

**State:** VermontGMCB **Filing Company:** MVP Health Insurance Company  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
**Product Name:** VT LG HIC Filing 3Q/4Q 2017  
**Project Name/Number:** /

## Filing at a Glance

Company: MVP Health Insurance Company  
Product Name: VT LG HIC Filing 3Q/4Q 2017  
State: VermontGMCB  
TOI: H16G Group Health - Major Medical  
Sub-TOI: H16G.002A Large Group Only - PPO  
Filing Type: GMCB Rate  
Date Submitted: 02/08/2017  
SERFF Tr Num: MVPH-130913726  
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:

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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: Large
Group Market Type: Employer	Overall Rate Impact: 4.6%
Filing Status Changed: 03/03/2017	
State Status Changed:	Deemer Date:
Created By: Eric Bachner	Submitted By: Eric Bachner
Corresponding Filing Tracking Number:	

PPACA: Non-Grandfathered Immed Mkt Reforms, Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed manual rates, experience rated formula, and addendum values included within this filing are for employer groups with 100+ employees in the state of Vermont with coverage dates beginning between 7/1/2017 - 12/31/2017.

## 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-130913726

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

Product Name:

VT LG HIC Filing 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	02/22/2017	02/22/2017

#### Response Letters

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

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## Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	02/22/2017
Submitted Date	02/22/2017
Respond By Date	03/03/2017

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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. Kloepersmith, 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 22, 2017

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

Re: MVP Health Plan, Inc.  
 2017 3Q/4Q Large Group HIC Rate Filing  
 SERFF Tracking #: MVPH-130913726  
 Objection #1

Dear Mr. Lombardo:

The following additional information is required for this filing.

**Trend**

1. 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.
2. Please explain the dramatic differences between Rx trend assumptions in the prior filing and this filing. For example, 2016 unit cost trend for specialty drugs changed from 8.2% to 32.8%.
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. Please support this assumed 2018 health insurer tax of 2.0% of premium.
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 every 12-month period since the one ending in December 2014, the percentage of claims exceeding \$100k annually has been lower than the 9.16% assumed in this filing. Please support the continued use of this assumption in this filing.
7. In Item 16 of Exhibit 3, the revenue at the prior rate level appears to be based on the age distribution in the experience. This would seem to eliminate the need for normalizing the age/gender factors. Please clarify whether this revenue amount is calculated using the prior age/gender factors or the renormalized factors, and explain why a normalization of these factors is necessary.
8. We note that the proposed rate increase is again being applied uniformly to all medical co-plans and base Rx riders. Please confirm that the current relativities between plan rates are based on 2012 data, and explain why they are not being changed. In your response, address the substantial difference between medical trend and Rx trend.
9. How many groups have been quoted using the manual rate cap? Did the cap increase or decrease the manual rate for the affected groups? Did any of them purchase coverage quoted with a manual rate cap?
10. Please complete the following summary of the quarterly rate changes:

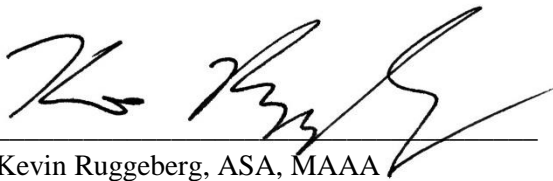
Reason for Change	4Q16 / 3Q16	1Q17 / 4Q16	2Q17 / 1Q17	3Q17/ 2Q17	4Q17/ 3Q17
Manual Rate Change					
Age/Gender Factor Changes					
Change in Target Loss Ratio					
<b>Total Revenue Changes</b>					

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 3<sup>rd</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 Ruggeberg, ASA, MAAA  
Associate Actuary  
Lewis & Ellis, Inc.  
KRuggeberg@LewisEllis.com  
(972)-850-0850

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MVPH-130913726

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Company Tracking #:

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## Response Letter

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

Dear Thomas Crompton,

### Introduction:

### Response 1

#### Comments:

Please see the attached supporting documentation which provides MVP's response to the Objection Letter.

### 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 LG 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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 Product Name: VT LG HIC Filing 3Q/4Q 2017  
 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 HDEPO	
Number of Covered Lives	949	
Product:	NEW	
Product Name	Preferred Suite EPO	
Number of Covered Lives	1247	

PRIOR RATE:

Min:	302.880	261.560
Max:	567.680	441.060
Weighted Avg.:	431.800	364.250

REQUESTED RATE:

Min:	315.780	244.810
Max:	598.440	437.480
Weighted Avg.:	454.570	344.110



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MVPH-130913726

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### Rate Information

Rate data applies to filing.

**Filing Method:** SERFF  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** -12.200%  
**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	5.400%	5.400%	\$599,863	16	\$11,378,917	5.400%	5.400%

State: VermontGMCB Filing Company: MVP Health Insurance Company  
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO  
 Product Name: VT LG HIC Filing 3Q/4Q 2017  
 Project Name/Number: /

## Rate Review Detail

### COMPANY:

Company Name: MVP Health Insurance Company  
 HHS Issuer Id: 92082

### PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Preferred Suite EPO			1247
Preferred Suite HDEPO			949

Trend Factors:

### FORMS:

New Policy Forms:  
 Affected Forms:  
 Other Affected Forms: VT EPO COC, VT HDEPO COC

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual  
 Member Months: 21,322  
 Benefit Change: Increase  
 Percent Change Requested: Min: 5.4 Max: 5.4 Avg: 5.4

### PRIOR RATE:

Total Earned Premium: 11,378,917.00  
 Total Incurred Claims: 9,353,470.00  
 Annual \$: Min: 261.56 Max: 441.06 Avg: 364.25

### REQUESTED RATE:

Projected Earned Premium: 11,978,780.00  
 Projected Incurred Claims: 9,846,557.00  
 Annual \$: Min: 244.81 Max: 437.48 Avg: 344.11

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## Supporting Document Schedules

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	3Q 2017 ACT MEMO HIC Large Group.pdf 2015 Market Share Report- GMCB.pdf 2017 Experience Rating Formula Filing Exhibits A&B - Vermont.pdf Appendices A- C - 3Q 2017.pdf Rolling 12 Medical and Rx Data - LG HIC.xlsx VT Experience Rated Addendum - 3Q 2017.pdf VT LG HIC Q3 & Q4 2017 Rate Filing(Exclude 51-100) SERFF.pdf VT LG HIC Q3 & Q4 2017 Rate Filing(Exclude 51-100) SERFF.xlsx GMCB_FY16_Billback_Report.pdf Impact of Membership Growth_Decline on Experience Pd Claims.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx MVP Health Care - Experience Formula_VT.pdf Rolling 12 Medical and Rx Data - LG HIC.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 forms comply with 8 V.S.A. § 4724.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Consumer Disclosure Form
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Filing Compliance Certification
<b>Comments:</b>	

**SERFF Tracking #:**

MVPH-130913726

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

VermontGMCB

**Filing Company:**

MVP Health Insurance Company

**TOI/Sub-TOI:**

H16G Group Health - Major Medical/H16G.002A Large Group Only - PPO

**Product Name:**

VT LG HIC Filing 3Q/4Q 2017

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/

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

<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 LG HIC Objection #1.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

SERFF Tracking #:

MVPH-130913726

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.002A Large Group Only - PPO

Product Name:

VT LG HIC Filing 3Q/4Q 2017

Project Name/Number:

/

***Attachment Rolling 12 Medical and Rx Data - LG HIC.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment VT LG HIC Q3 & Q4 2017 Rate Filing(Exclude 51-100) SERFF.xlsx is not a PDF document and cannot be reproduced here.***

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



## **ACTUARIAL MEMORANDUM**

### **3Q and 4Q 2017 Large Group AR42 Manual Rate and Addendum Filing**

#### **Purpose of Filing**

The purpose of this filing is to demonstrate the development of manual rates in support of MVP Health Insurance Company's (MVP) Large Group AR42 product portfolio and seek approval of the manual rates and factors used to develop group specific 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.

#### **Scope of Filing**

As of January 2017, there were 2,196 members enrolled in Large Group AR42 plans. Of these members, 145 (1 group) have a 3<sup>rd</sup> quarter renewal and none have a 4<sup>th</sup> quarter renewal

The overall projected annual revenue change for 3Q 2017 is 5.4% and is driven by three factors which are described below.

- Manual Rate Change: MVP is proposing a quarterly manual rate increase of 4.6% which translates to an annual change of 3.3%.
- Age/Gender Table Normalization: The average age/gender factor of the population in this experience period compared to the prior filing is 1.013. When combined with the normalization from the prior filing, the annual change to the age/gender factor results in a revenue decrease of -0.4%. MVP is dividing all of the current age/gender factors by this amount (1.013) which is actuarially equivalent to normalizing the claim projection by the same factor. The normalized age/gender table is included in Appendix B of the file, "Appendices A-C – 3Q 2017.xlsx".
- Change in Target Loss Ratio: MVP is decreasing its target loss ratio from 84.1% in the 3Q 2016 filing to 82.2% for this rate filing which is increasing the overall revenue change by an additional 2.4%. The drivers of this reduction are an increase in the administrative load from 8.0% to 9.7% (as filed and approved in the previous filing) and inclusion of the ACA insurer tax for 2018 dates of service. These are marginally offset by the removal of the Temporary Reinsurance Pool fee starting with 2017 dates of service.

Please see the following table for a derivation of the overall revenue change for 3Q and 4Q 2017.

