

**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 3Q/4Q 2017  
**Project Name/Number:** /

### Filing at a Glance

Company: MVP Health Insurance Company  
 Product Name: VT SG Grandfathered 3Q/4Q 2017  
 State: VermontGMCB  
 TOI: H16G Group Health - Major Medical  
 Sub-TOI: H16G.003A Small Group Only - PPO  
 Filing Type: GMCB Rate  
 Date Submitted: 02/07/2017  
 SERFF Tr Num: MVPH-130912027  
 SERFF Status: Pending State Action  
 State Tr Num:  
 State Status:  
 Co Tr Num:  
  
 Implementation: 07/01/2017  
 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:  
 Disposition Status:  
 Implementation Date:  
  
 State Filing Description:

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
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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: 3.9%
Filing Status Changed: 03/01/2017	
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 July 1, 2017 - December 31, 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?	No
Retaliatory?	No
Fee Explanation:	

SERFF Tracking #:

MVPH-130912027

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 3Q/4Q 2017

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## Correspondence Summary

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Response	Jacqueline Lee	02/20/2017	02/20/2017

#### Response Letters

Responded By	Created On	Date Submitted
Eric Bachner	03/01/2017	03/01/2017

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## Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	02/20/2017
Submitted Date	02/20/2017
Respond By Date	03/02/2017

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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.  
 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 Rugeberg, 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.

February 20, 2017

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

Re: MVP Health Plan, Inc.  
 2017 3Q/4Q Small Group Grandfathered Rate Filing  
 SERFF Tracking #: MVPH-130912027  
 Objection #1

Dear Mr. Lombardo:

The following additional information is required for this filing.

**Base Period Data**

1. Please explain the difference between the Rx data provided in this filing and in the prior filing. The 3Q/4Q memorandum and "Rolling 12 Medical and Rx..." file state that Rx allowed costs in the 12-month period ending April 2016 were \$31.96 PMPM for this block. However, the 1Q/2Q 2017 filing, for which this period was the base period, states that this amount was \$35.21. This difference of 10% appears to be greater than the uncertainty that would result from IBNR at 2 months of runout.

**Trend**

2. Please explain why the 2017 medical trends assumed in this filing are materially higher than those presented in the Exchange filing submitted last summer and the large group filing submitted in September.
3. Did the PBM provide a single point estimate of Rx trend, or a range and/or scenarios? If the trend was selected from a range, how did MVP decide on the final assumptions?

**Non-Benefit Expenses**

4. It appears from the materials provided that MVP is assuming a 2018 health insurer tax of 2.0% of premium. Please support this assumption.
5. The general administrative load has been supported in previous filings by comparison to the Supplemental Health Care Exhibit. In the past, has the 18 VSA § 9374 (h)(1) billback been reported in the administrative costs in that exhibit?

**Rate Calculation**

6. In Item 24 of Exhibit 3, is the revenue at the prior rate level based on the age distribution in the experience period or the age distribution as of January 2017?

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 March 2<sup>nd</sup>, 2017.

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

Sincerely,



Kevin Rugeberg, ASA, MAAA

Associate Actuary

Lewis & Ellis, Inc.

KRugeberg@LewisEllis.com

(972)-850-0850

SERFF Tracking #:

MVPH-130912027

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 3Q/4Q 2017  
**Project Name/Number:** /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 03/01/2017  
Submitted Date 03/01/2017

*Dear Thomas Crompton,*

### **Introduction:**

### **Response 1**

#### **Comments:**

*Please see the attached supporting document which details MVP's response to L&E Objection #1.*

### **Changed Items:**

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Response to L&E Objection #1
<b>Comments:</b>	
<b>Attachment(s):</b>	Response to 3Q 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  
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 Project Name/Number: /

### Post Submission Update Request Submitted On 04/07/2017

Status: Submitted  
 Created By: Eric Bachner

#### Company Rate Information:

Company Name:MVP Health Insurance Company

Field Name	Requested Change	Prior Value
Product:	NEW	
Product Name	Preferred Suite HD EPO	
Number of Covered Lives	1876	

#### PRIOR RATE:

Min:	389.140	396.940
Max:	549.960	560.990
Weighted Avg.:	459.960	469.190



SERFF Tracking #:

MVPH-130912027

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 3Q/4Q 2017

Project Name/Number:

/

### Rate Information

Rate data applies to filing.

Filing Method:

SERFF

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

8.000%

Effective Date of Last Rate Revision:

07/01/2016

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	3.900%	3.900%	\$374,916	237	\$10,071,492	3.900%	3.900%

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 Product Name: VT SG Grandfathered 3Q/4Q 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			1876

Trend Factors:

**FORMS:**

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

**REQUESTED RATE CHANGE INFORMATION:**

Change Period: Annual  
 Member Months: 22,469  
 Benefit Change: Increase  
 Percent Change Requested: Min: 3.9 Max: 3.9 Avg: 3.9

**PRIOR RATE:**

Total Earned Premium: 9,696,576.00  
 Total Incurred Claims: 8,300,268.00  
 Annual \$: Min: 396.94 Max: 560.99 Avg: 469.19

**REQUESTED RATE:**

Projected Earned Premium: 10,071,492.00  
 Projected Incurred Claims: 8,621,196.00  
 Annual \$: Min: 404.19 Max: 571.23 Avg: 477.76

SERFF Tracking #:

MVPH-130912027

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 3Q/4Q 2017

Project Name/Number: /

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	2015 Market Share Report- GMCB.pdf 3Q 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.pdf Rolling 12 Medical and Rx Data - SG HDHP.xlsx VT SG HIC GF Q3 & Q4 2017 Rate Filing SERFF.pdf VT SG HIC GF Q3 & Q4 2017 Rate Filing SERFF.xlsx GMCB_FY16_Billback_Report.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Civil Union Rating Requirements
<b>Comments:</b>	MVP's certificate of coverage complies with 8 V.S.A. § 4724.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Consumer Disclosure Form
<b>Comments:</b>	
<b>Attachment(s):</b>	Consumer Disclosure Form about Rate Increases - 2017Q3 SG GF.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Filing Compliance Certification
<b>Comments:</b>	
<b>Attachment(s):</b>	Certification of Compliance - VT.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

**SERFF Tracking #:**

MVPH-130912027

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

VermontGMCB

**Filing Company:**

MVP Health Insurance Company

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

**Product Name:**

VT SG Grandfathered 3Q/4Q 2017

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/

<b>Bypassed - Item:</b>	Third Party Filing Authorization
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Response to L&E Objection #1
<b>Comments:</b>	
<b>Attachment(s):</b>	Response to 3Q 2017 VT SG HIC Objection #1.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

SERFF Tracking #:

MVPH-130912027

State Tracking #:

Company Tracking #:

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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 3Q/4Q 2017

Project Name/Number:

/

***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.***

***Attachment VT SG HIC GF Q3 & Q4 2017 Rate Filing SERFF.xlsx is not a PDF document and cannot be reproduced here.***

2015 Vermont  
Annual Statement Supplement  
Market Share Reports

Presented by



## 2015 Vermont Annual Statement Supplement Market Share Reports

This report is a compilation of information reported by commercial insurers that sold Vermont residents health, accident, or medical insurance during 2015.

Two types of adjustments were made on pages 6-8 to correct the reported information.

First, the number of covered lives were adjusted to avoid counting lives twice. Second, some TPA/ASO insurers did not correctly include the full premium amount so we completed the report to align with other reported insurer information.

### *Table of Contents*

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Summary of 2015 including adjustments Insurer Reported Data - Health and Medical Lines of Business	6
All Major Medical	7
TPA - ASO, Federal and Military--Self Insured	8
Other Insurance	9
Data Source and Contact	10

## 2015 Vermont Annual Statement Supplement Market Share Reports

Types of Insurance	Definition
<b>Accident Only or AD&amp;D</b>	Policies that provide coverage, for accidental death, dismemberment, disability, or hospital and medical care caused by or necessitated as a result of accident or specified kinds of accidents. Types of coverage include student accident, sports accident, travel accident, blanket accident, specific accident or accidental death and dismemberment (AD&D).
<b>Catamount Health Insurance</b>	An individual health insurance product for uninsured Vermonters who do not have access to employer (group) insurance and do not qualify for other state subsidized health programs.
<b>Comprehensive Major Medical</b>	These policies include, but are not limited to, policies that provide indemnity, HMO, PPO, POS or expense based coverage for hospital, medical and surgical expenses. This category excludes limited benefit plans such as short term medical insurance, hospital only, medical only, hospital confinement indemnity, surgical, outpatient indemnity, specified disease, intensive care, and organ and tissue transplant coverage as well as coverage described in the other categories of this exhibit. <b>Note: Non-HDHP plans should be reported independently of HDHP plans.</b>
<b>Dental</b>	Policies providing only dental treatment benefits such as routine dental examinations, preventative dental work, and dental procedures needed to treat tooth decay and diseases of the teeth and jaw. If dental benefits are part of a comprehensive medical plan, this data should be included under comprehensive/major medical category.
<b>Disability - Long Term</b>	Policies that provide a weekly or monthly income benefit for more than five years for individual coverage and more than one year for group coverage for full or partial disability arising from accident and/or sickness. Include policies that provide overhead expense benefits. This does not include credit disability.
<b>Disability - Short Term</b>	Policies that provide a weekly or monthly income benefit for up to five years for individual coverage and up to one year for group coverage for full or partial disability arising from accident and/or sickness. Include policies that provide Overhead Expense Benefits. This does not include credit disability.
<b>Discretionary Groups</b>	This line pertains to groups that do not meet the statutory requirements of employer groups, associations or trusts, and have received discretionary approval by the Department of Financial Regulation. Column totals should be calculated so as to include the total number covered lives in each discretionary group.
<b>High Deductible Health Plan (HDHP)</b>	As defined in the Medicare Modernization and Prescription Drug Act of 2003.
<b>Non-Exempt Associations</b>	Business subject to the statewide community rate. Column totals should be calculated in a such a manner so as to include the number of covered lives in each association.
<b>Exempt Associations</b>	Applied and received exemption from the Vermont Department of Financial Regulation. Exempt associations are community rated within the association. Column totals should be calculated so as to include the number of lives covered in each association.
<b>Federal Employees</b>	Coverage administered by the Office of Personnel Management under the FEHBP (Federal Employees Health Benefit Program) for federal employees, retirees and their survivors.
<b>Limited Benefit</b>	Policies that provide coverage that is designed to provide specified health benefits in certain limited and clearly specified circumstances. Only include policies that are not requested elsewhere in the submission. For example include hospital confinement only, vision care only and short term major medical, but not dental only, specified disease and accident only & accidental death and dismemberment.
<b>Long Term Care - Tax Qualified</b>	Policies that provide coverage for not less than one year for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital including policies that provide benefits for cognitive impairment, or loss of functional capacity. This includes policies providing nursing home care plus home health care and/or community based care. This coverage meets the federal IRS requirements to qualify for a tax deduction.



