,561,711	1.015
201511	\$1,891,250	\$1,911,271	1.011
201510	\$1,817,129	\$1,830,483	1.007
201509	\$2,098,315	\$2,108,574	1.005
201508	\$1,997,089	\$2,002,753	1.003
201507	\$2,090,765	\$2,094,013	1.002
201506	\$1,568,383	\$1,569,963	1.001
201505	\$1,503,400	\$1,504,274	1.001
Total	\$19,125,387	\$19,419,842	1.015

Pooling Charge

To account for volatility in high cost claims, medical and Rx claims in excess of \$100,000 are being removed from the claim projection and being replaced by a pooling charge. The pooling charge of 20.4% represents the arithmetic average cost of claims in excess of \$100,000 for the grandfathered small group high deductible (active-only) block over rolling 12 month time periods with ending dates between December 2014 and April 2016. A summary of the high cost claim ratio can be found in the attached file, “Rolling 12 Medical and Rx Data - SG HDHP”. This is an increase from the 16.0% used in the last version of this filing, but a different subset of the data was used to develop the charges. As stated in the previous filing’s Actuarial Memorandum, the pooling charge would have been 19.3% had MVP used active groups only.

Development of Base Premium Rates

Exhibit 3a demonstrates the development of the proposed 1st quarter rate action. Claims adjusted with the pooling charge described above and completed with IBNR are projected to the rating period. Non-FFS claim expenses and New York's paid claim surcharge expense (HCRA) are added to the claim projection. Please see the table below for a summary of non-FFS and capitation expenses reflected in MVP's rate development for this filing.

Summary of Capitations and Non-FRDM Claim Expenses	
Other Medical Expense not in warehouse	\$1.27
ASH Cap	\$0.28
Net Reinsurance Expense	\$0.20
Medical Home and PCP Incentive	\$3.15
Total	\$4.90

The expected non-FFS medical expenses added to the claim projection reflect costs associated with net reinsurance expense, PCP incentive payments and Medical Home, and other miscellaneous MVP claim expenses not included in the historical experience period data such as manual checks and Massachusetts surcharges.

Experience period Rx claims are adjusted for pooling and projected to the rating period. Rx claims are adjusted for the impact of Bill H559, which is not fully reflected in the experience period data. Rebates are removed from the projected claim cost.

Bill H559 was effective beginning with October 2012 renewals. Included in this regulation is an out of pocket maximum for prescription drug expenses. All of the claim adjustments attributable to Bill H559 are not being processed within MVP's claim system during the experience period for this rate filing. Therefore, an adjustment to the experience period claims is needed. To quantify the impact of this mandate, MVP analyzed member level drug claims historically for members to quantify this impact. MVP captured amounts paid by members in excess of the Rx OOP maximum to be in effect for 1Q 2017, or \$1,300. The amount of Rx claims in excess of \$1,300 was used to quantify the impact of this mandate on drug claim expenses in 2017/2018 and is equal to \$0.87 PMPM.

MVP has received Rx rebate information from our pharmacy benefit manager for 2016, but has not received rebate information for 2017 as of this filing. We have assumed the same rebates per script for 2017 as 2016. The data provided is an average rebate per script for brand and specialty drugs. These amounts were applied to MVP's projection period brand and specialty script utilization to obtain a PMPM estimate of the rebates in the projection period and equals \$8.42 PMPM for 1Q 2017 and \$8.32 PMPM for 2Q 2017.

The claim projection is then being adjusted to account for the impact of membership not representing a full 12-month contract over the experience period. Because deductibles are present in all of these products, paid claims are suppressed in the early months of a member's contract and are higher than average in later contract months. Therefore, if the experience period membership is not evenly distributed by contract month, an adjustment to the claim costs should be made to reflect the expected claim costs for a 12-month contract period.

To determine the adjustment factor for the experience period claims cost, MVP used deductible suppression factors which were developed by analyzing commercial claims for members with 12 months of medical and Rx benefit coverage. MVP assumed that allowed claims were uniformly distributed by month and determined the expected paid claim cost for a given month relative to the average paid amount for 12 months. Factors were developed for a number of different deductible levels, and MVP split its experience period membership by these deductible levels to compute the appropriate adjustment factors. This adjustment factor equals 1.002 and can be found in Exhibit 3a. A quantitative derivation of this factor can be found in the file, "Impact of Membership Growth_Decline on Experience Pd Claims". This factor is higher than the 0.995 used in the previous file, but is due to the switch in membership base between the experience periods. We would expect a factor close to 1.000 for active groups in a closed block, and the factor is slightly higher due to an increase in membership (within groups) in January 2016.

To arrive at the required rate change for 1Q 2017, projected net claims are converted to a gross claims cost. This is achieved by accounting for taxes/assessments being charged in 1Q 2017, making an adjustment for changes to the single conversion factor and HHS age factor, and other retention items. Other retention items include administrative costs, contribution to reserves, and bad debt. The projected rating period required gross premium is compared to the prior rating period gross premium to indicate the suggested quarterly rate change.