**Derivation of Annual Revenue Change 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
<b>Manual Rate Changes</b>	1.3%	-4.0%	1.6%	4.6%	1.8%	3.3%	3.9%
	Average Manual Rate Change for LG HIC Block					3.3%	3.9%
	Age Gender Table Normalization					-0.4%	-0.4%
	Impact of Changes in Target Loss Ratio					2.4%	4.1%
	<b>Proposed Annual Revenue Change</b>					<b>5.4%</b>	<b>7.7%</b>

**Experience Period Claims**

Large group AR42 claims incurred between November 2015 and October 2016, paid through December 2016 were the basis of MVP's rate analysis. Groups with 51-100 employees as well as groups that terminated coverage before January 2017 were excluded from the analysis as they will not be enrolling in these products in 2017. 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 is also reflecting an additional claim expense that is not processed through its claims system (Line 3a of Exhibit 3). This is a claims settlement fee accrual that will be paid to a VT provider for 2015 dates of service. The \$1.02 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 (15.3%).

**Pooling Charge**

To account for volatility in high cost claims, claims in excess of \$100,000 are being removed from the claim projection and replaced by a pooling charge. The pooling charge of 9.16% is equal to the \$100,000 pooling charge included in MVP's LG Addendum which is included with this SERFF submission. For a summary of the high cost claim ratio in recent time periods, please refer to the attached file, "Rolling 12 Medical and Rx Data - LG HIC".

**IBNR Factor**

As previously stated, MVP has used claim data with two months of paid claim runoff. We have completed the claims using an IBNR factor of 2.3% which also reflects two months of runoff. 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>

### **Development of Manual Rate Increase**

Exhibit 3a demonstrates the development of the proposed 3<sup>rd</sup> quarter rate action. FFS medical claims completed with IBNR and adjusted for the pooling charge are projected to the rating period. Non-FFS claim expenses and capitation expenses are added to the claim projection. Please see the following table 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	\$0.29
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>\$11.13</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 \$12.44 PMPM for 3Q 2017 and \$12.50 PMPM for 4Q 2017.

Finally, adjustments are made to the projected net claims cost to account for the New York State HCRA surcharge, average industry factor, and the impact of membership changes over the experience period.

The New York HCRA Surcharge included in the claim projection 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.

The industry normalization factor shown on Exhibit 3a was computed using MVP's census over the experience period along with the industry factors included in Appendix A of the file, "Appendices A-C – 3Q 2017.xlsx" which is included with this SERFF submission. MVP is not proposing changes to these factors for 3Q 2017. Because MVP is deriving its proposed rate increase from the 2Q 2017 manual rates which reflects an industry factor equal to 1.00, claim costs must be adjusted to be on a 1.00 basis as well. Over the experience period, the average industry factor was 1.004. To neutralize the impact of this factor on the required rate change, MVP is multiplying the 3Q 2017 claim projection times the reciprocal of this factor.

MVP is also making an adjustment to the claim projection for the impact of membership not representing a full 12-month contract over the experience period. Because deductibles are present in most 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 1.008 and can be found in Exhibit 3a. We would expect this number to be equal to or slightly above 1.000 when using active groups only because of the claim experience of new groups. Groups who enroll in the middle of the experience period do not reflect a full twelve month contract. 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 data suggested quarterly rate change for 3Q 2017, the normalized net claim projection is compared to the 2Q 2017 manual rate that would be collected for the experience period enrollment to indicate the suggested quarterly manual rate change.

MVP has also developed 4Q 2017 manual rates for this rate filing. Please see Exhibit 3b which is identical to Exhibit 3a except for the fact that one additional quarter of 2018 trend has been applied to the experience period claims. Comparing the 4Q 2017 projected claims to the 3Q 2017 claim projection determines the quarterly manual rate change.

**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 unit cost trends from the 2017 VT Exchange filing, and 2018 trends are assumed to be equal to 2017 trends for purposes of calculating the 2Q 2017 total trend.

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

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

Also included in this filing is a paid trend development exhibit for 4Q 2017. Please see Exhibit 2e which is identical to Exhibit 2a except there is one more quarter of 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.

Rx Trends Used in 1Q 2017 MVP VT Large Group Filing				
	2016 Trend		2017/2018 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-11.2%	3.4%	-2.7%	3.2%
Brand	15.8%	-5.2%	17.1%	-2.2%
Specialty	8.2%	9.5%	9.1%	8.1%

**Rx Trends Used in 3Q 2017 MVP VT Large Group Filing**

	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 - LG HIC.xlsx" which contains a rolling 12 month summary of total Rx claim costs as well as Rx data broken out by Generic, Brand, and Specialty.

Also included in this filing is a paid trend development exhibit for 4Q 2017. Please see Exhibit 2f which is identical to Exhibit 2b except there is one more quarter of trend reflected in the calculation.

**Retention Expenses**

Retention expenses are outlined in the attached Addendum. The following table represents MVP's Large Group administrative expenses as filed in the Supplemental Health Care Exhibit over the past four years:

**Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit**

	VT Large Group - AR42 & AR44			Admin Expense Ratio
	Member Months	Premium PMPM	Admin PMPM	
2012	136,049	\$335.21	\$33.62	10.0%
2013	118,563	\$363.04	\$39.18	10.8%
2014	97,084	\$404.11	\$38.31	9.5%
2015	68,766	\$432.06	\$34.13	7.9%

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

MVP is proposing an administrative charge of 9.7% of premium in this filing which is consistent with the approved 1<sup>st</sup> quarter 2017 filing. MVP expects its revenue to decrease 11.1% in 2017. Because the administrative expense is collected as a percent of premium, decreasing revenue causes a corresponding decrease in the amount of premium collected to cover administrative expenses. The proposed annual increase (due to the previous filing's increase) will offset the impact of declining membership and decreasing revenue in the rating period.

Changes have been made to the following retention items since the 1Q 2017 filing:

- Covered Lives Assessment: The 2017 covered lives assessment has been finalized by New York State. MVP has included the updated amounts in the addendum and have also assumed a 5% increase in the assessment for 2018.

The following taxes/assessments are included in the attached Addendum:

*ACA Insurer Tax*

Beginning in 2014, carriers will be taxed based on earned premium. MVP estimates its liability will be 0.0% of premium in 2017 and 2.0% of premium in 2018.

*VT Paid Claim Tax*

The State of Vermont charges a 0.999% tax on paid claims.

*Comparative Effectiveness Research Fee*

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.

**Loss Ratio Information**

The traditional target loss ratio (claims cost / premium) for the rates proposed in this rate filing is 82.2%. 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 86.2%. Please see the following table for more detail:

<b>Target Loss Ratio for LG AR42 in 3Q 2017</b>	
	<b>Large Group AR42</b>
A) Claims Expense	\$384.67
B) Taxes/Assessments	\$16.58
C) Quality Improvement	\$4.54
D) Premium	\$467.93
E) Traditional Loss Ratio = A) / D)	<b>82.2%</b>
F) Federal Loss Ratio = [A) + C)] / [D) - B)]	<b>86.2%</b>

MVP did not rebate customers for its Large Group AR42 VT block in 2015, and does not anticipate having to rebate customers for 2016. After making adjustments for taxes/assessments and expenses associated with quality improvements, the statutory Federal loss ratio used to determine if this block is in a rebating situation for 2015 is 90.0%.

**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. Note the data represented in these files excludes the 51-100 block as well as groups that are not currently active with MVP as of January 2017.

**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.



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Eric Bachner, ASA  
Senior Actuarial Analyst  
MVP Health Care

02/07/2017  
Date

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.

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## 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.**

MVP Health Care - Large Group Experience Rating Formula

I. Case Information				
Group Name:	Input		Date:	Input
Group #:	Input		Effective Date:	Input
Marketing Rep:	Input			
Underwriter:	Input			
II. Manual Pure Premium Calculation		Medical w/ Non-Pharmacy Riders		Pharmacy
1 - Manual Pure Premium	Addendum Value		Addendum Value	
2 - Industry Factor	Addendum Value		Addendum Value	
3 - Demographic Factor	Addendum Value		Addendum Value	
4 - Manual Group Risk Assessment	Addendum Value		Addendum Value	
5 - HRA/HSA Funding Load Factor	Addendum Value		Addendum Value	
6 - Adjusted Manual Pure Premium	$1 \times 2 \times 3 \times 4 \times 5$		$1 \times 2 \times 3 \times 4 \times 5$	Total PMPM
III. Experience Pure Premium Calculation				
Experience Period Start Date	Input		Input	
Experience Period End Date	Input		Input	
Paid Through Date	Input		Input	
Midpoint of Experience Period	Input		Input	
Product Reflected in Experience	Input		Input	
Product in the Rate Quote	Input		Input	
Member Months	Input		Input	
Out-of-Area Subscribers	Input		n/a	
Claims Information				
1 - Date of Service Paid Claims	Input		Input	
2 - Composite Completion Factor Adjustment	Input		Input	
3 - Incurred Claims	1x2		1x2	
4 - Other non fee for service medical expenses	Input		n/a	
5 - Pooling Level (PL)	Addendum Value		Addendum Value	
6 - Actual Large Claims (Excess Over PL)	Input		Input	
7 - Pharmacy Rebate Factor	n/a		Addendum Value	
8 - Incurred Claims Less Large Claims	3+4-6		$(3 - 6) * 7$	
9 - Trend Factor to MP of Projection Period	Addendum Value		Addendum Value	
10 - Trended Net Claims	8x9		8x9	
11 - Trended pmpm Net Claims	10 / membermonths		10 / membermonths	
Experience Adjustments				
12 - Demographic Adjustment (Carrier Replacement Only)	Addendum Value		Addendum Value	
13 - Prior Period Adjustment, if applicable	Value from Exhibit B		Value from Exhibit B	
14 - Network Adjustment Factor	Addendum Value		n/a	
15 - Benefit Adjustment	Addendum Value		Addendum Value	
16 - Pooling Charge %	Addendum Value		Addendum Value	
17 - Adjusted pmpm Net Claims	$product(11 \text{ thru } 15) \times (1+16)$		$product(11 \text{ thru } 15) \times (1+16)$	
18 - Covered Lives Assessment	Addendum Value		n/a	
19 - Indigent Care	Addendum Value		n/a	
20 - Experience Pure Premium	$17 + 18 + 19$		17	
IV. Employer Specific Premium Rates		Total		
Blending the Manual Pure Premium and Experience				
1 - Adjusted Manual Pure Premium	6 From Section II			
2 - Capped Manual Pure Premium	If group has over 100 enrolled subscribers and adjusted manual premium is +/- 15% or more of the Experience Pure Premium, cap adjusted manual rate at Experience Pure premium * 1.15 or Experience Pure Premium *.85, respectively. Otherwise, equal to Adjusted Manual Pure Premium			
3 - Experience Pure Premium	20 From Section III			
4 - Experience Credibility Weight	Addendum Value			
5 - Blended Pure Premium	$3x4 + 2x(100\%-4)$			
6 - Group Risk Assessment Factor	Addendum Value			
7 - New Business Discount	Addendum Value			
8 - Retrospective Financial Underwriting Factor	Addendum Value			
9 - Network Access Fee	Addendum Value			
10 - Retention Charges excluding Premium Tax	Addendum Value			
11 - Premium Taxes	Addendum Value			
12 - Group Required Pure Premium	$5x6x7x8+9+10+11$			
Premium Rate Development				
13 - Employer Specific Loading Factors	Single	EE/SP	EE/Ch(ren)	Family
14 - Final Premium Rates	Based on the Group's specific rate ratios/census			
	12 x 13	12 x 13	12 x 13	12 x 13
V. Minimum Premium Funding				
1 - Final Premium Rates	Single	EE/SP	EE/Ch(ren)	Family
2 - Retention Rate	From Section IV., line 14			
3 - Claims Liability Rate	From Section IV., lines 10 + 11 x Employer Specific Loading Factors			
4 - Claims Fluctuation Margin	1-2			
5 - Maximum Monthly Premium Liability	Addendum Value			
	3X4			