## 2015 Vermont Annual Statement Supplement Market Share Reports

Types of Insurance	Definition
<b>Long Term Care - Non-Tax Qualified</b>	Policies that provide coverage for not less than one year for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital including policies that provide benefits for cognitive impairment, or loss of functional capacity. This includes policies providing nursing home care plus home health care and/or community based care. This coverage does NOT meet the federal IRS requirements to qualify for a tax deduction.
<b>Medicare Part C</b>	Refers to private managed care plans that offer Parts A and B services together. Also known as Medicare Advantage program, which offers the option of enrolling in a managed care plan to receive Medicare benefits (both medical and drug coverage). Types of plans authorized under The Federal Balanced Budget Act of 1997 include preferred provider organizations (PPOs), provider-sponsored organizations (PSOs), private fee-for-service (PFFS) plans and high deductible plans linked to Medical Savings Accounts (MSAs), and as of 2003, Special Needs Plans (SNPs) for dual eligibles and other vulnerable populations.
<b>Medicare Part D</b>	Created under the Medicare Modernization Act of 2003 (MMA), it is a voluntary outpatient prescription drug benefit for Medicare beneficiaries that began in 2006. Medicare Part D does not need to be licensed by the state of Vermont as it is licensed by Centers for Medicare and Medicaid Services (CMS).
<b>Medicare Supplement (MEDIGAP) Standardized Plans</b>	Standardized Plans are policies sold by insurance companies to fill "gaps" in a policyholder's Medicare coverage. These policies were issued after July 1, 1992.
<b>Medicare Supplement (MEDIGAP) Pre-Standardized Plans</b>	Policies sold by insurance companies to fill "gaps" in a policyholder's Medicare coverage. These policies were issued before July 1, 1992.
<b>Other</b>	Plans that do not fit into the categories listed in this document and must be identified.
<b>Other Medical (Non-Comprehensive)</b>	This includes policies such as hospital only, hospital confinement, surgical, outpatient indemnity, intensive care, mental health/substance abuse, and organ and tissue transplant (including scheduled type policies). Expense reimbursement and indemnity plans should be included. This category does not include TRICARE/CHAMPUS supplement, Medicare supplement, or Federal Employee Health Benefit Program coverage, comprehensive major medical or limited benefit coverage.
<b>Specified or Named Disease</b>	This includes policies that provide benefits only for the diagnosis and/or treatment of a specifically named disease or diseases. Benefits can be paid as expense incurred, per diem, or as a principle sum.
<b>Stop Loss / Excess Loss</b>	This insurance or other risk-transfer arrangement that is purchased by a group health plan or by the sponsor or trustee of such plan to limit the exposure of such person against losses sustained by such plan.
<b>Student Policies</b>	This includes policies that cover students for both accident and health benefits while they are enrolled and attending school or college. These can be either individual policies or group policies sponsored by the school or college.
<b>Third Party Administrator (TPA) and Administrative Services Only (ASO)</b>	An entity or person contracting to provide any combination of services in administering health benefits for a health insurer or other entity such as self-insured employer plans, to include claims processing, underwriting, premium collection, case management, authorizations and customer service. <b>Note: Please estimate your comprehensive major medical business separately.</b>
<b>Trusts</b>	The total number of policies issued to a trust, or to one or more trustees of a fund established or adopted by two or more employers or one or more labor unions or similar employee organizations. The total number of policies includes the number of trusts not the number of groups within the trust. The total number of lives includes all the members/employees and all dependents of all the groups that belong to every trust.

**2015 Vermont Annual Statement Supplement Market Share Reports**

**Summary of Insurer Reported Data**

	2014			2015		
	Vermont Lives	Earned Premium Total	% of Total	Vermont Lives	Earned Premium Total	% of Total
TPA - ASO (Self-Insured) as Reported	266,727	\$479,589,893	27.8%	266,868	\$486,832,613	28.2%
Stoploss	77,679	\$50,631,687	2.9%	103,037	\$54,275,235	3.1%
Large Employer-Major Medical	47,400	\$227,321,739	13.2%	40,190	\$206,247,024	12.0%
Small Employer-Major Medical	37,231	\$175,703,274	10.2%	36,656	\$165,902,526	9.6%
Non-Group-Major Medical	32,038	\$134,414,445	7.8%	29,547	\$167,524,045	9.7%
Medicare Supplement	41,277	\$77,548,177	4.5%	43,462	\$83,817,776	4.9%
Federal Employee Plan	14,535	\$75,471,233	4.4%	14,666	\$80,356,896	4.7%
Accident, Short & Long-Term Disability, and Other	659,361	\$61,672,319	3.6%	826,805	\$66,509,747	3.9%
Medicare Part D	68,934	\$56,940,595	3.3%	68,624	\$53,777,638	3.1%
Dental	85,631	\$39,890,811	2.3%	90,329	\$39,594,551	2.3%
Medicare Part C	4,050	\$31,839,425	1.8%	7,424	\$57,748,211	3.4%
Long Term Care (Tax and Non-Tax Qualified)	15,286	\$24,974,845	1.4%	15,925	\$21,262,639	1.2%
Limited Benefit, Special Diseases, Student, and Other Health	138,025	\$19,804,592	1.1%	102,147	\$18,577,968	1.1%
Catamount-Major Medical	0	\$13,133,107	0.8%	0	\$289	0.0%
Associations-Major Medical	39,758	\$259,033,158	15.0%	39,410	\$220,993,063	12.8%
Other Major Medical (Discretionary, Trusts)	2	\$2,528	0.0%	0	-\$23,952	0.0%
<b>Grand Total</b>	<b>1,527,934</b>	<b>\$1,727,971,828</b>		<b>1,685,090</b>	<b>\$1,723,396,270</b>	

Note: Lives are not mutually exclusive, insurers reported by product line

**2015 Vermont Annual Statement Supplement Market Share Reports  
Summary of Insurer Reported Data**

Line of Business	Type of Insurance	2015 As Reported		Adjustments		2015 Adjusted for Health Only		
		Vermont Lives	Earned Premium Total	Vermont Lives	Earned Premium Total	Vermont Lives	Earned Premium Total	% of Total
Associations-Major Medical	Major Medical	39,410	\$220,993,063	0	\$0	39,410	\$220,993,063	26%
Large Employer-Major Medical	Major Medical	40,190	\$206,247,024	20,077	\$97,048,593	60,267	\$303,295,618	35%
Small Employer-Major Medical	Major Medical	36,656	\$165,902,526	0	\$0	36,656	\$165,902,526	19%
Non-Group-Major Medical	Major Medical	29,547	\$167,524,045	0	\$0	29,547	\$167,524,045	20%
Other Major Medical (Discretionary, Trusts)	Major Medical	0	-\$23,952	0	\$0	0	-\$23,952	0%
Catamount-Major Medical	Major Medical	0	\$289	0	\$0	0	\$289	0%
<b>Total Major Medical</b>		<b>145,803</b>	<b>\$760,642,995</b>	<b>20,077</b>	<b>\$97,048,593</b>	<b>165,880</b>	<b>\$857,691,588</b>	<b>100%</b>
Federal Employee Plan	Self Insured	14,666	\$80,356,896	0	\$0	14,666	\$80,356,896	11%
TPA - ASO (Self-Insured) as Reported	Self Insured	266,868	\$486,832,613	-140,300	\$139,003,799	126,568	\$625,836,412	89%
Military - Vt Household Health Insurance Survey	Self Insured			18,578	\$0	18,578	\$0	0%
<b>Total Self Insured</b>		<b>281,534</b>	<b>\$567,189,508</b>	<b>-121,722</b>	<b>\$139,003,799</b>	<b>159,812</b>	<b>\$706,193,307</b>	<b>100%</b>
<b>Vermont Resident Insured Lives</b>		<b>427,337</b>	<b>\$1,327,832,503</b>	<b>-101,645</b>	<b>\$236,052,392</b>	<b>325,692</b>	<b>\$1,563,884,895</b>	
Dental	Other Insurance	90,329	\$39,594,551			90,329	\$39,594,551	
Medicare Supplement	Other Insurance	43,462	\$83,817,776			43,462	\$83,817,776	
Medicare Part D	Other Insurance	68,624	\$53,777,638			68,624	\$53,777,638	
Medicare Part C	Other Insurance	7,424	\$57,748,211			7,424	\$57,748,211	
Long Term Care (Tax and Non-Tax Qualified)	Other Insurance	15,925	\$21,262,639			15,925	\$21,262,639	
Limited Benefit, Special Diseases, Student, and Other Health	Other Insurance	102,147	\$18,577,968			102,147	\$18,577,968	
Stoploss	Other Insurance	103,037	\$54,275,235			103,037	\$54,275,235	
Accident, Short & Long-Term Disability, and Other	Other Insurance	826,805	\$66,509,747			826,805	\$66,509,747	
<b>Total All Other Insurance</b>		<b>1,257,753</b>	<b>\$395,563,766</b>			<b>1,257,753</b>	<b>\$395,563,766</b>	
<b>Grand Total</b>		<b>1,685,090</b>	<b>\$1,723,396,270</b>	<b>-101,645</b>	<b>\$236,052,392</b>	<b>1,583,445</b>	<b>\$1,959,448,662</b>	

Note: Adjustments were made to account for duplicate lives and to adjust premiums to premium equivalents

2015 Vermont Annual Statement Supplement Market Share Reports

**All Major Medical**

Small and Large Employer Group, Non-Group, Associations, Catamount, Discretionary and Trusts

Company Name	Vermont Lives	Earned Premium/Premium Equivalents		
		Total	% of Total	Cumulative %
Blue Cross and Blue Shield of Vermont	123,876	\$640,039,813	75%	75%
The Vermont Health Plan, LLC	7,158	\$39,964,417	5%	79%
MVP Health Insurance Company	6,080	\$27,900,347	3%	83%
MVP Health Plan Inc	5,093	\$27,662,967	3%	86%
Cigna Health & Life Insurance Company, Inc.	1,617	\$16,107,652	2%	88%
UnitedHealthcare Insurance Company	857	\$4,357,178	1%	88%
Aetna Life Insurance Company	669	\$3,010,438	0%	88%
4 Ever Life Insurance Company	79	\$544,433	0%	89%
QCC Insurance Company	87	\$447,634	0%	89%
State Farm Mutual Automobile Insurance Company	46	\$277,285	0%	89%
MVP Health Services Corp	58	\$222,504	0%	89%
MVP Health Insurance Company of New Hampshire, INC.	0	\$41,068	0%	89%
United States Life Insurance Company	92	\$30,649	0%	89%
Connecticut General Life Insurance Company	21	\$28,136	0%	89%
AXA Equitable Life Insurance Company	16	\$14,215	0%	89%
Metropolitan Life Insurance Company	1	\$10,682	0%	89%
Golden Rule Insurance Company	2	\$4,428	0%	89%
MONY Life Insurance Company	1	\$730	0%	89%
Prudential Insurance Company of America	7	\$721	0%	89%
Mid-West National Life Insurance Company of Tennessee	0	\$636	0%	89%
National Benefit Life Insurance Company	1	\$393	0%	89%
American Progressive Life & Health Insurance Company of New York	2	\$337	0%	89%
American Heritage Life Insurance Co.	0	\$283	0%	89%
UniCare Life & Health Insurance Company	36	\$0	0%	89%
John Alden Life Insurance Company	0	\$0	0%	89%
Centre Life Insurance Company	2	\$0	0%	89%
Mutual of Omaha Insurance Co	2	\$0	0%	89%
<b>Grand Total as reported</b>	<b>145,803</b>	<b>\$760,666,947</b>		
Large Employer Group Lives from VHCURES	20,077	\$97,048,593	11%	100%
<b>Grand Total</b>	<b>165,880</b>	<b>\$857,715,540</b>		