MVP used June 2016 membership to determine the single conversion factor for the rating period. MVP has also determined the HHS age factor for the rating period (using June 2016 membership) and compared it to the experience period data to reflect an increase in the average age (and therefore claim cost) over time. The results can be seen in the following table.

HHS Age Factor Change- Exp. Pd. To Rating Pd.			
Block	Time Period	Average Age	HHS Age Fx
GF Active Only	Experience Period	38.9	1.566
GF Active Only	Current Snapshot	39.2	1.582
Change in Factor			1.01%

MVP has also developed 2Q 2017 premium rates for this rate filing. Please see Exhibit 3b which is identical to Exhibit 3a except for the fact that one more quarter of trend has been applied to the experience period claims and changes in taxes/fees between 1Q and 2Q 2017 contract effective dates is also being captured. The required quarterly rate change for 2Q 2017 is calculated by comparing the required rate change for 2Q 2017 to the proposed 1Q 2017 gross premium rates.

Medical Trend Factors

The development of annual medical paid claim trend factors for 1Q 2017 is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its data. Regression analysis has been performed on MVP's utilization data, and it was concluded that the predictive ability of the historical utilization trends was weak and not reliable. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network. MVP has not changed the unit cost trends from the 2017 VT Exchange filing, and 2018 trends are assumed to be equal to 2017 trends for purposes of calculating the 2Q 2017 total trend.

In addition to the medical cost inflation rate assumed from the historical experience period to the rating period, an adjustment is needed to reflect the impact of cost share leveraging on the carrier's share of the medical cost. Leveraging is a result of the fixed nature of deductibles and copays in health benefit plans. When there are fixed member deductibles and copays, the carrier bears a greater portion of the cost of medical inflation. Therefore, an additional factor adjustment is made to the trend assumption to capture this cost.

The trend applied to the deductible portion of the experience period was derived using the distribution of claims for MVP's VT book of business. Claims below the average deductible amount over the experience period were trended at the applicable allowed trend rate while claims greater than the deductible were held flat.

Also included in this filing is a paid trend development exhibit for 2Q 2017. Please see Exhibit 2c which is identical to Exhibit 2a except there is one quarter of 2018 trend reflected in the calculation.

Rx Trend Factors

Annual Rx trend factors split by generic, brand and specialty drugs are illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy benefit manager (PBM) and reflect their best estimate of expected changes to pharmacy costs and drug utilization, given MVP's data as a starting point. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends for 3Q 2016 can be found in Exhibit 2b.

MVP has revised its trend forecasts from the previous version of this filing to incorporate MVP's data into the PBM's projections. The PBM has provided trends for 2016 and 2017, and MVP is assuming that 2018 trends will be equal to 2017 trends. These trends are identical to the trends used to project small group pharmacy claims in our 2017 VT Exchange filing. The trend forecast provided by MVP's PBM accounts for drugs coming off patent, changes in average wholesale price, new drugs being released to the market, and price competitiveness amongst generic and brand drug manufacturers. Because the Rx market is constantly changing and the items listed above are not reflected in historical trends, MVP does not feel that historical Rx trends have relevance for projecting future increases in Rx costs. Please see the following tables which display MVP's pharmacy trends in this filing and the previous version of this filing.

Rx Trends Used in 3Q 2016 MVP VT Small Group Grandfathered Filing				
	2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
Generic	3.0%	2.2%	3.0%	2.4%
Brand	13.5%	-4.4%	13.5%	-6.0%
Specialty	12.0%	6.0%	12.0%	4.0%

Rx Trends Used in 1Q 2017 MVP VT Small Group Grandfathered Filing				
	2016 Trend		2017 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-12.6%	3.4%	-3.2%	3.1%
Brand	10.4%	-2.2%	17.3%	-1.9%
Specialty	10.9%	10.3%	11.7%	7.9%

Please see the attached file, "Rolling 12 Medical and Rx Data – SG HDHP" which contains a rolling 12 month summary of total Rx claim costs as well as Rx data broken out by Generic, Brand, and Specialty. This block's Rx allowed PMPM has increased at an annualized rate of 24.1% from the prior experience period (after removal of the Harvoni claims discussed previously), far outpacing trends that were built into previous filings.

Also included in this filing is a paid trend development exhibit for 2Q 2017. Please see Exhibit 2d which is identical to Exhibit 2b except there is one quarter of 2018 trend reflected in the calculation.

Retention Expenses

Exhibit 5 in the rate filing illustrates the non-claim expense loads included in the proposed premium rates. This portion of the premium rates is intended to cover MVP's general administrative expenses, taxes/assessments, bad debt expense, and a contribution to surplus.