MVP Health Care - Large Group Experience Rating Formula - Two Periods of Experience calculation

Group Name:	<input type="text" value="Input"/>	Date:	<input type="text" value="Input"/>
Group #:	<input type="text" value="Input"/>	Effective Date:	<input type="text" value="Input"/>
Marketing Rep:	<input type="text" value="Input"/>		
Underwriter:	<input type="text" value="Input"/>		

	Medical Claims		Pharmacy Claims	
	Period 1	Period 2	Period 1	Period 2
<b>Experience Pure Premium Calculation</b>				
Experience Period Start Date	Input	Input	Input	Input
Experience Period End Date	Input	Input	Input	Input
Paid Through Date	Input	Input	Input	Input
Midpoint of Experience Period	Input	Input	Input	Input
Product Reflected in Experience	Input	Input	Input	Input
Product in the Rate Quote	Input	Input	Input	Input
Member Months	Input	Input	Input	Input
<b>Claims Information</b>				
1 - Date of Service Paid Claims	Input	Input	Input	Input
2 - Composite Completion Factor Adjustment	Input	Input	Input	Input
3 - Incurred Claims	1x2	1x2	1x2	1x2
4 - Other non fee for service medical expenses	Input	Input	n/a	n/a
5 - Pooling Level (PL)	Addendum Value	Addendum Value	Addendum Value	Addendum Value
6 - Actual Large Claims (Excess Over PL)	Input	Input	Input	Input
7 - Pharmacy Rebate Factor	n/a	n/a	Addendum Value	Addendum Value
8 - Incurred Claims Less Large Claims	3+4-6	3+4-6	(3 - 6) * 7	(3 - 6) * 7
9 - Trend Factor to MP of Projection Period	Addendum Value	Addendum Value	Addendum Value	Addendum Value
10 - Regional Trend Adjustment Factor	Addendum Value	n/a	Addendum Value	n/a
11 - Trended Net Claims	8x9x10	8x9x10	8x9x10	8x9x10
12 - Trended pmpm Net Claims	11 / membermonths	11 / membermonths	11 / membermonths	11 / membermonths
<b>Experience Adjustments</b>				
13 - Demographic Adjustment (Carrier Replacement Only)	Addendum Value	Addendum Value	Addendum Value	Addendum Value
14 - Network Adjustment Factor	Addendum Value	Addendum Value	Addendum Value	Addendum Value
15 - Benefit Adjustment	Addendum Value	Addendum Value	Addendum Value	Addendum Value
16 - Pooling Charge %	Addendum Value	Addendum Value	n/a	n/a
17 - Adjusted pmpm Net Claims	product(12 thru 15) x (1+16)	product(12 thru 15) x (1+16)	product(12 thru 15) x (1+16)	product(12 thru 15) x (1+16)
Period Weight	Addendum Value	Addendum Value	Addendum Value	Addendum Value
Prior Period Adjustment Factor	P1 and P2 Weighted Average line 17 / P1 line 17		P1 and P2 Weighted Average line 17 / P1 line 17	

Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
111	Wheat	0.90
112	Rice	0.90
115	Corn	0.90
116	Soybeans	0.90
119	Cash Grains, NEC	0.90
131	Cotton	0.90
132	Tobacco	0.90
133	Sugarcane and Sugar Beets	0.90
134	Irish Potatoes	0.90
139	Field Crops, Except Cash Grains, NEC	0.90
161	Vegetables and Melons	0.90
171	Berry Crops	0.90
172	Grapes	0.90
173	Tree Nuts	0.90
174	Citrus Fruits	0.90
175	Deciduous Tree Fruits	0.90
179	Fruits and Tree Nuts, NEC	0.90
181	Ornamental Floriculture and Nursery Products	0.90
182	Food Crops Grown Under Cover	0.90
191	General Farms, Primarily Crop	0.90
211	Beef Cattle Feedlots	0.95
212	Beef Cattle, Except Feedlots	0.95
213	Hogs	0.95
214	Sheep and Goats	0.95
219	General Livestock, Except Dairy and Poultry	1.00
241	Dairy Farms	1.00
251	Broiler, Fryers, and Roaster Chickens	0.95
252	Chicken Eggs	0.95
253	Turkey and Turkey Eggs	0.95
254	Poultry Hatcheries	0.95
259	Poultry and Eggs, NEC	0.95
271	Fur-Bearing Animals and Rabbits	0.95
272	Horses and Other Equines	0.95
273	Animal Aquaculture	0.95
279	Animal Specialities, NEC	0.95
291	General Farms, Primarily Livestock and Animal Specialties	1.00
711	Soil Preparation Services	0.95
721	Crop Planting, Cultivating, and Protecting	0.95
722	Crop Harvesting, Primarily by Machine	0.95
723	Crop Preparation Services For Market, except Cotton Ginning	0.95
724	Cotton Ginning	0.95
741	Veterinary Services For Livestock	0.95
742	Veterinary Services for Animal Specialties	0.95
751	Livestock Services, Except Veterinary	1.00
752	Animal Specialty Services, Except Veterinary	0.95
761	Farm Labor Contractors and Crew Leaders	0.95
762	Farm Management Services	0.95
781	Landscape Counseling and Planning	0.90
782	Lawn and Garden Services	1.10
783	Ornamental Shrub and Tree Services	1.10
811	Timber Tracts	0.90
831	Forest Nurseries and Gathering of Forest Products	0.90
851	Forestry Services	0.95
912	Finfish	1.05
913	Shellfish	1.05

Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
919	Miscellaneous Marine Products	0.95
921	Fish Hatcheries and Preserves	0.95
971	Hunting and Trapping, and Game Propagation	0.95
1011	Iron Ores	1.15
1021	Copper Ores	1.15
1031	Lead and Zinc Ores	1.15
1041	Gold Ores	1.15
1044	Silver Ores	1.15
1061	Ferroalloy Ores, Except Vanadium	1.15
1081	Metal Mining Services	1.05
1094	Uranium-Radium-Vanadium Ores	1.15
1099	Miscellaneous Metal Ores, NEC	1.15
1221	Bituminous Coal and Lignite Surface Mining	1.15
1222	Bituminous Coal Underground Mining	1.15
1231	Anthracite Mining	1.15
1241	Coal Mining Services	1.15
1311	Crude Petroleum and Natural Gas	1.05
1321	Natural Gas Liquids	1.05
1381	Drilling Oil and Gas Wells	1.05
1382	Oil and Gas Field Exploration Services	0.95
1389	Oil and Gas Field Services, NEC	1.05
1411	Dimension Stone	1.15
1422	Crushed and Broken Limestone	1.15
1423	Crushed and Broken Granite	1.15
1429	Crushed and Broken Stone, NEC	1.15
1442	Construction Sand and Gravel	1.15
1446	Industrial Sand	1.15
1455	Kaolin and Ball Clay	1.15
1459	Clay, Ceramic, and Refractory Minerals, NEC	1.15
1474	Potash, Soda, and Borate Minerals	1.15
1475	Phosphate Rock	1.15
1479	Chemical and Fertilizer Mineral Mining, NEC	1.15
1481	Nonmetallic Minerals Services Except Fuels	1.05
1499	Miscellaneous Nonmetallic Minerals, Except Fuels	1.15
1521	General Contractors-Single-Family Houses	0.95
1522	General Contractors-Residential Buildings, Other Than Single-Family	1.00
1531	Operative Builders	1.00
1541	General Contractors-Industrial Buildings and Warehouses	1.00
1542	General Contractors-Nonresidential Buildings, Other than Industrial Buildings and Warehouses	1.00
1611	Highway and Street Construction, Except Elevated Highways	1.00
1622	Bridge, Tunnel, and Elevated Highway Construction	1.00
1623	Water, Sewer, Pipeline, and Communications and Power Line Construction	1.00
1629	Heavy Construction, NEC	1.00
1711	Plumbing, Heating, and Air-Conditioning	1.00
1721	Painting and Paper Hanging	1.00
1731	Electrical Work	1.00
1741	Masonry, Stone Setting, and Other Stone Work	1.00
1742	Plastering, Drywall, Acoustical, and Insulation Work	1.00
1743	Terrazzo, Tile, Marble, and Mosaic Work	1.00
1751	Carpentry Work	1.00
1752	Floor Laying and Other Floor Work, NEC	1.00
1761	Roofing, Siding, and Sheet Metal Work	1.00
1771	Concrete Work	1.00
1781	Water Well Drilling	1.00
1791	Structural Steel Erection	1.00