Note: Lives are not mutually exclusive, insurers reported by product line

2015 Vermont Annual Statement Supplement Market Share Reports

TPA - ASO (Self-Insured) as Reported				
Company Name	Vermont Lives	Earned Premium/Premium Equivalents		
		Total	% of Total Cumulative %	
Cigna Health & Life Insurance Company, Inc.	99,080	\$239,866,351	49%	49%
Blue Cross and Blue Shield of Vermont	43,543	\$205,030,530	42%	91%
Delta Dental Plan of Vermont	103,044	\$37,062,238	8%	99%
Aetna Life Insurance Company	8,000	\$2,640,070	1%	100%
MVP Select Care	10,643	\$2,432,921	0%	100%
United of Omaha Life Insurance Co	391	\$0	0%	100%
UniCare Life & Health Insurance Company	327	\$0	0%	100%
QCC Insurance Company	1,335	\$0	0%	100%
Prudential Insurance Company of America	0	\$0	0%	100%
Connecticut General Life Insurance Company	505	-\$199,497	0%	100%
BlueCard Plans Self Insured Lives from VHCURES	0	\$0	0%	100%
<b>Grand Total as Reported</b>	<b>266,363</b>	<b>\$487,032,110</b>		
Adjustment TPA - ASO (Self-Insured)				
Company Name	vermont Lives - Adj. for Major	Earned Premium/Premium Equivalents Adjustment for Premium		
Cigna Health & Life Insurance Company, Inc.	(47,784)			
Blue Cross and Blue Shield of Vermont				
Delta Dental Plan of Vermont	(103,044)			
Aetna Life Insurance Company		\$29,343,798		
MVP Select Care		\$55,123,300		
United of Omaha Life Insurance Co				
UniCare Life & Health Insurance Company				
QCC Insurance Company		\$4,611,979		
Prudential Insurance Company of America				
Connecticut General Life Insurance Company				
BlueCard Plans Self Insured Lives from VHCURES	10,528	\$49,924,722		
<b>Total Adjustments</b>	<b>(140,300)</b>	<b>\$139,003,799</b>		
TPA - ASO (Self-Insured) Adjusted				
Company Name	Vermont Lives	Earned Premium/Premium Equivalents		
		Total	% of Total Cumulative %	
Cigna Health & Life Insurance Company, Inc.	51,296	\$239,866,351	38%	38%
Blue Cross and Blue Shield of Vermont	43,543	\$205,030,530	33%	71%
Delta Dental Plan of Vermont	-	\$37,062,238	6%	77%
Aetna Life Insurance Company	8,000	\$31,983,868	5%	82%
MVP Select Care	10,643	\$57,556,220	9%	91%
United of Omaha Life Insurance Co	391	\$0	0%	91%
UniCare Life & Health Insurance Company	327	\$0	0%	91%
QCC Insurance Company	1,335	\$4,611,979	1%	92%
Prudential Insurance Company of America	-	\$0	0%	92%
Connecticut General Life Insurance Company	505	-\$199,497	0%	92%
BlueCard Plans Self Insured Lives from VHCURES	10,528	\$49,924,722	8%	100%
<b>Grand Total TPA - ASO</b>	<b>126,568</b>	<b>\$625,836,412</b>		

Federal Employee Plan				
Company Name	Vermont Lives	Earned Premium/Premium Equivalents		
		Total	% of Total Cumulative %	
Blue Cross and Blue Shield of Vermont	14,543	\$79,766,692	99%	99%
Aetna Life Insurance Company	116	\$523,629	1%	100%
MVP Health Plan Inc	7	\$66,574	0%	100%
<b>Grand Total</b>	<b>14,666</b>	<b>\$80,356,896</b>		

<b>Military - Vt Household Health Insurance Survey</b>	<b>18,578</b>
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<b>Total Self Insured</b>	<b>159,812</b>	<b>\$706,193,307</b>
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Note: Lives are not mutually exclusive, insurers reported by product line

2015 Vermont Annual Statement Supplement Market Share Reports

**All Other**

Medicare Supplement, Medicare Part C & D, Dental, Long Term Care, Student, Special Diseases, Other Medical, Limited Benefit, Accident, Short & Long-Term Disability, and Other

	<b>193 Insurers</b>	<b>Vermont Lives</b>	<b>Earned Premium/Premium Equivalents</b>
7 Insurers with More than \$10,000,000 in premiums		345,429	\$235,336,384
45 Insurers with Between \$9,999,999 and \$1,000,000 in premiums		641,134	\$143,703,491
139 Insurers with Less than \$1,000,000 in premiums		271,190	\$16,523,891
<b>Grand Total</b>		<b>1,257,753</b>	<b>\$395,563,766</b>

Note: Grouped for convenience, for detail contact Lori Perry at GMCB  
 Note: Lives are not mutually exclusive, insurers reported by product line

**Source:**

**The Annual Statement Supplement Market Share report is prepared from a compilation of the ASSR.**

**The Annual Statement Supplement Report (ASSR) is in statute 8 V.S.A. § 3561.**

**Commercial insurers are required to report if they have sold active Health or Medical related insurance to Vermont Residents during the calendar year.**

**If you have questions about this report, please contact Lori Perry at the GMCB (802)828-2177.**



## ACTUARIAL MEMORANDUM

### 3Q and 4Q 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 7/1/2017 and 12/31/2017. 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 January 2017, there were 1,876 members enrolled in plans impacted by this rate filing. Of those 1,876 members, 118 members have 3Q contract effective dates and 244 have 4Q contract effective dates. MVP is proposing a quarterly rate increase of 1.8% over the approved 2Q 2017 rates and annual rate increases of 3.9% and 5.9% for 3Q and 4Q 2017 renewals, respectively.

Derivation of Annual Rate Increases Based on Quarterly Rate Changes							
	4Q '16 / 3Q '16	1Q '17 / 4Q '16	2Q '17 / 1Q '17	3Q '17 / 2Q '17	4Q '17 / 3Q '17	3Q '17 Annual Increase	4Q '17 Annual Increase
HDHP	0.4%	-0.8%	2.3%	1.8%	2.4%	3.9%	5.9%

**Experience Period Claims**

Small group grandfathered AR42 high deductible claims incurred between November 2015 and October 2016, paid through December 2016 were the basis of MVP’s rate analysis. Fee-for-service (FFS) medical and pharmacy claims were projected to the 3Q 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 January 2017 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. This is consistent with prior versions of this filing.

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. The \$1.09 PMPM reflected in the rates is calculated as the estimated \$6.65 PMPM for 2015 (as provided in prior filings) multiplied by the percent of member months in the experience period that were in 2015 (16.4%).



Please note that \$61,992 in Rx paid claims were removed from the experience period data (approximately \$31,000 per month for November and 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. Consistent with previous filings, the claims have been removed from all data including the rolling 12 month history.

**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 2.3% which also reflects two months of runout. This number is higher than the factor used in the last version of this filing (1.5%), which is due to claims that have been incurred but not paid totaling approximately \$75,000 total for April and May 2016. 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.

<b>Incurred Month</b>	<b>Paid Claims</b>	<b>Incurred Claims</b>	<b>IBNR Factor</b>
201610	\$1,366,519	\$1,474,689	1.079
201609	\$1,291,750	\$1,349,709	1.045
201608	\$1,370,456	\$1,414,692	1.032
201607	\$1,073,745	\$1,097,594	1.022
201606	\$1,300,251	\$1,320,140	1.015
201605	\$1,286,001	\$1,356,751	1.055
201604	\$1,211,316	\$1,242,683	1.026
201603	\$1,382,682	\$1,389,442	1.005
201602	\$1,077,296	\$1,080,351	1.003
201601	\$1,122,399	\$1,124,143	1.002
201512	\$1,570,751	\$1,572,333	1.001
201511	\$1,897,761	\$1,898,864	1.001
<b>Total</b>	<b>\$15,950,926</b>	<b>\$16,321,390</b>	<b>1.023</b>

**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 16.4% 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 October 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 a decrease from the 20.4% that was used in the previous filing, reflecting a decrease in high cost claimants over time.

**Development of Base Premium Rates**

Exhibit 3a demonstrates the development of the proposed 3<sup>rd</sup> 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 on the following page for a summary of non-FFS and capitation expenses reflected in MVP's rate development for this filing.

<b>Summary of Capitations and Non-FRDM Claim Expenses</b>	
-----------------------------------------------------------	--

Other Medical Expense not in warehouse	\$1.97
ASH Cap	\$0.28
Net Reinsurance Expense	\$0.20
Medical Home and PCP Incentive	\$3.15
18 V.S.A § 9374(h) Billback	\$5.52
<b>Total</b>	<b>\$11.12</b>

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. The Other Medical Expense data is comprised of a 3-year average of data for all Vermont group sizes and companies (MVPHP and MVPHIC) in order to minimize random variation in this small block of business.

Upon further research between the prior filing and this one, MVP has determined that “Expenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by the board” (18 V.S.A § 9374 (h)(1)) have both not been previously included in prior filings as well as have been increasing substantially for the past two years. MVP is therefore building this expense into the rates based on its portion of the Green Mountain Care Board’s approved FY17 budgeted billback amount of \$2,045,927 (page 4 of the attached Report). MVP’s portion of this amount is estimated by taking the budgeted billback amount divided by 4 (because the amount billed to hospitals and insurance carriers is split evenly between hospitals, health insurance companies, medical service corporations, and health management organizations), which amounts to \$511,482.

Based on the attached 2015 Vermont Annual Statement Supplement Market Share Report, MVP Health Insurance Company has approximately 52.7% of the Article 42 (HIC) business in Vermont. This equates to a share of \$269,551 for FY17 for MVPHIC. MVP has 4,072 members enrolled on its Health Insurance Company line as of January 2017. This means that the estimated amount due to MVP is \$66.20 PMPY or \$5.52 PMPM. Please see the attached report presented to the state Legislature which details the law and amounts billed to each entity for 2016. Also, based on guidance from the GMCB, the assessment to fund the Health Care Advocate included in the previous filing is included in the total amount above.

Experience period Rx claims are adjusted for pooling and projected to the rating period. MVP has determined, based on conversations with its pharmacy vendor as well as claim analysis, that the adjustment for Bill H559 included in previous versions of this filing is no longer necessary.

MVP has received Rx rebate information from our pharmacy benefit manager for 2017, but has not received rebate information for 2018 as of this filing. We have assumed the same rebates per script for 2018 as 2017. 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 \$9.33 PMPM for 3Q 2017 and \$9.38 PMPM for 4Q 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 1.001 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".

To arrive at the required rate change for 3Q 2017, projected net claims are converted to a gross claims cost. This is achieved by accounting for taxes/assessments being charged in 3Q 2017, making an adjustment for changes to the single conversion factor and age/gender 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 January 2017 membership to determine the single conversion factor for the rating period. MVP also has made an adjustment for the age and gender of the expected population as compared to the experience period population. Based on feedback provided by L&E for prior Vermont filings, MVP has switched from using the HHS age curve (which does not take into account gender differences) to the age/gender table filed and approved for its LG HIC block (SERFF# MVPH-130682523). The results of this adjustment can be seen in the following table.

<b>Age/Gender Factor Change- Exp. Pd. To Rating Pd.</b>			
<b>Block</b>	<b>Time Period</b>	<b>Average Age</b>	<b>Age/Gender Factor</b>
Active Only	Experience Period	38.8	1.082
Active Only	Current Snapshot	39.3	1.101
Change in Factor			1.71%

MVP has also developed 4Q 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 3Q and 4Q 2017 contract effective dates is also being captured. The required quarterly rate change for 4Q 2017 is calculated by comparing the required rate change for 4Q 2017 to the proposed 3Q 2017 gross premium rates.

**Medical Trend Factors**

The development of annual medical paid claim trend factors for 3Q 2017 is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its data. The assumed unit cost trends reflect known and assumed price increases from MVP’s provider network. MVP has not changed the 2016 unit cost trends from the previous version of this filing, but 2017 trends have been updated to reflect ongoing contract negotiations and hospital budgets approved by the Green Mountain Care Board. For purposes of this filing, 2018 trends are assumed to be equal to the 2017 trends.

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 4Q 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 2017 can be found in Exhibit 2b.

MVP has revised its trend forecasts from the previous version of this filing to reflect changes in the underlying utilization patterns as well as updated unit cost increases provided by MVP's PBM. The PBM has provided trends for 2016 to complete the partial year experience as well as trends for 2017 and 2018. 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. Please see the following tables which display MVP's pharmacy trends in this filing and the previous version of this filing.