The proposed premium rates reflect an administrative charge equal 8.4% of premium for this filing. This is an increase of 0.4% from the previous SG AR42 filing. Because this is a closed block, MVP expects declining membership in the future. This increase in admin is a result of spreading administrative costs across a smaller population. Please see the table below for a summary of MVP's administrative expenses from 2012 – 2015 for Small Group business in Vermont:

Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit				
	Small Group - AR42 & AR44			
	Member Months	Premium PMPM	Admin PMPM	Expense Ratio
2012	190,795	\$365.29	\$37.24	10.2%
2013	178,794	\$394.67	\$46.56	11.8%
2014	87,545	\$410.60	\$38.11	9.3%
2015	53,993	\$416.49	\$34.04	8.2%

Admin PMPM reflects the following lines from Part I of the SHCE: 6.6, 8.3, 10.1, and 10.4

A summary of the taxes/assessments included in the premium rates are provided below:

ACA Insurer Tax

Since 2014, carriers have been taxed based on earned premium, but there will be a one year moratorium on this fee for 2017. The fee will then be reinstated for 2018 and beyond. MVP estimates this tax will be 0.0% of premium for first quarter 2017 renewals and 0.75% for second quarter renewals. MVP is weighting this percentage based on the average renewal month for 1Q and 2Q policies. These percentages by renewal quarter can be found on Exhibit 5.

Paid Claim Taxes

In addition to the State of Vermont 0.999% tax on paid claims, MVP is subject to New York HCRA taxes which are based on paid medical claims. The New York HCRA tax is based only on claims paid for services performed by New York hospitals. The New York HCRA load equals 0.25% and is based on historical HCRA fees incurred by Vermont members.

Comparative Effectiveness Research Fee

This is a prescribed Federal fee equal to \$0.20 PMPM to fund the Federal Research Fund. MVP has increased this fee by \$0.02 PMPM over the last filing to reflect an increase in the tax, which is indexed to inflation in National Health Expenditures.

VT Vaccine Pilot

This is a Vermont state assessment based on plan premiums which is used to fund immunizations provided by the state. This assessment has been maintained at 0.5% of premium for this filing based on 1Q 2016 assessments from the State of Vermont for the Kids Vax program.

Assessment to Fund Health Care Advocate

Recent legislation has been proposed which will assess carriers and hospitals to fund the Health Care Advocate. The total assessment equals \$510,000 with 24.2%, or \$123,420, of it being funded by health insurance companies licensed under 8 V.S.A. Chapter 101. The assessment will be allocated amongst carriers under this license based on earned premium. MVP reviewed the earned premium reported on the 2015 Supplemental Health Care Exhibits for carriers under this license and estimates that MVP will be responsible for 56.7% of the assessment, or approximately \$70,000. Based on MVP's March 2016 total commercial enrollment in the State of Vermont, \$0.49 PMPM is being added to the proposed premium rates for this assessment.

Contribution to Reserves/Risk Charge

MVP is building a 2% contribution to reserves/risk charge into the premium rates for the filing. This charge is added to premium rates to meet statutory reserve requirements for MVP's VT block of business and protect against adverse experience relative to pricing assumptions.

Bad Debt Expense

A plan level adjustment equal to 0.25% of premium was added to account for non-payment of premium risk. This charge is unchanged from the previous filing.

Loss Ratio Information

The traditional target loss ratio (claims cost / premium) for the rates proposed in this rate filing is 86.7%. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal target loss ratio for the rates proposed in this filing is 89.9%. Please see the table below for more detail:

Target Loss Ratio for SG HDHP in 1Q 2017	
	Small Group AR42 HDHP
A) Claims Expense	\$385.58
B) Taxes/Assessments	\$11.81
C) Quality Improvement	\$3.74
D) Premium	\$444.75
E) Traditional Loss Ratio = A) / D)	86.7%
F) Federal Loss Ratio = [A) + C)] / [D) - B)]	89.9%

Please note that the traditional target loss ratio has decreased from 87.5% in the 3Q 2016 filing to 86.7% for this filing. This is due to the administrative load and contribution to reserve increases as well as the Health Care Advocate assessment, and offset by removal of the temporary reinsurance pool fee and decreasing the ACA Insurer Tax.

Over the experience period, the actual loss ratio for the members in the experience period is 94.8%. MVP will not be rebating customers for its Small Group AR42 VT block in 2015. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal loss ratio used to determine if this block is in a rebating situation for 2015 is 97.0%.

Supplemental Exhibits

Also included with this filing is a historical claim and membership summary for the past 28 months grouped into rolling 12 month periods. Incurred claims from January 2014 – April 2016 completed through June 2016 are reflected in the data.

Retired Products

Base coplan VEHD-09S is being retired from the Small Group Grandfathered portfolio effective January 1, 2017. This plan no longer has membership as of June 2016.

Actuarial Certification

I, Eric Bachner, am an Associate of the Society of Actuaries. I have examined the assumptions and methods used in determining MVP's requested rates. Based on my review and examination, it is my opinion that the proposed premium rates are reasonable in relation to the benefits provided and that they are not excessive, inadequate, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.

Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care, Inc.

08/05/2016
Date