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
1793	Glass and Glazing Work	1.00
1794	Excavation Work	1.00
1795	Wrecking and Demolition Work	1.00
1796	Installation or Erection of Building Equipment, NEC	1.00
1799	Special Trade Contractors, NEC	1.00
2011	Meat Packing Plants	1.05
2013	Sausages and Other Prepared Meats	1.05
2015	Poultry Slaughtering and Processing	1.00
2021	Creamery Butter	0.95
2022	Natural, Processed, and Imitation Cheese	0.95
2023	Dry, Condensed, and Evaporated Dairy Products	0.95
2024	Ice Cream and Frozen Desserts	0.95
2026	Fluid Milk	0.95
2032	Canned Specialties	0.95
2033	Canned Fruits, Vegetables, Preserves, Jams, and Jellies	0.95
2034	Dried and Dehydrated Fruits, Vegetables, and Soup Mixes	0.95
2035	Pickled Fruits and Vegetables, Vegetable Sauces and Seasonings, and Salad Dressings	0.95
2037	Frozen Fruits, Fruit Juices, and Vegetables	0.95
2038	Frozen Specialties, NEC	0.95
2041	Flour and Other Grain Mill Products	0.95
2043	Cereal Breakfast Foods	0.95
2044	Rice Milling	0.95
2045	Prepared Flour Mixes and Doughs	0.95
2046	Wet Corn Milling	0.95
2047	Dog and Cat Food	0.95
2048	Prepared Feed and Feed Ingredients for Animals and Fowls, Except Dogs and Cats	0.95
2051	Bread and Other Bakery Products, Except Cookies and Crackers	0.95
2052	Cookies and Crackers	0.95
2053	Frozen Bakery Products, Except Bread	0.95
2061	Cane Sugar, Except Refining	0.95
2062	Cane Sugar Refining	0.95
2063	Beet Sugar	0.95
2064	Candy and Other Confectionery Products	0.95
2066	Chocolate and Cocoa Products	0.95
2067	Chewing Gum	0.95
2068	Salted and Roasted Nuts and Seeds	0.95
2074	Cottonseed Oil Mills	0.95
2075	Soybean Oil Mills	0.95
2076	Vegetable Oil Mills, Except Corn, Cottonseed, and Soybeans	0.95
2077	Animal and Marine Fats and Oils	1.00
2079	Shortening, Table Oils, Margarine, and Other Edible Fats and Oils, NEC	0.95
2082	Malt Beverages	0.95
2083	Malt	0.95
2084	Wines, Brandy, and Brandy Spirits	0.95
2085	Distilled and Blended Liquors	0.95
2086	Bottled and Canned Soft Drinks and Carbonated Waters	0.95
2087	Flavoring Extracts and Flavoring Syrups NEC	0.95
2091	Canned and Cured Fish and Seafood	0.95
2092	Prepared Fresh or Frozen Fish and Seafoods	0.95
2095	Roasted Coffee	0.95
2096	Potato Chips, Corn Chips, and Similar Snacks	0.95
2097	Manufactured Ice	0.95
2098	Macaroni, Spaghetti, Vermicelli, and Noodles	0.95
2099	Food Preparations, NEC	0.95
2111	Cigarettes	1.05

Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
2121	Cigars	1.05
2131	Chewing and Smoking Tobacco and Snuff	1.05
2141	Tobacco Stemming and Redrying	1.05
2211	Broadwoven Fabric Mills, Cotton	0.95
2221	Broadwoven Fabric Mills, Manmade Fiber and Silk	0.95
2231	Broadwoven Fabric Mills, Wool (Including Dyeing and Finishing)	0.95
2241	Narrow Fabric and Other Smallware Mills: Cotton, Wool, Silk, and Manmade Fiber	0.95
2251	Women's Full-Length and Knee-Length Hosiery, Except Socks	1.00
2252	Hosiery, NEC	1.00
2253	Knit Outerwear Mills	1.00
2254	Knit Underwear and Nightwear Mills	1.00
2257	Weft Knit Fabric Mills	0.95
2258	Lace and Warp Knit Fabric Mills	0.95
2259	Knitting Mills, NEC	0.95
2261	Finishers of Broadwoven Fabrics of Cotton	0.95
2262	Finishers of Broadwoven Fabrics of Manmade Fiber and Silk	0.95
2269	Finishers of Textiles, NEC	0.95
2273	Carpets and Rugs	0.95
2281	Yarn Spinning Mills	0.95
2282	Yarn Texturizing, Throwing, Twisting, and Winding Mills	0.95
2284	Thread Mills	0.95
2295	Coated Fabrics, Not Rubberized	0.95
2296	Tire Cord and Fabrics	0.95
2297	Nonwoven Fabrics	0.95
2298	Cordage and Twine	0.95
2299	Textile Goods, NEC	0.95
2311	Men's and Boys' Suits, Coats, and Overcoats	1.00
2321	Men's and Boys' Shirts, Except Work Shirts	1.00
2322	Men's and Boys' Underwear and Nightwear	1.00
2323	Men's and Boys' Neckwear	1.00
2325	Men's and Boys' Trousers and Slacks	1.00
2326	Men's and Boys' Work Clothing	1.00
2329	Men's and Boys' Clothing, NEC	1.00
2331	Women's, Misses', and Juniors' Blouses and Shirts	1.00
2335	Women's, Misses', and Juniors' Dresses	1.00
2337	Women's, Misses' and Juniors' Suits, Skirts, and Coats	1.00
2339	Women's, Misses', and Juniors' Outerwear, NEC	1.00
2341	Women's, Misses', Children's, and Infants' Underwear and Nightwear	1.00
2342	Brassieres, Girdles, and Allied Garments	1.00
2353	Hats, Caps, and Millinery	1.00
2361	Girls', Children's, and Infants' Dresses, Blouses, and Shirts	1.00
2369	Girls', Children's, and Infants' Outerwear, NEC	1.00
2371	Fur Goods	1.00
2381	Dress and Work Gloves, Except Knit and All-Leather	1.00
2384	Robes and Dressing Gowns	1.00
2385	Waterproof Outerwear	1.00
2386	Leather and Sheep-Lined Clothing	1.00
2387	Apparel Belts	1.00
2389	Apparel and Accessories, NEC	1.00
2391	Curtains and Draperies	1.00
2392	Housefurnishings, Except Curtains and Draperies	0.95
2393	Textile Bags	0.95
2394	Canvas and Related Products	0.95
2395	Pleating, Decorative and Novelty Stitching, and Tucking for the Trade	1.00
2396	Automotive Trimmings, Apparel Findings, and Related Products	0.95

Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
2397	Schiffli Machine Embroideries	0.95
2399	Fabricated Textile Products, NEC	1.00
2411	Logging	1.15
2421	Sawmills and Planing Mills, General	1.15
2426	Hardwood Dimension and Flooring Mills	1.15
2429	Special Product Sawmills, NEC	1.15
2431	Millwork	1.10
2434	Wood Kitchen Cabinets	0.95
2435	Hardwood Veneer and Plywood	1.00
2436	Softwood Veneer and Plywood	1.00
2439	Structural Wood Members, NEC	1.00
2441	Nailed and Lock Corner Wood Boxes and Shook	1.00
2448	Wood Pallets and Skids	1.00
2449	Wood Containers, NEC	1.00
2451	Mobile Homes	1.00
2452	Prefabricated Wood Buildings and Components	1.00
2491	Wood Preserving	1.00
2493	Reconstituted Wood Products	1.00
2499	Wood Products, NEC	1.00
2511	Wood Household Furniture, Except Upholstered	0.95
2512	Wood Household Furniture, Upholstered	0.95
2514	Metal Household Furniture	0.95
2515	Mattresses, Foundations, and Convertible Beds	0.95
2517	Wood Television, Radio, Phonograph and Sewing Machine Cabinets	0.95
2519	Household Furniture, NEC	0.95
2521	Wood Office Furniture	0.95
2522	Office Furniture, Except Wood	0.95
2531	Public Building and Related Furniture	0.95
2541	Wood Office and Store Fixtures, Partitions, Shelving, and Lockers	0.95
2542	Office and Store Fixtures, Partitions, Shelving, and Lockers, Except Wood	0.95
2591	Drapery Hardware and Window Blinds and Shades	0.95
2599	Furniture and Fixtures, NEC	0.95
2611	Pulp Mills	0.95
2621	Paper Mills	0.95
2631	Paperboard Mills	0.95
2652	Setup Paperboard Boxes	0.95
2653	Corrugated and Solid Fiber Boxes	0.95
2655	Fiber Cans, Tubes, Drums, and Similar Products	0.95
2656	Sanitary Food Containers, Except Folding	0.95
2657	Folding Paperboard Boxes, Including Sanitary	0.95
2671	Packaging Paper and Plastics Film, Coated and Laminated	0.95
2672	Coated and Laminated Paper, NEC	0.95
2673	Plastics, Foil, and Coated Paper Bags	0.95
2674	Uncoated Paper and Multiwall Bags	0.95
2675	Die-Cut Paper and Paperboard and Cardboard	0.95
2676	Sanitary Paper Products	0.95
2677	Envelopes	0.95
2678	Stationery, Tablets, and Related Products	0.95
2679	Converted Paper and Paperboard Products, NEC	0.95
2711	Newspapers: Publishing, or Publishing and Printing	0.90
2721	Periodicals: Publishing, or Publishing and Printing	0.90
2731	Books: Publishing, or Publishing and Printing	0.95
2732	Book Printing	0.90
2741	Miscellaneous Publishing	0.90
2752	Commercial Printing, Lithographic	0.90