<b>Rx Trends Used in 1Q 2017 MVP VT Small Group Grandfathered Filing</b>				
	2016 Trend		2017/2018 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%

<b>Rx Trends Used in 3Q 2017 MVP VT Small Group Grandfathered Filing</b>						
	2016 Trend		2017 Trend		2018 Trend	
	Unit Cost	Utilization	Unit Cost	Unit Cost	Unit Cost	Utilization
Generic	-13.6%	4.7%	-1.9%	2.5%	0.1%	3.2%
Brand	8.9%	-5.4%	13.7%	-0.4%	13.8%	0.1%
Specialty	32.8%	6.1%	15.4%	6.7%	12.3%	7.3%

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 37.7% 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 4Q 2017. Please see Exhibit 2d which is identical to Exhibit 2b except there is one additional 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 unchanged from the previous SG AR42 filing, but reflects an increase of 0.4% on an annual basis. MVP has been experiencing overall membership declines in the recent past, and this increase 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:

<b>Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit</b>				
	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 1.2% of premium for third quarter 2017 renewals and 1.7% for fourth quarter renewals. MVP is weighting this percentage based on the average renewal month for 3Q and 4Q 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. This fee is unchanged from the previous filing.

#### *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 4Q 2016 assessments from the State of Vermont for the Kids Vax program.

#### *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 85.6%. 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 89.8%. Please see the following table for more detail:

<b>Target Loss Ratio for SG HDHP in 3Q 2017</b>	
	<b>Small Group AR42 HDHP</b>
A) Claims Expense	\$396.14
B) Taxes/Assessments	\$17.32
C) Quality Improvement	\$3.89
D) Premium	\$462.74
E) Traditional Loss Ratio = A) / D)	<b>85.6%</b>
F) Federal Loss Ratio = [A) + C)] / [D) - B)]	<b>89.8%</b>

Please note that the traditional target loss ratio has decreased from 86.7% in the 1Q 2017 filing to 85.6% for this filing. This is due to an increase in the ACA Insurer Tax to reflect additional contract months in 2018.

Over the experience period, the actual loss ratio for this block of business is 89.3%. MVP did not rebate customers for its Small Group AR42 VT block in 2015, and does not anticipate having to rebate members for 2016. 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 34 months grouped into rolling 12 month periods. Incurred claims from January 2014 – October 2016 completed through December 2016 are reflected in the data.

### 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.

02/03/2017  
Date

Small Group HDHP - Active 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	0.16%	0.16%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.13%	0.13%	0.13%
\$2,000	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
\$2,500	6.66%	6.74%	6.76%	6.75%	6.75%	6.74%	6.71%	6.75%	6.74%	6.74%	6.64%	6.57%
\$2,600	0.44%	0.44%	0.43%	0.43%	0.44%	0.39%	0.41%	0.41%	0.41%	0.41%	0.43%	0.45%
\$5,000	1.03%	1.03%	1.02%	1.00%	1.00%	0.97%	1.02%	0.98%	0.97%	1.01%	1.01%	1.02%

Avg Policy Duration Factor 0.9991  
 Inverse of Factor 1.0009

Small Group Historical Medical & Rx Claims Summary - HDHP Grandfathered Active Only

Rolling 12 End Date	Medical + Rx Claim						Member Months	Claims > \$100k as % of Claims < \$100k	Rolling 12 Medical		Rolling 12 Paid Trend		Rolling 12 Medical Allowed - COB Trend	Rolling 12 Rx Allowed 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 - COB PMPM	Claim Expense Trend			Rolling 12 Rx Claim Expense Trend	Removing High Cost Claims						
201412	\$49.20	\$293.40	\$23.59	\$373.89	\$36.16	21,750	18.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.3%
201501	\$50.30	\$302.21	\$23.75	\$383.58	\$36.53	21,792	18.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.6%
201502	\$48.82	\$308.82	\$24.27	\$391.11	\$37.03	21,835	17.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.8%
201503	\$50.09	\$302.90	\$24.70	\$387.10	\$37.29	21,883	18.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.2%
201504	\$59.04	\$308.64	\$25.12	\$392.23	\$37.68	21,915	21.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.6%
201505	\$55.61	\$304.27	\$25.18	\$387.09	\$37.62	21,952	20.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.6%
201506	\$53.41	\$304.56	\$26.08	\$388.07	\$38.37	21,976	19.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.5%
201507	\$56.56	\$309.83	\$26.45	\$392.44	\$38.55	21,992	20.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78.0%
201508	\$53.15	\$308.56	\$27.29	\$391.62	\$39.51	21,980	18.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77.9%
201509	\$44.57	\$313.91	\$27.55	\$397.51	\$39.61	21,981	15.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78.1%
201510	\$42.04	\$311.58	\$27.71	\$394.22	\$39.62	22,002	14.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78.2%
201511	\$44.79	\$317.26	\$28.07	\$401.37	\$40.04	22,037	14.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78.2%
201512	\$47.01	\$309.63	\$28.42	\$393.41	\$40.13	22,039	16.2%	5.5%	20.5%	8.7%	5.2%	11.0%	1.3%	78.0%		
201601	\$48.83	\$301.23	\$28.56	\$383.01	\$40.06	22,051	17.4%	-0.3%	20.2%	1.9%	-0.1%	9.7%	1.2%	78.0%		
201602	\$48.73	\$299.50	\$28.44	\$382.11	\$40.39	22,094	17.5%	-3.0%	17.2%	-1.8%	-2.3%	9.1%	1.2%	77.6%		
201603	\$50.13	\$299.75	\$30.36	\$382.04	\$42.53	22,144	17.9%	-1.0%	22.9%	0.9%	-1.3%	14.0%	1.2%	77.8%		
201604	\$44.03	\$294.55	\$31.96	\$376.84	\$44.23	22,200	15.6%	-4.6%	27.2%	2.8%	-3.9%	17.4%	1.3%	77.5%		
201605	\$43.15	\$303.90	\$32.42	\$385.25	\$44.77	22,233	14.7%	-0.1%	28.8%	7.1%	-0.5%	19.0%	1.3%	78.2%		
201606	\$39.45	\$306.15	\$33.48	\$387.86	\$45.85	22,283	13.1%	0.6%	33.0%	9.6%	0.2%	21.9%	1.5%	78.3%		
201607	\$36.24	\$299.21	\$34.02	\$381.96	\$46.72	20,446	12.2%	-1.8%	30.5%	7.1%	-1.6%	21.8%	-7.0%	77.7%		
201608	\$38.01	\$296.10	\$34.89	\$377.43	\$47.27	22,363	13.0%	-4.4%	31.9%	4.7%	-3.8%	22.6%	1.7%	77.9%		
201609	\$35.63	\$288.15	\$35.03	\$370.37	\$47.32	22,425	12.4%	-6.6%	28.3%	1.7%	-5.4%	19.8%	2.0%	77.4%		
201610	\$34.50	\$296.36	\$36.16	\$379.75	\$48.40	22,469	11.6%	-5.6%	31.3%	0.4%	-4.5%	22.2%	2.2%	77.7%		



**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	\$257,740	21,750	\$11.85	N/A
AR42	Small	HDHP	201501	1 Generic	\$263,492	21,792	\$12.09	N/A
AR42	Small	HDHP	201502	1 Generic	\$269,924	21,835	\$12.36	N/A
AR42	Small	HDHP	201503	1 Generic	\$274,458	21,883	\$12.54	N/A
AR42	Small	HDHP	201504	1 Generic	\$278,767	21,915	\$12.72	N/A
AR42	Small	HDHP	201505	1 Generic	\$281,782	21,952	\$12.84	N/A
AR42	Small	HDHP	201506	1 Generic	\$283,730	21,976	\$12.91	N/A
AR42	Small	HDHP	201507	1 Generic	\$285,661	21,992	\$12.99	N/A
AR42	Small	HDHP	201508	1 Generic	\$292,230	21,980	\$13.30	N/A
AR42	Small	HDHP	201509	1 Generic	\$301,666	21,981	\$13.72	N/A
AR42	Small	HDHP	201510	1 Generic	\$303,148	22,002	\$13.78	N/A
AR42	Small	HDHP	201511	1 Generic	\$302,845	22,037	\$13.74	N/A
AR42	Small	HDHP	201512	1 Generic	\$293,941	22,039	\$13.34	12.6%
AR42	Small	HDHP	201601	1 Generic	\$287,989	22,051	\$13.06	8.0%
AR42	Small	HDHP	201602	1 Generic	\$284,880	22,094	\$12.89	4.3%
AR42	Small	HDHP	201603	1 Generic	\$280,938	22,144	\$12.69	1.2%
AR42	Small	HDHP	201604	1 Generic	\$274,758	22,200	\$12.38	-2.7%
AR42	Small	HDHP	201605	1 Generic	\$268,053	22,233	\$12.06	-6.1%
AR42	Small	HDHP	201606	1 Generic	\$266,094	22,283	\$11.94	-7.5%
AR42	Small	HDHP	201607	1 Generic	\$243,743	20,446	\$11.92	-8.2%
AR42	Small	HDHP	201608	1 Generic	\$259,994	22,363	\$11.63	-12.6%
AR42	Small	HDHP	201609	1 Generic	\$251,278	22,425	\$11.21	-18.4%
AR42	Small	HDHP	201610	1 Generic	\$247,778	22,469	\$11.03	-20.0%
AR42	Small	HDHP	201412	2 Brand	\$231,541	21,750	\$10.65	N/A
AR42	Small	HDHP	201501	2 Brand	\$230,238	21,792	\$10.57	N/A
AR42	Small	HDHP	201502	2 Brand	\$230,859	21,835	\$10.57	N/A
AR42	Small	HDHP	201503	2 Brand	\$230,989	21,883	\$10.56	N/A
AR42	Small	HDHP	201504	2 Brand	\$231,234	21,915	\$10.55	N/A
AR42	Small	HDHP	201505	2 Brand	\$229,789	21,952	\$10.47	N/A
AR42	Small	HDHP	201506	2 Brand	\$227,728	21,976	\$10.36	N/A
AR42	Small	HDHP	201507	2 Brand	\$223,160	21,992	\$10.15	N/A
AR42	Small	HDHP	201508	2 Brand	\$220,912	21,980	\$10.05	N/A
AR42	Small	HDHP	201509	2 Brand	\$214,709	21,981	\$9.77	N/A
AR42	Small	HDHP	201510	2 Brand	\$215,265	22,002	\$9.78	N/A
AR42	Small	HDHP	201511	2 Brand	\$218,450	22,037	\$9.91	N/A
AR42	Small	HDHP	201512	2 Brand	\$213,439	22,039	\$9.68	-9.0%
AR42	Small	HDHP	201601	2 Brand	\$210,507	22,051	\$9.55	-9.6%
AR42	Small	HDHP	201602	2 Brand	\$215,383	22,094	\$9.75	-7.8%
AR42	Small	HDHP	201603	2 Brand	\$220,653	22,144	\$9.96	-5.6%
AR42	Small	HDHP	201604	2 Brand	\$229,497	22,200	\$10.34	-2.0%
AR42	Small	HDHP	201605	2 Brand	\$232,935	22,233	\$10.48	0.1%
AR42	Small	HDHP	201606	2 Brand	\$241,690	22,283	\$10.85	4.7%
AR42	Small	HDHP	201607	2 Brand	\$227,721	20,446	\$11.14	9.8%
AR42	Small	HDHP	201608	2 Brand	\$254,321	22,363	\$11.37	13.2%
AR42	Small	HDHP	201609	2 Brand	\$257,295	22,425	\$11.47	17.5%
AR42	Small	HDHP	201610	2 Brand	\$272,606	22,469	\$12.13	24.0%

**Summary of Historical Rx Claims Broken Out by Rx Category**

<b>LOB</b>	<b>Size</b>	<b>Product Type</b>	<b>Rolling 12 End Date YYYYMM</b>	<b>Rx Category</b>	<b>Allowed</b>	<b>Member Months</b>	<b>Allowed PMPM</b>	<b>Rolling 12 Allowed Trend</b>
AR42	Small	HDHP	201412	3 Specialty	\$297,182	21,750	\$13.66	N/A
AR42	Small	HDHP	201501	3 Specialty	\$302,385	21,792	\$13.88	N/A
AR42	Small	HDHP	201502	3 Specialty	\$307,759	21,835	\$14.09	N/A
AR42	Small	HDHP	201503	3 Specialty	\$310,628	21,883	\$14.19	N/A
AR42	Small	HDHP	201504	3 Specialty	\$315,699	21,915	\$14.41	N/A
AR42	Small	HDHP	201505	3 Specialty	\$314,355	21,952	\$14.32	N/A
AR42	Small	HDHP	201506	3 Specialty	\$331,661	21,976	\$15.09	N/A
AR42	Small	HDHP	201507	3 Specialty	\$338,870	21,992	\$15.41	N/A
AR42	Small	HDHP	201508	3 Specialty	\$355,212	21,980	\$16.16	N/A
AR42	Small	HDHP	201509	3 Specialty	\$354,205	21,981	\$16.11	N/A
AR42	Small	HDHP	201510	3 Specialty	\$353,324	22,002	\$16.06	N/A
AR42	Small	HDHP	201511	3 Specialty	\$360,966	22,037	\$16.38	N/A
AR42	Small	HDHP	201512	3 Specialty	\$376,973	22,039	\$17.10	25.2%
AR42	Small	HDHP	201601	3 Specialty	\$384,879	22,051	\$17.45	25.8%
AR42	Small	HDHP	201602	3 Specialty	\$392,162	22,094	\$17.75	25.9%
AR42	Small	HDHP	201603	3 Specialty	\$440,107	22,144	\$19.87	40.0%
AR42	Small	HDHP	201604	3 Specialty	\$477,624	22,200	\$21.51	49.3%
AR42	Small	HDHP	201605	3 Specialty	\$494,366	22,233	\$22.24	55.3%
AR42	Small	HDHP	201606	3 Specialty	\$513,895	22,283	\$23.06	52.8%
AR42	Small	HDHP	201607	3 Specialty	\$483,737	20,446	\$23.66	53.5%
AR42	Small	HDHP	201608	3 Specialty	\$542,886	22,363	\$24.28	50.2%
AR42	Small	HDHP	201609	3 Specialty	\$552,569	22,425	\$24.64	52.9%
AR42	Small	HDHP	201610	3 Specialty	\$567,184	22,469	\$25.24	57.2%



**MVP Health Care -- Q3 & Q4 2017 SG HIC Grandfathered Rate Filing**

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

Exhibit 1 -- Summary of Medical Coplans Offered

Exhibit 2a -- Pricing Trend Assumptions Q3 2017

Exhibit 2b -- Rx Trend Projection Q3 2017

Exhibit 2c -- Pricing Trend Assumptions Q4 2017

Exhibit 2d -- Rx Trend Projection Q4 2017

Exhibit 3a -- Claim Projection and Proposed Single Rate Change Q3 2017

Exhibit 3b -- Claim Projection and Proposed Single Rate Change Q4 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 July 1, 2017 - December 31, 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	HDEPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$5,000	0%	\$5,000	20%	\$10,000	\$20,000	\$0 after Deductible
VPHD-04S	HDEPOagg	10%	10%	10%	10%	10%	10%	10%	\$1,500	10%	\$3,000	30%	\$3,000	\$6,000	10%/10%/30%
VPHD-06S	HDEPOagg	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 July 1, 2017 - September 30, 2017

Experience Period: November 1, 2015 - October 31, 2016  
Rating Period: July 1, 2017 - June 30, 2018

Months of Trend	2016	2017	2018	Total
	2	12	6	20

**Medical Trend Summary****2016 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	18.1%	4.1%	0.0%	4.1%
OP and Other Med	55.1%	3.5%	0.0%	3.5%
PHY	26.8%	-3.1%	0.0%	-3.1%
<b>Medical Total</b>		<b>1.8%</b>	<b>0.0%</b>	<b>1.8%</b>

**2017 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	18.2%	6.3%	0.0%	6.3%
OP and Other Med	55.2%	5.9%	0.0%	5.9%
PHY	26.5%	1.4%	0.0%	1.4%
<b>Medical Total</b>		<b>4.8%</b>	<b>0.0%</b>	<b>4.8%</b>

**2018 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	18.5%	6.3%	0.0%	6.3%
OP and Other Med	55.8%	5.9%	0.0%	5.9%
PHY	25.7%	1.4%	0.0%	1.4%
<b>Medical Total</b>		<b>4.8%</b>	<b>0.0%</b>	<b>4.8%</b>

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

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$379.75	\$1.00	\$0.01	\$82.39	\$296.36
20 Months of Trend:	1.076	1.076	1.000	1.024	1.090
Projection Period:	\$408.64	\$1.08	\$0.01	\$84.40	\$323.15
Allowed Trend (Annual)	4.5%				
Paid Trend (Annual)	5.3%				
<b>Leveraging (Annual)</b>	<b>0.8%</b>				

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

**Rx Trend Summary**

	2016 Trend		2017 Trend		2018 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-13.6%	4.7%	-1.9%	2.5%	0.1%	3.2%
Brand	8.9%	-5.4%	13.7%	-0.4%	13.8%	0.1%
Specialty	32.8%	6.1%	15.4%	6.7%	12.3%	7.3%

<b>Exhibit 2b -- Rx Trend Development - HDHP</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Experience Period: November 1, 2015 - October 31, 2016  
Member Months: 22,469

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	7,973	681	84	8,737
Experience Period Allowed Cost per Script	\$16.60	\$213.81	\$3,612.63	\$66.48
Experience Period Allowed PMPM	\$11.03	\$12.13	\$25.24	\$48.40
Experience Period Deductible PMPM	\$5.05	\$4.10	\$1.13	\$10.28
Experience Period Copay PMPM	\$0.85	\$0.50	\$0.03	\$1.37
Experience Period Coinsurance PMPM	\$0.51	\$0.08	\$0.00	\$0.58
Experience Period Cost Sharing PMPM	\$6.41	\$4.68	\$1.15	\$12.24
Experience Period Paid PMPM	\$4.62	\$7.45	\$24.09	\$36.16
Annual Util Trend	1.030	0.993	1.068	1.027
Annual Unit Cost Trend	0.975	1.132	1.161	1.129
Annual Deductible Trend	1.015	1.015	1.015	1.015
Annual Paid Trend	0.986	1.189	1.250	1.206
Months of Trend to Q3 2017	20	20	20	20
Projected Scripts / 1000 as of Q3 2017	8,370	673	94	9,136
Projected Allowed Cost per Script as of Q3 2017	\$15.90	\$263.04	\$4,630.67	\$81.37
Projected Allowed PMPM as of Q3 2017	\$11.09	\$14.74	\$36.12	\$61.95
Projected Deductible PMPM	\$5.18	\$4.20	\$1.15	\$10.53
Projected Copay PMPM	\$0.89	\$0.49	\$0.03	\$1.41
Projected Coinsurance PMPM	\$0.51	\$0.09	\$0.00	\$0.60
Projected Cost Sharing PMPM as of Q3 2017	\$6.58	\$4.79	\$1.18	\$12.55
Projected Paid PMPM as of Q3 2017	\$4.51	\$9.95	\$34.93	\$49.40

**Exhibit 2c -- Pricing Trend Assumptions 4Q**

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

Experience Period: November 1, 2015 - October 31, 2016  
Rating Period<sup>^</sup>: October 1, 2017 - September 30, 2018

Months of Trend	2016	2017	2018	Total
	2	12	9	23

<sup>^</sup> Reflects Q4 2017 rating period

**Medical Trend Summary****2016 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	18.1%	4.1%	0.0%	4.1%
OP and Other Med	55.1%	3.5%	0.0%	3.5%
PHY	26.8%	-3.1%	0.0%	-3.1%
<b>Medical Total</b>		<b>1.8%</b>	<b>0.0%</b>	<b>1.8%</b>

**2017 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	18.2%	6.3%	0.0%	6.3%
OP and Other Med	55.2%	5.9%	0.0%	5.9%
PHY	26.5%	1.4%	0.0%	1.4%
<b>Medical Total</b>		<b>4.8%</b>	<b>0.0%</b>	<b>4.8%</b>

**2018 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	18.5%	6.3%	0.0%	6.3%
OP and Other Med	55.8%	5.9%	0.0%	5.9%
PHY	25.7%	1.4%	0.0%	1.4%
<b>Medical Total</b>		<b>4.8%</b>	<b>0.0%</b>	<b>4.8%</b>

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

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$379.75	\$1.00	\$0.01	\$82.39	\$296.36
23 Months of Trend:	1.089	1.089	1.000	1.029	1.105
Projection Period:	\$413.45	\$1.09	\$0.01	\$84.74	\$327.61
Allowed Trend (Annual)	4.5%				
Paid Trend (Annual)	5.4%				
<b>Leveraging (Annual)</b>	<b>0.8%</b>				

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

**Rx Trend Summary**

	2016 Trend		2017 Trend		2018 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-13.6%	4.7%	-1.9%	2.5%	0.1%	3.2%
Brand	8.9%	-5.4%	13.7%	-0.4%	13.8%	0.1%
Specialty	32.8%	6.1%	15.4%	6.7%	12.3%	7.3%

<b>Exhibit 2b -- Rx Trend Development - HDHP 4Q</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

Experience Period: November 1, 2015 - October 31, 2016  
Member Months: 22,469

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	7,973	681	84	8,737
Experience Period Allowed Cost per Script	\$16.60	\$213.81	\$3,612.63	\$66.48
Experience Period Allowed PMPM	\$11.03	\$12.13	\$25.24	\$48.40
Experience Period Deductible PMPM	\$5.05	\$4.10	\$1.13	\$10.28
Experience Period Copay PMPM	\$0.85	\$0.50	\$0.03	\$1.37
Experience Period Coinsurance PMPM	\$0.51	\$0.08	\$0.00	\$0.58
Experience Period Cost Sharing PMPM	\$6.41	\$4.68	\$1.15	\$12.24
Experience Period Paid PMPM	\$4.62	\$7.45	\$24.09	\$36.16
Annual Util Trend	1.030	0.994	1.069	1.028
Annual Unit Cost Trend	0.978	1.133	1.156	1.128
Annual Deductible Trend	1.015	1.015	1.015	1.015
Annual Paid Trend	0.994	1.191	1.245	1.204
Months of Trend to Q4 2017	23	23	23	23
Projected Scripts / 1000 as of Q4 2017	8,436	673	95	9,204
Projected Allowed Cost per Script as of Q4 2017	\$15.90	\$271.68	\$4,766.95	\$83.77
Projected Allowed PMPM as of Q4 2017	\$11.18	\$15.23	\$37.84	\$64.25
Projected Deductible PMPM	\$5.20	\$4.22	\$1.16	\$10.57
Projected Copay PMPM	\$0.90	\$0.49	\$0.03	\$1.42
Projected Coinsurance PMPM	\$0.51	\$0.10	\$0.00	\$0.61
Projected Cost Sharing PMPM as of Q4 2017	\$6.61	\$4.81	\$1.19	\$12.61
Projected Paid PMPM as of Q4 2017	\$4.57	\$10.42	\$36.65	\$51.64