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
2754	Commercial Printing, Gravure	0.90
2759	Commercial Printing, NEC	0.90
2761	Manifold Business Forms	0.90
2771	Greeting Cards	0.90
2782	Blankbooks, Loose-leaf Binders and Devices	0.90
2789	Bookbinding and Related Work	0.90
2791	Typesetting	0.90
2796	Platemaking and Related Services	0.90
2812	Alkalies and Chlorine	1.00
2813	Industrial Gases	1.00
2816	Inorganic Pigments	1.00
2819	Industrial Inorganic Chemicals, NEC	1.00
2821	Plastics Material and Synthetic Resins, and Nonvulcanizable Elastomers	1.00
2822	Synthetic Rubber	1.00
2823	Cellulosic Manmade Fibers	1.00
2824	Manmade Organic Fibers, Except Cellulosic	1.00
2833	Medicinal Chemicals and Botanical Products	0.90
2834	Pharmaceutical Preparations	0.90
2835	In Vitro and In Vivo Diagnostic Substances	0.90
2836	Biological Products, Except Diagnostic Substances	0.90
2841	Soaps and Other Detergents, Except Speciality Cleaners	0.90
2842	Speciality Cleaning, Polishing, and Sanitary Preparations	0.90
2843	Surface Active Agents, Finishing Agents, Sulfonated Oils, and Assistants	0.90
2844	Perfumes, Cosmetics, and Other Toilet Preparations	0.90
2851	Paints, Varnishes, Lacquers, Enamels, and Allied Products	0.95
2861	Gum and Wood Chemicals	1.00
2865	Cyclic Organic Crudes and Intermediates, and Organic Dyes and Pigments	1.00
2869	Industrial Organic Chemicals, NEC	1.00
2873	Nitrogenous Fertilizers	1.00
2874	Phosphatic Fertilizers	1.00
2875	Fertilizers, Mixing Only	1.00
2879	Pesticides and Agricultural Chemicals, NEC	1.00
2891	Adhesives and Sealants	0.95
2892	Explosives	1.15
2893	Printing Ink	0.95
2895	Carbon Black	1.00
2899	Chemicals and Chemical Preparations, NEC	0.95
2911	Petroleum Refining	1.05
2951	Asphalt Paving Mixtures and Blocks	1.05
2952	Asphalt Felts and Coatings	1.05
2992	Lubricating Oils and Greases	1.05
2999	Products of Petroleum and Coal, NEC	1.05
3011	Tires and Inner Tubes	0.95
3021	Rubber and Plastics Footwear	0.95
3052	Rubber and Plastics Hose and Belting	0.95
3053	Gaskets, Packing, and Sealing Devices	0.90
3061	Molded, Extruded, and Lathe-Cut Mechanical Rubber Goods	0.95
3069	Fabricated Rubber Products, NEC	0.95
3081	Unsupported Plastics Film and Sheet	0.95
3082	Unsupported Plastics Profile Shapes	0.95
3083	Laminated Plastics Plate, Sheet, and Profile Shapes	0.95
3084	Plastics Pipe	0.95
3085	Plastics Bottles	0.95
3086	Plastics Foam Products	0.95
3087	Custom Compounding of Purchased Plastics Resins	0.95

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
3088	Plastics Plumbing Fixtures	0.95
3089	Plastics Products, NEC	0.95
3111	Leather Tanning and Finishing	1.15
3131	Boot and Shoe Cut Stock and Findings	1.00
3142	House Slippers	0.95
3143	Men's Footwear, Except Athletic	0.95
3144	Women's Footwear, Except Athletic	0.95
3149	Footwear, Except Rubber, NEC	0.95
3151	Leather Gloves and Mittens	1.00
3161	Luggage	0.95
3171	Women's Handbags and Purses	0.95
3172	Personal Leather Goods, Except Women's Handbags and Purses	0.95
3199	Leather Goods, NEC	0.95
3211	Flat Glass	0.95
3221	Glass Containers	0.95
3229	Pressed and Blown Glass and Glassware, NEC	0.95
3231	Glass Products, Made of Purchased Glass	0.95
3241	Cement, Hydraulic	0.95
3251	Brick and Structural Clay Tile	0.95
3253	Ceramic Wall and Floor Tile	0.95
3255	Clay Refractories	0.95
3259	Structural Clay Products, NEC	0.95
3261	Vitreous China Plumbing Fixtures and China and Earthenware Fittings and Bathroom Accessories	0.95
3262	Vitreous China Table and Kitchen Articles	0.95
3263	Fine Earthenware (Whiteware) Table and Kitchen Articles	0.95
3264	Porcelain Electrical Supplies	0.95
3269	Pottery Products, NEC	0.95
3271	Concrete Block and Brick	0.95
3272	Concrete Products, Except Block and Brick	1.05
3273	Ready-Mixed Concrete	0.95
3274	Lime	0.95
3275	Gypsum Products	0.95
3281	Cut Stone and Stone Products	0.95
3291	Abrasive Products	1.05
3292	Asbestos Products	1.05
3295	Minerals and Earths, Ground or Otherwise Treated	1.10
3296	Mineral Wool	0.95
3297	Nonclay Refractories	0.95
3299	Nonmetallic Mineral Products, NEC	1.05
3312	Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills	1.10
3313	Electrometallurgical Products, Except Steel	1.10
3315	Steel Wiredrawing and Steel Nails and Spikes	1.05
3316	Cold-Rolled Steel Sheet, Strip, and Bars	1.10
3317	Steel Pipe and Tubes	1.10
3321	Gray and Ductile Iron Foundries	1.10
3322	Malleable Iron Foundries	1.10
3324	Steel Investment Foundries	1.10
3325	Steel Foundries, NEC	1.10
3331	Primary Smelting and Refining of Copper	1.10
3334	Primary Production of Aluminum	1.10
3339	Primary Smelting and Refining of Nonferrous Metals, Except Copper and Aluminum	1.10
3341	Secondary Smelting and Refining of Nonferrous Metals	1.10
3351	Rolling, Drawing, and Extruding of Copper	1.10
3353	Aluminum Sheet, Plate, and Foil	1.10
3354	Aluminum Extruded Products	1.10



**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
3355	Aluminum Rolling and Drawing, NEC	1.10
3356	Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum	1.10
3357	Drawing and Insulating of Nonferrous Wire	1.00
3363	Aluminum Die-Castings	1.10
3364	Nonferrous Die-Castings, Except Aluminum	1.10
3365	Aluminum Foundries	1.10
3366	Copper Foundries	1.10
3369	Nonferrous Foundries, Except Aluminum and Copper	1.10
3398	Metal Heat Treating	0.95
3399	Primary Metal Products, NEC	1.05
3411	Metal Cans	0.95
3412	Metal Shipping Barrels, Drums, Kegs, and Pails	0.95
3421	Cutlery	0.95
3423	Hand and Edge Tools, Except Machine Tools and Handsaws	0.95
3425	Saw Blades and Handsaws	0.95
3429	Hardware, NEC	0.95
3431	Enameled Iron and Metal Sanitary Ware	0.95
3432	Plumbing Fixture Fittings and Trim	0.95
3433	Heating Equipment, Except Electric and Warm Air Furnaces	0.95
3441	Fabricated Structural Metal	0.95
3442	Metal Doors, Sash, Frames, Molding, and Trim Manufacturing	0.95
3443	Fabricated Plate Work (Boiler Shops)	0.95
3444	Sheet Metal Work	0.95
3446	Architectural and Ornamental Metal Work	0.95
3448	Prefabricated Metal Buildings and Components	0.95
3449	Miscellaneous Structural Metal Work	0.95
3451	Screw Machine Products	0.95
3452	Bolts, Nuts, Screws, Rivets, and Washers	0.95
3462	Iron and Steel Forgings	0.95
3463	Nonferrous Forgings	0.95
3465	Automotive Stamping	0.95
3466	Crowns and Closures	0.95
3469	Metal Stamping, NEC	0.95
3471	Electroplating, Plating, Polishing, Anodizing, and Coloring	0.95
3479	Coating, Engraving, and Allied Services, NEC	0.90
3482	Small Arms Ammunition	0.95
3483	Ammunition, Except for Small Arms	0.95
3484	Small Arms	0.95
3489	Ordnance and Accessories, NEC	0.95
3491	Industrial Valves	0.95
3492	Fluid Power Valves and Hose Fittings	0.95
3493	Steel Springs, Except Wire	0.95
3494	Valves and Pipe Fittings, NEC	0.95
3495	Wire Springs	0.95
3496	Miscellaneous Fabricated Wire Products	0.95
3497	Metal Foil and Leaf	0.95
3498	Fabricated Pipe and Pipe Fittings	0.95
3499	Fabricated Metal Products, NEC	0.95
3511	Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units	0.95
3519	Internal Combustion Engines, NEC	0.95
3523	Farm Machinery and Equipment	0.95
3524	Lawn and Garden Tractors and Home Lawn and Garden Equipment	0.95
3531	Construction Machinery and Equipment	0.95
3532	Mining Machinery and Equipment, Except Oil and Gas Field Machinery and Equipment	0.95
3533	Oil and Gas Field Machinery and Equipment	0.95