<b>Exhibit 3a -- Claim Projection &amp; Proposed Rate Change</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

<b>SG HIC HDHP Projection of Claims and Proposed Rate Change</b>
------------------------------------------------------------------

November 1, 2015 - October 31,

Experience Period: 2016

Completed Through: December 31, 2016

Experience Period Member Months	22,469
1) Experience Period Medical Claims PMPM	\$289.63
1a) Claims in Excess of \$100k over Experience Period	\$30.13
1b) Pooling Charge	1.164
2) IBNR Factor	1.023
3) Experience Period Incurred Medical Claims = [ 1) - 1a) ] * 1b) * 2)	\$309.11
4) Claims Settlement PMPM	\$1.09
5) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.053
6) Months of Trend to Q3 2017	20
7) NY State HCRA Surcharge	0.25%
8) Trended Incurred Medical Claims PMPM as of Q3 2017 = [ [ 3) + 4) ] * [ 5) ^ [ 6) / 12 ] ] * [ 1 + 7) ] ]	\$339.09
9) Experience Period Rx Claims PMPM	\$36.16
9a) Claims in Excess of \$100k over Experience Period	\$3.68
9b) Pooling Charge	1.164
10) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.206
11) Months of Trend to Q3 2017	20
12) Trended Gross Rx Claims PMPM as of Q3 2017 = [ 9) - 9a) ] * 9b) * 10) ^ [ 11) / 12 ]	\$51.66
12a) Rx Rebates	(\$9.33)
13) Trended Net Rx Claims PMPM as of Q3 2017 = 12) + 12a)	\$42.33
14) Total Net Claims PMPM as of Q3 2017 = 8) + 13)	\$381.42
15) Impact of Membership Growth/Decline on Experience Pd Claims	1.001
16) Capitations and Non-FFS Claim Expenses	\$11.12
17) PMPM Taxes/Assessments for Q3 2017 <i>See Exhibit 5</i>	\$0.20
18) % of Paid Claims Taxes/Assessments for Q3 2017 <i>See Exhibit 5</i>	0.999%
19) % of Premium Taxes/Assessments for Q3 2017 <i>See Exhibit 5</i>	3.70%
20) % of Premium Retention Components for Q3 2017 <i>See Exhibit 5</i>	10.65%
21) Impact of Change in Single Conversion Factor for Q3 2017 <i>See Exhibit 4</i>	-1.82%
22) Impact of Change in HHS Age Factor for Q3 2017	1.71%
23) Gross Claim Cost for Q3 2017 = [ 14) * 15) * [ 1 + 18) ] * [ 1 + 21) ] * [ 1 + 22) ] + 16) + 17) ] / [ 1 - 19) - 20) ]	<b>\$462.74</b>
24) Projected Revenue Collected at Q2 2017 Rate Level	<b>\$454.44</b>
25) Q3 2017 Required Rate Action = 23) / 24) - 1	<b>1.8%</b>

<b>Exhibit 3b -- Claim Projection &amp; Proposed Rate Change 4Q</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

<b>SG HIC HDHP Projection of Claims and Proposed Rate Change</b>
------------------------------------------------------------------

November 1, 2015 -  
Experience Period: October 31, 2016  
Completed Through: December 31, 2016

Experience Period Member Months	22,469
1) Experience Period Medical Claims PMPM	\$289.63
1a) Claims in Excess of \$100k over Experience Period	\$30.13
1b) Pooling Charge	1.164
2) IBNR Factor	1.023
3) Experience Period Incurred Medical Claims = [ 1) - 1a) ] * 1b) * 2)	\$309.11
4) Claims Settlement PMPM	\$1.09
5) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.054
6) Months of Trend to Q4 2017	23
7) NY State HCRA Surcharge	0.25%
8) Trended Incurred Medical Claims PMPM as of Q4 2017 = [ [ 3) + 4) ] * [ 5) ^ [ 6) / 12 ] ] * [ 1 + 7) ] ]	\$343.77
9) Experience Period Rx Claims PMPM	\$36.16
9a) Claims in Excess of \$100k over Experience Period	\$3.68
9b) Pooling Charge	1.164
10) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.204
11) Months of Trend to Q4 2017	23
12) Trended Gross Rx Claims PMPM as of Q4 2017 = [ 9) - 9a) ] * 9b) * 10) ^ [ 11) / 12 ]	\$54.01
12a) Rx Rebates	<b>(\$9.38)</b>
13) Trended Net Rx Claims PMPM as of Q4 2017 = 12) + 12a)	\$44.62
14) Total Net Claims PMPM as of Q4 2017 = 8) + 13)	\$388.39
15) Impact of Membership Growth/Decline on Experience Pd Claims	1.001
16) Capitations and Non-FFS Claim Expenses	\$11.12
17) PMPM Taxes/Assessments for Q4 2017 <i>See Exhibit 5</i>	\$0.20
18) % of Paid Claims Taxes/Assessments for Q4 2017 <i>See Exhibit 5</i>	0.999%
19) % of Premium Taxes/Assessments for Q4 2017 <i>See Exhibit 5</i>	4.20%
20) % of Premium Retention Components for Q4 2017 <i>See Exhibit 5</i>	10.65%
21) Impact of Change in Single Conversion Factor for Q4 2017 <i>See Exhibit 4</i>	-1.82%
22) Impact of Change in HHS Age Factor for Q4 2017	1.71%
23) Gross Claim Cost for Q3 2017 = [ 14) * 15) * [ 1 + 18) ] * [ 1 + 21) ] * [ 1 + 22) ] + 16) + 17) ] / [ 1 - 19) - 20) ]	<b>\$473.73</b>
24) Projected Revenue Collected at Q3 2017 Rate Level	<b>\$462.74</b>
25) Q4 2017 Required Rate Action Relative to Proposed Q3 2017 Rates = 23) / 24) - 1	<b>2.4%</b>

<b>Exhibit 4 -- Conversion Factor and Tier Ratios</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between July 1, 2017 - December 31, 2017

<b>VT Small Group AR42 Subscriber and Membership Summary -- January 2017 Membership</b>
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**HDHP Data**

Tier	Contract Type	Subscribers	Members	Avg Contract	
				Size	Load Factor
2	Single	72	72	1.000	1.000
2	Family	41	156	3.805	2.500
3	Single	571	571	1.000	1.000
3	Double	128	255	1.992	2.000
3	Family	215	797	3.707	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><u>1.186</u></u>
Current Conversion Factor	<u><u>1.208</u></u>
% Change in Conversion Factor	<u><u>-1.82%</u></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 July 1, 2017 - December 31, 2017

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

  

<b>% of Premium Taxes and Assessments</b>	
	<b>HDHP</b>
Premium Tax	2.00%
VT Vaccine Pilot	0.50%
ACA Insurer Tax (3Q Renewals)	1.20%
ACA Insurer Tax (4Q Renewals)	1.70%
<b>Total % of Premium Taxes/Assessments (3Q Renewals)</b>	<b>3.70%</b>
<b>Total % of Premium Taxes/Assessments (4Q Renewals)</b>	<b>4.20%</b>

  

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

  

<b>PMPM Taxes and Assessments</b>	
Average 3Q Renewal Month:	8.39
Average 4Q Renewal Month:	11.27
<b>Q3 2017 Contract Effective Dates</b>	<b>HDHP</b>
Comparative Eff Research Tax	\$0.20
<b>Total PMPM Taxes/Assessments</b>	<b>\$0.20</b>
<b>Q4 2017 Contract Effective Dates</b>	<b>HDHP</b>
Comparative Eff Research Tax	\$0.20
<b>Total PMPM Taxes/Assessments</b>	<b>\$0.20</b>

<b>Exhibit 6a -- Medical Base Rates (Q3 2017)</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between July 1, 2017 - September 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 Annual Rate Change
VEHD-01S	HDEPOagg	\$677.48	\$1,354.96	\$1,287.21	\$1,693.70	\$1,761.45	\$1,896.94	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-02S	HDEPOagg	\$571.65	\$1,143.30	\$1,086.14	\$1,429.13	\$1,486.29	\$1,600.62	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-07S	HDEPOagg	\$609.86	\$1,219.72	\$1,158.73	\$1,524.65	\$1,585.64	\$1,707.61	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-08S	HDEPOagg	\$545.96	\$1,091.92	\$1,037.32	\$1,364.90	\$1,419.50	\$1,528.69	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-12S	HDEPOagg	\$517.77	\$1,035.54	\$983.76	\$1,294.43	\$1,346.20	\$1,449.76	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-14S	HDEPOagg	\$538.22	\$1,076.44	\$1,022.62	\$1,345.55	\$1,399.37	\$1,507.02	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-15S	HDEPOagg	\$497.07	\$994.14	\$944.43	\$1,242.68	\$1,292.38	\$1,391.80	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-17S	HDEPOagg	\$524.27	\$1,048.54	\$996.11	\$1,310.68	\$1,363.10	\$1,467.96	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-19	HDEPO	\$479.37	\$958.74	\$910.80	\$1,198.43	\$1,246.36	\$1,342.24	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VEHD-49	HDEPO	\$602.60	\$1,205.20	\$1,144.94	\$1,506.50	\$1,566.76	\$1,687.28	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VPHD-03S	HDEPOagg	\$481.67	\$963.34	\$915.17	\$1,204.18	\$1,252.34	\$1,348.68	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VPHD-04S	HDEPOagg	\$657.81	\$1,315.62	\$1,249.84	\$1,644.53	\$1,710.31	\$1,841.87	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VPHD-06S	HDEPOagg	\$536.79	\$1,073.58	\$1,019.90	\$1,341.98	\$1,395.65	\$1,503.01	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%

<b>Exhibit 6a -- Medical Base Rates (Q4 2017)</b>
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
For Effective Dates Beginning Between October 1, 2017 - December 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 Rate Annual Change
VEHD-01S	HDEPOagg	\$693.56	\$1,387.12	\$1,317.76	\$1,733.90	\$1,803.26	\$1,941.97	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-02S	HDEPOagg	\$585.22	\$1,170.44	\$1,111.92	\$1,463.05	\$1,521.57	\$1,638.62	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-07S	HDEPOagg	\$624.34	\$1,248.68	\$1,186.25	\$1,560.85	\$1,623.28	\$1,748.15	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-08S	HDEPOagg	\$558.92	\$1,117.84	\$1,061.95	\$1,397.30	\$1,453.19	\$1,564.98	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-12S	HDEPOagg	\$530.06	\$1,060.12	\$1,007.11	\$1,325.15	\$1,378.16	\$1,484.17	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-14S	HDEPOagg	\$551.00	\$1,102.00	\$1,046.90	\$1,377.50	\$1,432.60	\$1,542.80	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-15S	HDEPOagg	\$508.87	\$1,017.74	\$966.85	\$1,272.18	\$1,323.06	\$1,424.84	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-17S	HDEPOagg	\$536.72	\$1,073.44	\$1,019.77	\$1,341.80	\$1,395.47	\$1,502.82	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-19	HDEPO	\$490.75	\$981.50	\$932.43	\$1,226.88	\$1,275.95	\$1,374.10	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD-49	HDEPO	\$616.90	\$1,233.80	\$1,172.11	\$1,542.25	\$1,603.94	\$1,727.32	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VPHD-03S	HDEPOagg	\$493.10	\$986.20	\$936.89	\$1,232.75	\$1,282.06	\$1,380.68	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VPHD-04S	HDEPOagg	\$673.43	\$1,346.86	\$1,279.52	\$1,683.58	\$1,750.92	\$1,885.60	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VPHD-06S	HDEPOagg	\$549.53	\$1,099.06	\$1,044.11	\$1,373.83	\$1,428.78	\$1,538.68	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%