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
3534	Elevators and Moving Stairways	0.95
3535	Conveyors and Conveying Equipment	0.95
3536	Overhead Traveling Cranes, Hoists, and Monorail Systems	0.95
3537	Industrial Trucks, Tractors, Trailers, and Stackers	0.95
3541	Machine Tools, Metal Cutting Type	0.95
3542	Machine Tools, Metal Forming Type	0.95
3543	Industrial Patterns	0.95
3544	Special Dies and Tools, Die Sets, Jigs and Fixtures, and Industrial Molds	0.95
3545	Cutting Tools, Machine Tool Accessories, and Machinists' Precision Measuring Devices	0.95
3546	Power-Driven Handtools	0.95
3547	Rolling Mill Machinery and Equipment	0.95
3548	Electric and Gas Welding and Soldering Equipment	0.95
3549	Metalworking Machinery, NEC	0.95
3552	Textile Machinery	0.95
3553	Woodworking Machinery	0.95
3554	Paper Industries Machinery	0.95
3555	Printing Trades Machinery and Equipment	0.95
3556	Food Products Machinery	0.95
3559	Special Industry Machinery, NEC	0.95
3561	Pumps and Pumping Equipment	0.95
3562	Ball and Roller Bearings	0.95
3563	Air and Gas Compressors	0.95
3564	Industrial and Commercial Fans and Blowers and Air Purification Equipment	0.95
3565	Packaging Machinery	0.95
3566	Speed Changers, Industrial High-Speed Drives, and Gears	0.95
3567	Industrial Process Furnaces and Ovens	0.95
3568	Mechanical Power Transmission Equipment, NEC	0.95
3569	General Industrial Machinery and Equipment, NEC	0.95
3571	Electronic Computers	0.90
3572	Computer Storage Devices	0.90
3575	Computer Terminals	0.90
3577	Computer Peripheral Equipment, NEC	0.90
3578	Calculating and Accounting Machines, Except Electronic Computers	0.95
3579	Office Machines, NEC	0.90
3581	Automatic Vending Machines	0.95
3582	Commercial Laundry, Drycleaning, and Pressing Machines	0.95
3585	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment	0.95
3586	Measuring and Dispensing Pumps	0.95
3589	Service Industry Machinery, NEC	0.95
3592	Carburetors, Pistons, Piston Rings, and Valves	0.95
3593	Fluid Power Cylinders and Actuators	0.95
3594	Fluid Power Pumps and Motors	0.95
3596	Scales and Balances, Except Laboratory	0.95
3599	Industrial and Commercial Machinery and Equipment, NEC	0.95
3612	Power, Distribution, and Specialty Transformers	0.90
3613	Switchgear and Switchboard Apparatus	0.90
3621	Motors and Generators	0.90
3624	Carbon and Graphite Products	0.90
3625	Relays and Industrial Controls	0.90
3629	Electrical Industrial Apparatus, NEC	0.90
3631	Household Cooking Equipment	0.90
3632	Household Refrigerators and Home and Farm Freezers	0.90
3633	Household Laundry Equipment	0.90
3634	Electric Housewares and Fans	0.90
3635	Household Vacuum Cleaners	0.90

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
3639	Household Appliances, NEC	0.90
3641	Electric Lamp Bulbs and Tubes	0.90
3643	Current-Carrying Wiring Devices	0.90
3644	Noncurrent-Carrying Wiring Devices	0.95
3645	Residential Electric Lighting Fixtures	0.90
3646	Commercial, Industrial, and Institutional Electric Lighting Fixtures	0.90
3647	Vehicular Lighting Equipment	0.95
3648	Lighting Equipment, NEC	0.90
3651	Household Audio and Video Equipment	0.90
3652	Phonograph Records and Prerecorded Audio Tapes and Disks	0.95
3661	Telephone and Telegraph Apparatus	0.90
3663	Radio and Television Broadcasting and Communications Equipment	0.90
3669	Communications Equipment, NEC	0.90
3671	Electron Tubes	0.90
3672	Printed Circuit Boards	0.90
3674	Semiconductors and Related Devices	0.90
3675	Electronic Capacitors	0.90
3676	Electronic Resistors	0.90
3677	Electronic Coils, Transformers, and Other Inductors	0.90
3678	Electronic Connectors	0.90
3679	Electronic Components, NEC	0.90
3691	Storage Batteries	0.90
3692	Primary Batteries, Dry and Wet	0.90
3694	Electrical Equipment for Internal Combustion Engines	0.95
3695	Magnetic and Optical Recording Media	0.90
3699	Electrical Machinery, Equipment, and Supplies, NEC	0.95
3711	Motor Vehicles and Passenger Car Bodies	0.95
3713	Truck and Bus Bodies	0.95
3714	Motor Vehicle Parts and Accessories	0.95
3715	Truck Trailers	0.95
3716	Motor Homes	0.95
3721	Aircraft	0.95
3724	Aircraft Engines and Engine Parts	0.95
3728	Aircraft Parts and Auxiliary Equipment, NEC	0.95
3731	Ship Building and Repairing	1.00
3732	Boat Building and Repairing	1.00
3743	Railroad Equipment	0.95
3751	Motorcycles, Bicycles, and Parts	0.95
3761	Guided Missiles and Space Vehicles	0.95
3764	Guided Missile and Space Vehicle Propulsion Units and Propulsion Unit Parts	0.95
3769	Guided Missile Space Vehicle Parts and Auxiliary Equipment, NEC	0.95
3792	Travel Trailers and Campers	0.95
3795	Tanks and Tank Components	0.95
3799	Transportation Equipment, NEC	0.95
3812	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments	0.90
3821	Laboratory Apparatus and Furniture	0.90
3822	Automatic Controls for Regulating Residential and Commercial Environments and Appliances	0.90
3823	Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products	0.90
3824	Totalizing Fluid Meters and Counting Devices	0.90
3825	Instruments for Measuring and Testing of Electricity and Electrical Signals	0.90
3826	Laboratory Analytical Instruments	0.90
3827	Optical Instruments and Lenses	0.95
3829	Measuring and Controlling Devices, NEC	0.90
3841	Surgical and Medical Instruments and Apparatus	0.90
3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	0.90

## Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
3843	Dental Equipment and Supplies	0.90
3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	0.90
3845	Electromedical and Electrotherapeutic Apparatus	0.90
3851	Ophthalmic Goods	0.90
3861	Photographic Equipment and Supplies	0.95
3873	Watches, Clocks, Clockwork Operated Devices and Parts	0.90
3911	Jewelry, Precious Metal	0.90
3914	Silverware, Plated Ware, and Stainless Steel Ware	0.95
3915	Jewelers' Findings and Materials, and Lapidary Work	0.90
3931	Musical Instruments	0.90
3942	Dolls and Stuffed Toys	0.90
3944	Games, Toys, and Children's Vehicles, Except Dolls and Bicycles	0.95
3949	Sporting and Athletic Goods, NEC	0.90
3951	Pens, Mechanical Pencils, and Parts	0.90
3952	Lead Pencils, Crayons, and Artist's Materials	0.95
3953	Marking Devices	0.90
3955	Carbon Paper and Inked Ribbons	0.90
3961	Costume Jewelry and Costume Novelties, Except Precious Metals	0.90
3965	Fasteners, Buttons, Needles, and Pins	0.90
3991	Brooms and Brushes	0.90
3993	Signs and Advertising Specialties	0.90
3995	Burial Caskets	0.90
3996	Linoleum, Asphalted-Felt-Base, and Other Hard Surface Floor Coverings, NEC	0.95
3999	Manufacturing Industries, NEC	0.95
4011	Railroads, Line-haul Operating	1.05
4013	Railroad Switching and Terminal Establishments	1.05
4111	Local and Suburban Transit	1.10
4119	Local Passenger Transportation, NEC	1.10
4121	Taxicabs	1.15
4131	Intercity and Rural Bus Transportation	1.10
4141	Local Bus Charter Service	1.10
4142	Bus Charter Service, Except Local	1.10
4151	School Buses	1.10
4173	Terminal and Service Facilities for Motor Vehicle Passenger Transportation	1.05
4212	Local Trucking Without Storage	1.00
4213	Trucking, Except Local	1.05
4214	Local Trucking with Storage	1.05
4215	Courier Services Except by Air	1.05
4221	Farm Product Warehousing and Storage	1.05
4222	Refrigerated Warehousing and Storage	1.05
4225	General Warehousing and Storage	1.10
4226	Special Warehousing and Storage, NEC	1.05
4231	Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation	1.05
4311	United States Postal Service	0.95
4412	Deep Sea Foreign Transportation of Freight	0.95
4424	Deep Sea Domestic Transportation of Freight	0.95
4432	Freight Transportation on the Great Lakes - St. Lawrence Seaway	0.95
4449	Water Transportation of Freight, NEC	0.95
4481	Deep Sea Transportation of Passengers, Except by Ferry	0.95
4482	Ferries	0.95
4489	Water Transportation of Passengers, NEC	1.00
4491	Marine Cargo Handling	1.05
4492	Towing and Tugboat Services	1.05
4493	Marinas	1.15
4499	Water Transportation Services, NEC	1.05