**Exhibit 6b -- Medical Riders (Q3 2017)**

Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
 For Effective Dates Beginning Between July 1, 2017 - September 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	\$4.76	\$9.52	\$9.04	\$11.90	\$12.38	\$13.33	1.9%	1.9%	1.9%	1.9%	2.0%	1.9%	4.2%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$3.94	\$7.88	\$7.49	\$9.85	\$10.24	\$11.03	1.8%	1.8%	1.9%	1.8%	1.8%	1.8%	4.0%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$3.32	\$6.64	\$6.31	\$8.30	\$8.63	\$9.30	1.8%	1.8%	1.9%	1.8%	1.8%	1.9%	3.7%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.76	\$3.52	\$3.34	\$4.40	\$4.58	\$4.93	1.7%	1.7%	1.5%	1.6%	1.8%	1.9%	4.1%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$4.76	\$9.52	\$9.04	\$11.90	\$12.38	\$13.33	1.9%	1.9%	1.9%	1.9%	2.0%	1.9%	4.2%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$3.32	\$6.64	\$6.31	\$8.30	\$8.63	\$9.30	1.8%	1.8%	1.9%	1.8%	1.8%	1.9%	3.7%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.76	\$3.52	\$3.34	\$4.40	\$4.58	\$4.93	1.7%	1.7%	1.5%	1.6%	1.8%	1.9%	4.1%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Co	HDHP	\$6.81	\$13.62	\$12.94	\$17.03	\$17.71	\$19.07	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.8%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.23)	(\$0.46)	(\$0.44)	(\$0.58)	(\$0.60)	(\$0.64)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%
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	\$3.35	\$6.70	\$6.37	\$8.38	\$8.71	\$9.38	1.8%	1.8%	1.9%	1.8%	1.9%	1.8%	4.0%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$6.51	\$13.02	\$12.37	\$16.28	\$16.93	\$18.23	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	4.0%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$6.99	\$13.98	\$13.28	\$17.48	\$18.17	\$19.57	1.9%	1.9%	1.9%	1.9%	1.8%	1.9%	4.0%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	\$3.15	\$6.30	\$5.99	\$7.88	\$8.19	\$8.82	1.9%	1.9%	2.0%	1.9%	2.0%	2.0%	4.0%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	\$4.50	\$9.00	\$8.55	\$11.25	\$11.70	\$12.60	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	3.9%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	\$2.89	\$5.78	\$5.49	\$7.23	\$7.51	\$8.09	1.8%	1.8%	1.7%	1.8%	1.8%	1.8%	3.6%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$4.35	\$8.70	\$8.27	\$10.88	\$11.31	\$12.18	1.9%	1.9%	2.0%	1.9%	1.9%	1.8%	4.1%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	\$4.34	\$8.68	\$8.25	\$10.85	\$11.28	\$12.15	1.9%	1.9%	2.0%	1.9%	1.8%	1.8%	4.1%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	\$3.30	\$6.60	\$6.27	\$8.25	\$8.58	\$9.24	1.9%	1.9%	1.8%	1.9%	1.9%	1.9%	3.8%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	\$3.94	\$7.88	\$7.49	\$9.85	\$10.24	\$11.03	1.8%	1.8%	1.9%	1.8%	1.8%	1.8%	4.0%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.47	\$8.94	\$8.49	\$11.18	\$11.62	\$12.52	1.8%	1.8%	1.8%	1.8%	1.8%	1.9%	4.0%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$6.49	\$12.98	\$12.33	\$16.23	\$16.87	\$18.17	1.9%	1.9%	1.9%	1.9%	1.9%	1.8%	4.0%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	\$7.23	\$14.46	\$13.74	\$18.08	\$18.80	\$20.24	1.8%	1.8%	1.9%	1.9%	1.8%	1.8%	3.9%
VHD316	Disposable Medical Supplies	HDHP	\$0.96	\$1.92	\$1.82	\$2.40	\$2.50	\$2.69	2.1%	2.1%	1.7%	2.1%	2.5%	2.3%	3.2%
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 (Q4 2017)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business  
 For Effective Dates Beginning Between October 1, 2017 - December 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	\$4.87	\$9.74	\$9.25	\$12.18	\$12.66	\$13.64	2.3%	2.3%	2.3%	2.4%	2.3%	2.3%	6.1%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$4.03	\$8.06	\$7.66	\$10.08	\$10.48	\$11.28	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	5.8%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$3.40	\$6.80	\$6.46	\$8.50	\$8.84	\$9.52	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.80	\$3.60	\$3.42	\$4.50	\$4.68	\$5.04	2.3%	2.3%	2.4%	2.3%	2.2%	2.2%	5.9%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$4.87	\$9.74	\$9.25	\$12.18	\$12.66	\$13.64	2.3%	2.3%	2.3%	2.4%	2.3%	2.3%	6.1%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$3.40	\$6.80	\$6.46	\$8.50	\$8.84	\$9.52	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	5.9%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.80	\$3.60	\$3.42	\$4.50	\$4.68	\$5.04	2.3%	2.3%	2.4%	2.3%	2.2%	2.2%	5.9%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out/Of Network C	HDHP	\$6.97	\$13.94	\$13.24	\$17.43	\$18.12	\$19.52	2.3%	2.3%	2.3%	2.3%	2.3%	2.4%	5.8%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.24)	(\$0.48)	(\$0.46)	(\$0.60)	(\$0.62)	(\$0.67)	4.3%	4.3%	4.5%	3.4%	3.3%	4.7%	9.1%
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	\$3.43	\$6.86	\$6.52	\$8.58	\$8.92	\$9.60	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%	6.2%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$6.66	\$13.32	\$12.65	\$16.65	\$17.32	\$18.65	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	5.9%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$7.16	\$14.32	\$13.60	\$17.90	\$18.62	\$20.05	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%	6.1%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	\$3.22	\$6.44	\$6.12	\$8.05	\$8.37	\$9.02	2.2%	2.2%	2.2%	2.2%	2.2%	2.3%	5.9%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	\$4.61	\$9.22	\$8.76	\$11.53	\$11.99	\$12.91	2.4%	2.4%	2.5%	2.5%	2.5%	2.5%	6.0%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	\$2.96	\$5.92	\$5.62	\$7.40	\$7.70	\$8.29	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%	5.7%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$4.45	\$8.90	\$8.46	\$11.13	\$11.57	\$12.46	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	6.0%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	\$4.44	\$8.88	\$8.44	\$11.10	\$11.54	\$12.43	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	6.0%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	\$3.38	\$6.76	\$6.42	\$8.45	\$8.79	\$9.46	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	6.0%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	\$4.03	\$8.06	\$7.66	\$10.08	\$10.48	\$11.28	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	5.8%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.58	\$9.16	\$8.70	\$11.45	\$11.91	\$12.82	2.5%	2.5%	2.5%	2.4%	2.5%	2.4%	6.0%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$6.64	\$13.28	\$12.62	\$16.60	\$17.26	\$18.59	2.3%	2.3%	2.4%	2.3%	2.3%	2.3%	5.9%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	\$7.40	\$14.80	\$14.06	\$18.50	\$19.24	\$20.72	2.4%	2.4%	2.3%	2.3%	2.3%	2.4%	5.9%
VHD316	Disposable Medical Supplies	HDHP	\$0.98	\$1.96	\$1.86	\$2.45	\$2.55	\$2.74	2.1%	2.1%	2.2%	2.1%	2.0%	1.9%	5.4%
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%





**State of Vermont**  
**Green Mountain Care Board**  
89 Main Street  
Montpelier VT 05620

Report to the Legislature

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**REPORT ON THE TOTAL AMOUNT OF ALL EXPENSES ELIGIBLE  
FOR ALLOCATION PURSUANT TO 18 V.S.A. §§ 9374(h) AND 9415 AND  
THE TOTAL AMOUNT ACTUALLY BILLED BACK TO REGULATED  
ENTITIES DURING STATE FISCAL YEAR 2016**

**In accordance with Act 79 of 2013, Section 37c**

*Submitted to the  
House Committees on Health Care, Ways & Means, and Appropriations; the  
Senate Committees on Health & Welfare, Finance, and Appropriations; and the  
Joint Fiscal Committee*

*Submitted by the  
Green Mountain Care Board & the  
Department of Financial Regulation*

*September 15, 2016*

## Introduction

Section 37c of Act 79 of 2013 requires that the Green Mountain Care Board (Board) and the Vermont Department of Financial Regulation (Department) submit a report showing **“the total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period.”** 2013, No. 79, § 37c(a). This report must be submitted annually on or before September 15 to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the House and Senate Committees on Appropriations. *Id.* The Department and the Board must also provide this information to the Joint Fiscal Committee at its September meeting. *Id.* § 37c(b). This report is listed on the non-action portion of the Joint Fiscal Committee’s September 15 meeting agenda, and is being submitted to satisfy that agenda item as well as § 37c(b) of Act 79.

## Background

The General Assembly passed the initial legislation for this billback authority in 1996 to support the activities of the Health Care Authority (HCA). When the HCA moved into the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISCHA), the authority for this billback transferred to BISHCA (now the Department).

In 2012, the Legislature authorized the newly-formed Board to bill back to hospitals and insurance carriers the costs of certain activities related to health care system oversight. 2012, No. 171 (adj. sess.), § 5. The law provides that “[e]xpenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts” that are authorized by either the Department or the Board “shall be borne as follows:”

- 40% by the State;
- 15% by the hospitals;
- 15% by nonprofit hospital and medical service corporations;
- 15% by health insurance companies; and
- 15% by health maintenance organizations.

18 V.S.A. §§ 9374(h)(1) & 9415(a). In other words, for each dollar that the State bills back pursuant to this statutory authority, the regulated entities, as a group, must pay 60 cents, with the State remaining responsible for the other 40. The 60/40 allocation has not changed and remains in effect at present.

In a February 2013 report,<sup>1</sup> the Board and the Department advised the Legislature that since the inception of the billback authority, the State has not billed back the full scope of expenses made eligible by the authorizing legislation. In response, the Legislature mandated this annual reporting and expanded the governing statute to afford the Board and the Department discretion over the scope and the amount of the billback. 2013, No. 79, § 37c; *id.* §§ 37a, 37b (amending 18 V.S.A. §§ 9374(h), 9415). Since the passage of that legislation, the Board and the Department are authorized to continue to utilize the 60/40 billback formula “if, in the Board’s

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<sup>1</sup> Available at: [http://gmcboard.vermont.gov/sites/gmcboard/files/Billback\\_Rpt\\_020113.pdf](http://gmcboard.vermont.gov/sites/gmcboard/files/Billback_Rpt_020113.pdf)

discretion, the expenses to be allocated are in the best interests of the regulated entities and of the State.” 18 V.S.A. § 9374(h)(2); *see also* 18 V.S.A. § 9415(b) (same language for the Department).

Finally, Act 79 expanded the scope of the billback to include funding for the office of the Health Care Advocate (HCA) and for staffing related to the publication of the hospital community reports required by 18 V.S.A. § 9405b. 2013, No. 79, §§ 37d, 50(c).

**State Fiscal Year 2016 Billback**

In state fiscal year 2016 (FY16), the Board and the Department billed back approximately \$1,546,407, as shown in Appendix A of this report. This amount is slightly lower than the Board’s projected billback amount of \$1,527,475, which was established in the Board’s FY16 budget. Tables 1 and 2 below show how that amount breaks out among the hospitals and insurance companies that can be billed under 18 V.S.A. §§ 9374(h)(1) and 9415.