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
4512	Air Transportation, Scheduled	0.95
4513	Air Courier Services	1.05
4522	Air Transportation, Nonscheduled	1.00
4581	Airports, Flying Fields, and Airport Terminal Services	1.05
4612	Crude Petroleum Pipelines	0.95
4613	Refined Petroleum Pipelines	0.95
4619	Pipelines, NEC	0.95
4724	Travel Agencies	0.95
4725	Tour Operators	0.95
4729	Arrangement of Passenger Transportation, NEC	1.00
4731	Arrangement of Transportation of Freight and Cargo	1.00
4741	Rental of Railroad Cars	1.00
4783	Packing and Crating	1.05
4785	Fixed Facilities and Inspection and Weighing Services for Motor Vehicle Transportation	1.05
4789	Transportation Services, NEC	1.10
4812	Radiotelephone Communications	0.90
4813	Telephone Communications, Except Radiotelephone	0.90
4822	Telegraph and Other Message Communications	0.90
4832	Radio Broadcasting Stations	0.90
4833	Television Broadcasting Stations	0.90
4841	Cable and Other Pay Television Services	0.90
4899	Communications Services, NEC	1.00
4911	Electric Services	0.95
4922	Natural Gas Transmission	0.95
4923	Natural Gas Transmission and Distribution	0.95
4924	Natural Gas Distribution	0.95
4925	Mixed, Manufactured, or Liquefied Petroleum Gas Production and/or Distribution	0.95
4931	Electric and Other Services Combined	0.95
4932	Gas and Other Services Combined	0.95
4939	Combination Utilities, NEC	0.95
4941	Water Supply	0.95
4952	Sewerage Systems	0.95
4953	Refuse Systems	1.05
4959	Sanitary Services, NEC	1.10
4961	Steam and Air-Conditioning Supply	0.95
4971	Irrigation Systems	0.95
5012	Automobiles and Other Motor Vehicles	0.95
5013	Motor Vehicle Supplies and New Parts	1.05
5014	Tires and Tubes	1.05
5015	Motor Vehicle Parts, Used	1.05
5021	Furniture	0.95
5023	Home Furnishings	0.95
5031	Lumber, Plywood, Millwork, and Wood Panels	0.95
5032	Brick, Stone and Related Construction Materials	0.95
5033	Roofing, Siding, and Insulation Materials	0.95
5039	Construction Materials, NEC	0.95
5043	Photographic Equipment and Supplies	0.95
5044	Office Equipment	0.95
5045	Computers and Computer Peripheral Equipment and Software	0.95
5046	Commercial Equipment, NEC	0.95
5047	Medical, Dental, and Hospital Equipment and Supplies	0.95
5048	Ophthalmic Goods	0.95
5049	Professional Equipment and Supplies, NEC	0.95
5051	Metals Service Centers and Offices	0.95
5052	Coal and Other Minerals and Ores	0.95

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
5063	Electrical Apparatus and Equipment Wiring Supplies, and Construction Materials	0.95
5064	Electrical Appliances, Television and Radio Sets	0.95
5065	Electronic Parts and Equipment, NEC	0.95
5072	Hardware	0.95
5074	Plumbing and Heating Equipment and Supplies (Hydronics)	0.95
5075	Warm Air Heating and Air-Conditioning Equipment and Supplies	0.95
5078	Refrigeration Equipment and Supplies	0.95
5082	Construction and Mining (Except Petroleum) Machinery and Equipment	0.95
5083	Farm and Garden Machinery and Equipment	0.95
5084	Industrial Machinery and Equipment	0.95
5085	Industrial Supplies	0.95
5087	Service Establishment Equipment and Supplies	0.95
5088	Transportation Equipment and Supplies, Except Motor Vehicles	0.95
5091	Sporting and Recreational Goods and Supplies	0.95
5092	Toys and Hobby Goods and Supplies	0.95
5093	Scrap and Waste Materials	1.10
5094	Jewelry, Watches, Precious Stones, and Precious Metals	0.95
5099	Durable Goods, NEC	0.95
5111	Printing and Writing Paper	0.95
5112	Stationery and Office Supplies	0.95
5113	Industrial and Personal Service Paper	0.95
5122	Drugs, Drug Proprietaries, and Druggists' Sundries	0.95
5131	Piece Goods, Notions, and Other Dry Goods	0.95
5136	Men's and Boys' Clothing and Furnishings	0.95
5137	Women's, Children's, and Infants' Clothing and Accessories	0.95
5139	Footwear	0.95
5141	Groceries, General Line	0.95
5142	Packaged Frozen Foods	0.95
5143	Dairy Products, Except Dried or Canned	0.95
5144	Poultry and Poultry Products	0.95
5145	Confectionery	0.95
5146	Fish and Seafoods	0.95
5147	Meats and Meat Products	1.00
5148	Fresh Fruits and Vegetables	0.95
5149	Groceries and Related Products, NEC	0.95
5153	Grain and Field Beans	0.95
5154	Livestock	0.95
5159	Farm-Product Raw Materials, NEC	0.95
5162	Plastics Materials and Basic Forms and Shapes	0.95
5169	Chemicals and Allied Products, NEC	0.95
5171	Petroleum Bulk Stations and Terminals	1.00
5172	Petroleum and Petroleum Products Wholesalers, Except Bulk Stations and Terminals	0.95
5181	Beer and Ale	1.05
5182	Wine and Distilled Alcoholic Beverages	1.05
5191	Farm Supplies	0.95
5192	Books, Periodicals, and Newspapers	0.95
5193	Flowers, Nursery Stock, and Florists' Supplies	0.95
5194	Tobacco and Tobacco Products	0.95
5198	Paint, Varnishes, and Supplies	0.95
5199	Nondurable Goods, NEC	1.00
5211	Lumber and Other Building Materials Dealers	0.95
5231	Paint, Glass, and Wallpaper Stores	0.95
5251	Hardware Stores	0.95
5261	Retail Nurseries, Lawn and Garden Supply Stores	0.95
5271	Mobile Home Dealers	1.10

## Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
5311	Department Stores	0.90
5331	Variety Stores	0.90
5399	Miscellaneous General Merchandise Stores	0.90
5411	Grocery Stores	1.00
5421	Meat and Fish (Seafood) Markets, Including Freezer Provisioners	0.95
5431	Fruit and Vegetable Markets	0.95
5441	Candy, Nut, and Confectionery Stores	0.95
5451	Dairy Products Stores	0.95
5461	Retail Bakeries	1.05
5499	Miscellaneous Food Stores	0.95
5511	Motor Vehicle Dealers (New and Used)	1.10
5521	Motor Vehicle Dealers (Used Only)	1.10
5531	Auto and Home Supply Stores	1.05
5541	Gasoline Service Stations	1.10
5551	Boat Dealers	1.10
5561	Recreational Vehicle Dealers	1.10
5571	Motorcycle Dealers	1.10
5599	Automotive Dealers, NEC	1.10
5611	Men's and Boys' Clothing and Accessory Stores	0.95
5621	Women's Clothing Stores	0.95
5632	Women's Accessory and Specialty Stores	0.95
5641	Children's and Infants' Wear Stores	0.95
5651	Family Clothing Stores	0.95
5661	Shoe Stores	0.95
5699	Miscellaneous Apparel and Accessory Stores	0.95
5712	Furniture Stores	0.95
5713	Floor Covering Stores	0.95
5714	Drapery, Curtain, and Upholstery Stores	0.95
5719	Miscellaneous Homefurnishings Stores	0.95
5722	Household Appliance Stores	0.95
5731	Radio, Television, and Consumer Electronics Stores	1.05
5734	Computer and Computer Software Stores	0.95
5735	Record and Prerecorded Tape Stores	0.95
5736	Musical Instrument Stores	0.95
5812	Eating and Drinking Places	1.15
5813	Drinking Places (Alcoholic Beverages)	1.15
5912	Drug Stores and Proprietary Stores	0.95
5921	Liquor Stores	1.15
5932	Used Merchandise Stores	0.90
5941	Sporting Goods Stores and Bicycle Shops	0.95
5942	Book Stores	0.95
5943	Stationery Stores	0.95
5944	Jewelry Stores	0.95
5945	Hobby, Toy, and Game Shops	0.95
5946	Camera and Photographic Supply Stores	0.95
5947	Gift, Novelty, and Souvenir Shops	0.95
5948	Luggage and Leather Goods Stores	0.95
5949	Sewing, Needlework, and Piece Goods Stores	0.95
5961	Catalog and Mail-Order Houses	0.95
5962	Automatic Merchandising Machine Operator	0.95
5963	Direct Selling Establishments	1.05
5983	Fuel Oil Dealers	1.05
5984	Liquefied Petroleum Gas (Bottled Gas) Dealers	1.05
5989	Fuel Dealers, NEC	1.05
5992	Florists	0.95

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
5993	Tobacco Stores and Stands	0.95
5994	News Dealers and Newsstands	0.95
5995	Optical Goods Stores	0.95
5999	Miscellaneous Retail Stores, NEC	0.95
6011	Federal Reserve Banks	0.90
6019	Central Reserve Depository Institutions, NEC	0.90
6021	National Commercial Banks	0.90
6022	State Commercial Banks	0.90
6029	Commercial Banks, NEC	0.90
6035	Savings Institutions, Federally Chartered	0.90
6036	Savings institutions, Not Federally Chartered	0.90
6061	Credit Unions, Federally Chartered	0.90
6062	Credit Unions, Not Federally Chartered	0.90
6081	Branches and Agencies of Foreign Banks	0.90
6082	Foreign Trade and International Banking Institutions	0.90
6091	Nondeposit Trust Facilities	0.95
6099	Functions Related to Deposit Banking, NEC	0.90
6111	Federal and Federally-Sponsored Credit Agencies	0.90
6141	Personal Credit Institutions	0.90
6153	Short-Term Business Credit Institutions, Except Agricultural	0.90
6159	Miscellaneous Business Credit Institutions	0.90
6162	Mortgage Bankers and Loan Correspondents	0.90
6163	Loan Brokers	0.90
6211	Security Brokers, Dealers, and Flotation Companies	0.95
6221	Commodity Contracts Brokers and Dealers	0.95
6231	Security and Commodity Exchanges	0.95
6282	Investment Advice	0.95
6289	Services Allied With the Exchange of Securities or Commodities, NEC	0.95
6311	Life Insurance	0.90
6321	Accident and Health Insurance	0.90
6324	Hospital and Medical Service Plans	0.90
6331	Fire, Marine, and Casualty Insurance	0.90
6351	Surety Insurance	0.90
6361	Title Insurance	0.90
6371	Pension, Health, and Welfare Funds	0.95
6399	Insurance Carriers, NEC	0.90
6411	Insurance Agents, Brokers, and Service	1.00
6512	Operators of Nonresidential Buildings	1.15
6513	Operators of Apartment Buildings	1.10
6514	Operators of Dwellings Other Than Apartment Buildings	1.10
6515	Operators of Residential Mobile Home Sites	1.10
6517	Lessors of Railroad Property	1.10
6519	Lessors of Real Property, NEC	1.10
6531	Real Estate Agents and Managers	1.10
6541	Title Abstract Offices	1.00
6552	Land Subdividers and Developers, Except Cemeteries	1.00
6553	Cemetery Subdividers and Developers	0.95
6712	Offices of Bank Holding Companies	0.90
6719	Offices of Holding Companies, NEC	0.90
6722	Management Investment Offices, Open-End	0.90
6726	Unit Investment Trusts, Face-Amount Certificate Offices, and Closed-End Management Investment Offices	0.90
6732	Education, Religious, and Charitable Trusts	0.90
6733	Trusts, Except Educational, Religious, and Charitable	0.95
6792	Oil Royalty Traders	0.95
6794	Patent Owners and Lessors	0.90