**Table 1: Hospital Assessment FY16**

<b>HOSPITAL</b>	<b>Amount Billed</b>
Brattleboro Memorial Hospital	\$13,457
Carlos Otis	\$1,251
Central Vermont Medical Center	\$32,431
Copley Hospital	\$13,774
University of VT Medical Center	\$158,270
Gifford Medical Center	\$10,813
Mt. Ascutney Hospital	\$3,225
Northeastern VT Regional Hospital	\$10,840
North Country Hospital	\$12,038
Northwestern Medical Center	\$20,173
Porter Medical Center	\$14,215
Rutland Regional Medical Center	\$48,832
Southwestern Medical Center	\$29,567
Springfield Hospital	\$17,714
<b>Total</b>	<b>\$386,602</b>

**Table 2: Insurance Carrier Assessment FY15**

<b>CARRIER</b>	<b>Amount Billed</b>
Blue Cross and Blue Shield of Vermont	\$386,602
The Vermont Health Plan, LLC	\$279,555
MVP Health Plan, INC.	\$107,047
MVP Health Insurance Company	\$237,307
Cigna Health & Life Insurance Company, Inc.	\$105,553
UnitedHealthcare Insurance Company	\$19,685
Aetna Life Insurance Company	\$11,506
Connecticut General Life Insurance Company, Inc.	\$5,255
4 Ever Life Insurance Company	\$3,116
QCC Insurance Company	\$2,505
State Farm Mutual Automobile Insurance Company	\$1,197
United States Life Insurance Company	\$129
American Heritage Life Insurance Co.	\$92
The United States Business of The Great-West Life Assurance Co.	\$88
AXA Equitable Life Insurance Company	\$57
Golden Rule Insurance Company	\$41
American Progressive Life & Health Insurance Company of New York	\$18
Prudential Insurance Company of America	\$17
Metropolitan Life Insurance Company	\$17
Celtic Insurance Company	\$17
Mutual of Omaha Insurance Company	\$1
<b>Total</b>	<b>\$1,159,805</b>

By way of comparison, the State billed back approximately \$395,000 in FY13, \$890,000 in FY14, \$1,474,300 in FY15, and \$1,546,407 in FY16. The Board’s approved FY17 budget includes a projected billback amount of \$2,045,927.

In order to help place the FY16 figures in context, Appendix A breaks out the Board’s total expenses by category and for each category, indicates the maximum amount that the Board has determined eligible to be billed back under Vermont law. For example, of the \$3,365,117 that was actually spent on personal services in FY16, the Board determined that up to \$909,842 was eligible to be billed back under 18 V.S.A. § 9374(h). *See* Appendix A, ‘Projected Budget FY16’ column, lines 2-3. The next three blocks of information present analogous information relative to operating expenses, grants, and contracts.

The final block, entitled “Pers[onal] Services, operating, grants, contracts,” shows the maximum amounts that could have been billed to regulated entities under the statutory 60/40 formula, the amounts budgeted to be billed back, and the actual amounts billed back. As Appendix A shows, the Board actually billed back \$1,546,407, or approximately 67%, of the

potential industry portion of \$2,297,318.68.

In addition, Appendix A shows that based on its approved FY17 budget, the Board projects it will bill industry \$1,973,522 in FY17 under its statutory billback authority. This represents 100% of the potential industry portion.

Both the budgeted increase of \$1,973,522 for FY17 and the increases in the amounts actually billed back to industry from FY13 to FY16 (\$395,000 in FY13; \$890,000 in FY14; \$1,474,300 in FY15; and \$1,546,407 in FY16) demonstrate the Board's commitment to utilize its billback authority consistent with legislative intent. The Board therefore acknowledges the need to defray certain categories of expenses through the billback function, but to also utilize its discretion when appropriate to limit the burden on regulated entities, which ultimately pass these expenses on to Vermont health care consumers. Further, the Board will maximize funding from other sources, including federal grants, for its activities that may otherwise be funded through the billback function. In other words, to the extent an expense eligible for billback is being funded through federal or other grants, the Board uses its discretion under 18 V.S.A. § 9374(h)(2) to exclude those dollars from the billback actually charged to industry. This explains, in large part, the variance shown in the last line of Appendix A.

## APPENDIX A

### TO GMCB FY 2016 BILLBACK REPORT

Green Mountain Care Board  
Al Gobeille, Chair

9/15/2016

<b>BILLBACK DETAIL</b>	Projected Budget FY 2016	Actual Budget FY 2016	Actual Expended FY 2016	Total Projection FY 2017
Total Expenses	\$ 9,595,361.72	\$ 9,481,753.31	\$ 6,766,817.07	\$ 9,572,404.00
<b>Personal Services</b>	\$ 3,365,117.45	\$ 3,365,117.45	\$ 2,924,039.92	\$ 3,468,390.08
Total Billback	\$ 909,841.80	\$ 909,841.80	\$ 701,956.91	\$ 1,269,823.88
Industry Portion	\$ 543,921.95	\$ 543,921.95	\$ 422,646.76	\$ 761,997.73
<b>Operating</b>	\$ 638,789.09	\$ 638,789.54	\$ 353,758.04	\$ 835,995.00
Total Billback	\$ 248,053.72	\$ 248,251.26	\$ 122,110.45	\$ 250,798.50
Industry Portion	\$ 122,164.22	\$ 122,278.92	\$ 96,281.80	\$ 150,479.10
<b>Contracts</b>	\$ 5,591,455.18	\$ 5,487,323.35	\$ 3,489,019.11	\$ 5,268,018.92
Gross Potential Billback*	\$ 5,591,455.18	\$ 5,487,323.35	\$ 3,489,019.11	\$ 5,268,018.92
Alternate Funding	\$ (2,920,486.23)	\$ (2,947,469.15)	\$ (2,340,198.08)	\$ (3,499,438.30)
Net Potential Billback	\$ 2,670,968.95	\$ 2,539,854.20	\$ 1,148,821.03	\$ 1,768,580.62
Total Billback	\$ 1,488,560.28	\$ 1,528,286.65	\$ 827,511.72	\$ 1,768,580.62
Industry Portion	\$ 834,720.59	\$ 1,015,159.00	\$ 532,493.04	\$ 1,061,044.97
<b>Pers Services, operating, grants, contracts</b>				
Total Net Potential Billback	\$ 3,828,864.47	\$ 3,697,947.25	\$ 1,972,888.39	\$ 3,289,203.00
Potential Industry Billback	\$ 2,297,318.68	\$ 2,218,768.35	\$ 1,183,733.03	\$ 1,973,521.80
Budgeted Industry Billback	\$ 1,546,406.76	\$ 1,681,359.87	\$ 1,051,421.60	\$ 1,973,521.80
Billback Adjusted to Appropriation	\$ -	\$ -		
Final billback	\$ 1,546,406.76	\$ 1,681,359.87	\$ 1,051,421.60	\$ 1,973,521.80
Budgeted Industry Billback as % of Potential	67%	76%	89%	100%
Variance	\$ 750,911.92	\$ 537,408.48	\$ 132,311.43	\$ -

**Notes:**

We reserve the need to change the above amounts if we develop better information.

Actual 2016 reflects amounts billed to industry based upon budgeted plans.



## **Consumer Disclosure about Proposed Health Insurance Rate Increases VT 2017 3Q/4Q 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 2017 Small Group Grandfathered rates (effective dates of coverage beginning between July 1, 2017 and December 31, 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 3.9% for policies renewing in the third quarter of 2017 and 5.9% for policies renewing in the fourth quarter of 2017. There are 237 policyholders, 1,044 subscribers and 1,876 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:** 02/06/2017





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March 1, 2017

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

Re: 3Q/4Q 2017 Vermont Small Group AR42 Rate Filing  
SERFF Tracking #: MVPH-130912027

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 02/20/17 regarding the above mentioned rate filing. The responses to your questions are provided below.

*1. Please explain the difference between the Rx data provided in this filing and in the prior filing. The 3Q/4Q memorandum and "Rolling 12 Medical and Rx..." file state that the Rx allowed costs in the 12-month period ending April 2016 were \$31.96 PMPM for this block. However, the 1Q/2Q 2017 filing, for which this period was the base period, states that this amount was \$35.21. This difference of 10% appears to be greater than the uncertainty that would result from IBNR at 2 months of runoff.*

Response: The rolling 12-month time period ending April 2016 in the 1Q/2Q 2017 filing reflected data from groups that were active as of June 2016. The same time period in the current filing reflects data from groups that are active as of January 2017. The Rx paid claims for the members that were considered "active" in both time periods total \$709,585. The member months that were considered "active" in both time periods are 22,168, equating to a PMPM of \$32.01.

There were 10 groups that terminated coverage between June 2016 and January 2017 (comprising 578 member months) that were included in the previous data set but not in the current data set. These groups had \$91,281 worth of Rx paid claims in the prior data set, which equates to a PMPM for these members of \$157.93. The Rx paid amount PMPM went down significantly from the previous version of the filing because the members that terminated coverage between June 2016 and January 2017 had a much higher morbidity than the population as a whole.

Please note that there are 32 member months for members that were not considered active as of June 2016 but now are considered to be. This is due to a single group's coverage being suspended as of June 1, 2016 and having since been reinstated. These members only accounted for \$26 worth of Rx paid claims in the time period May 2015 to April 2016, which reduced the PMPM by \$0.05 (\$32.01 presented above to \$31.96).

*2. Please explain why the 2017 medical trends assumed in this filing are materially higher than those presented in the Exchange filing submitted last summer and the large group filing submitted in September.*

Response: The increased inpatient and outpatient trends for 2017 are reflective of continued negotiations with providers as well as finalized 2017 hospital budgets for providers in the state. These budgets were finalized on September 29, 2016, which was after the previous round of rate filings (SERFF #s MVPH-130681893, MVPH-130720563, and MVPH-130682523) were submitted for review. In addition, MVP negotiates deviations from the hospital budgets on a continuous basis (as well as contracts with hospitals outside of the state of Vermont), and so the current 2017 trends are reflective of our most up-to-date contract information.



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*3. Did the PBM provide a single point estimate of Rx trend, or a range and/or scenarios? If the trend was selected from a range, how did MVP decide on the final assumptions?*

Response: The PBM provided a single point estimate of Rx trend. There were no scenarios provided by the PBM for the trend figures presented.

*4. It appears from the materials provided that MVP is assuming a 2018 health insurer tax of 2.0% of premium. Please support this assumption.*

Response: Based on historical data, MVP's portion of the health insurer tax has ranged from 1.6% of premium to 2.3% of premium over the recent past. MVP is working under the assumption that carriers would be provided a one-year moratorium on the health insurer tax for 2017 and would resume paying the tax in 2018. While MVP recognizes that there is uncertainty surrounding this tax and other provisions of the Affordable Care Act, our best estimate as of the filing date is that we will have to pay this tax for 2018 and beyond.

*5. The general administrative load has been supported in previous filings by comparison to the Supplemental Health Care Exhibit. In the past, has the 18 V.S.A § 9374 (h)(1) billback been reported in the administrative costs in that exhibit?*

Response: Historically, MVP has reflected the billback amounts for 18 V.S.A § 9374 (h)(1) in line 2.1 of the Supplemental Health Care Exhibit part 1 (Incurred Claims excluding Prescription Drugs).

*6. In Item 24 of Exhibit 3, is the revenue at the prior rate level based on the age distribution in the experience period or the age distribution as of January 2017?*

Response: Line 24 of Exhibit 3 reflects the member month-weighted average prior rate level using the experience period member months as weights. MVP believes that it is necessary to match the experience period benefit distribution to calculate an appropriate rate increase. If January 2017 membership were used to calculate the prior rate revenue PMPM, changes in the distribution of members across the spectrum of benefits from one time period to the next would (incorrectly) be accounted for in the calculated rate change.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Bachner".

Eric Bachner, ASA  
Senior Actuarial Analyst  
MVP Health Care