**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
6798	Real Estate Investment Trusts	0.90
6799	Investors, NEC	0.95
7011	Hotels and Motels	1.15
7021	Rooming and Boarding Houses	1.15
7032	Sporting and Recreational Camps	1.15
7033	Recreational Vehicle Parks and Campsites	1.15
7041	Organization Hotels and Lodging Houses, on Membership Basis	1.15
7211	Power Laundries, Family and Commercial	1.15
7212	Garment Pressing, and Agents for Laundries and Drycleaners	1.15
7213	Linen Supply	1.15
7215	Coin-Operated Laundries and Drycleaning	1.15
7216	Drycleaning Plants, Except Rug Cleaning	1.15
7217	Carpet and Upholstery Cleaning	1.10
7218	Industrial Launderers	1.15
7219	Laundry and Garment Services, NEC	1.15
7221	Photographic Studios, Portrait	0.95
7231	Beauty Shops	1.10
7241	Barber Shops	1.05
7251	Shoe Repair Shops and Shoeshine Parlors	1.00
7261	Funeral Services and Crematories	0.95
7291	Tax Return Preparation Services	0.90
7299	Miscellaneous Personal Services, NEC	1.05
7311	Advertising Agencies	1.05
7312	Outdoor Advertising Services	1.05
7313	Radio, Television, and Publishers' Advertising Representatives	1.05
7319	Advertising, NEC	1.05
7322	Adjustment and Collection Services	0.95
7323	Credit Reporting Services	0.95
7331	Direct Mail Advertising Services	1.00
7334	Photocopying and Duplicating Services	0.95
7335	Commercial Photography	0.95
7336	Commercial Art and Graphic Design	0.95
7338	Secretarial and Court Reporting Services	0.95
7342	Disinfecting and Pest Control Services	1.15
7349	Building Cleaning and Maintenance Services, NEC	1.10
7352	Medical Equipment Rental and Leasing	0.95
7353	Heavy Construction Equipment Rental and Leasing	1.00
7359	Equipment Rental and Leasing, NEC	0.95
7361	Employment Agencies	0.95
7363	Help Supply Services	0.95
7371	Computer Programming Services	0.90
7372	Prepackaged Software	0.90
7373	Computer Integrated Systems Design	0.90
7374	Computer Processing and Data Preparation and Processing Services	0.95
7375	Information Retrieval Services	0.95
7376	Computer Facilities Management Services	0.90
7377	Computer Rental and Leasing	0.95
7378	Computer Maintenance and Repair	1.00
7379	Computer Related Services, NEC	0.90
7381	Detective, Guard, and Armored Car Services	1.00
7382	Security Systems Services	1.00
7383	News Syndicates	1.05
7384	Photofinishing Laboratories	0.95
7389	Business Services, NEC	0.95
7513	Truck Rental and Leasing, Without Drivers	1.10

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
7514	Passenger Car Rental	1.10
7515	Passenger Car Leasing	1.10
7519	Utility Trailer and Recreational Vehicle Rental	1.10
7521	Automobile Parking	1.10
7532	Top, Body, and Upholstery Repair Shops and Paint Shops	1.10
7533	Automotive Exhaust System Repair Shops	1.10
7534	Tire Retreading and Repair Shops	1.05
7536	Automotive Glass Replacement Shops	1.10
7537	Automotive Transmission Repair Shops	1.10
7538	General Automotive Repair Shops	1.10
7539	Automotive Repair Shops, NEC	1.10
7542	Carwashes	1.10
7549	Automotive Services, Except Repair and Carwashes	1.10
7622	Radio and Television Repair Shops	1.00
7623	Refrigeration and Air-Conditioning Services and Repair Shops	1.00
7629	Electrical and Electronic Repair Shops, NEC	1.00
7631	Watch, Clock, and Jewelry Repair	1.00
7641	Reupholstery and Furniture Repair	1.00
7692	Welding Repair	1.00
7694	Armature Rewinding Shops	0.95
7699	Repair Shops and Related Services, NEC	1.00
7812	Motion Picture and Video Tape Production	0.95
7819	Services Allied to Motion Picture Production	0.95
7822	Motion Picture and Video Tape Distribution	0.95
7829	Services Allied to Motion Picture Distribution	0.95
7832	Motion Picture Theaters, Except Drive-In	0.95
7833	Drive-In Motion Picture Theaters	0.95
7841	Video Tape Rental	0.95
7911	Dance Studios, Schools, and Halls	1.05
7922	Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services	1.10
7929	Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups	1.15
7933	Bowling Centers	1.15
7941	Professional Sports Clubs and Promoters	1.15
7948	Racing, Including Track Operations	1.15
7991	Physical Fitness Facilities	1.15
7992	Public Golf Courses	1.15
7993	Coin-Operated Amusement Devices	1.15
7996	Amusement Parks	1.15
7997	Membership Sports and Recreation Clubs	1.15
7999	Amusement and Recreation Services, NEC	1.10
8011	Offices and Clinics of Doctors of Medicine	1.15
8021	Offices and Clinics of Dentists	1.15
8031	Offices and Clinics of Doctors of Osteopathy	1.15
8041	Offices and Clinics of Chiropractors	1.15
8042	Offices and Clinics of Optometrists	1.15
8043	Offices and Clinics of Podiatrists	1.15
8049	Offices and Clinics of Health Practitioners, NEC	1.15
8051	Skilled Nursing Care Facilities	1.15
8052	Intermediate Care Facilities	1.15
8059	Nursing and Personal Care Facilities, NEC	1.15
8062	General Medical and Surgical Hospitals	1.15
8063	Psychiatric Hospitals	1.15
8069	Specialty Hospitals, Except Psychiatric	1.15
8071	Medical Laboratories	1.05
8072	Dental Laboratories	1.00

**Appendix A**

<b>SIC Codes and Industry Factors</b>		
<b>SIC</b>	<b>SIC Description</b>	<b>SIC Fx</b>
8082	Home Health Care Services	1.15
8092	Kidney Dialysis Centers	1.15
8093	Specialty Outpatient Facilities, NEC	1.15
8099	Health and Allied Services, NEC	1.05
8111	Legal Services	0.95
8211	Elementary and Secondary Schools	1.05
8221	Colleges, Universities, and Professional Schools	1.05
8222	Junior Colleges and Technical Institutes	1.05
8231	Libraries	0.90
8243	Data Processing Schools	0.95
8244	Business and Secretarial Schools	0.95
8249	Vocational Schools, NEC	0.95
8299	Schools and Educational Services, NEC	0.95
8322	Individual and Family Social Services	1.00
8331	Job Training and Vocational Rehabilitation Services	1.00
8351	Child Day Care Services	1.00
8361	Residential Care	1.15
8399	Social Services, NEC	1.00
8412	Museums and Art Galleries	1.05
8422	Arboreta and Botanical or Zoological Gardens	1.05
8611	Business Associations	1.15
8621	Professional Membership Organizations	1.15
8631	Labor Unions and Similar Labor Organizations	1.15
8641	Civic, Social, and Fraternal Associations	1.15
8651	Political Organizations	1.15
8661	Religious Organizations	1.15
8699	Membership Organizations, NEC	1.10
8711	Engineering Services	0.90
8712	Architectural Services	0.90
8713	Surveying Services	0.90
8721	Accounting, Auditing, and Bookkeeping Services	0.90
8731	Commercial Physical and Biological Research	0.95
8732	Commercial Economic, Sociological, and Educational Research	0.95
8733	Noncommercial Research Organizations	0.95
8734	Testing Laboratories	0.90
8741	Management Services	0.95
8742	Management Consulting Services	0.90
8743	Public Relations Services	1.05
8744	Facilities Support Management Services	0.95
8748	Business Consulting Services, NEC	0.90
8811	Private Households	1.15
8999	Services, NEC	0.95
9111	Executive Offices	1.15
9121	Legislative Bodies	1.15
9131	Executive and Legislative Offices, Combined	1.15
9199	General Government, NEC	1.15
9211	Courts	1.15
9221	Police Protection	1.15
9222	Legal Counsel and Prosecution	1.15
9223	Correctional Institutions	1.15
9224	Fire Protection	1.15
9229	Public Order and Safety, NEC	1.15
9311	Public Finance, Taxation, and Monetary Policy	1.15
9411	Administration of Educational Programs	1.15
9431	Administration of Public Health Programs	1.15

## Appendix A

SIC Codes and Industry Factors		
SIC	SIC Description	SIC Fx
9441	Administration of Social, Human Resource and Income Maintenance Programs	1.15
9451	Administration of Veterans' Affairs, Except Health Insurance	1.15
9511	Air and Water Resource and Solid Waste Management	1.15
9512	Land, Mineral, Wildlife, and Forest Conservation	1.15
9531	Administration of Housing Programs	1.15
9532	Administration of Urban Planning and Community and Rural Development	1.15
9611	Administration of General Economic Programs	1.15
9621	Regulation and Administration of Transportation Programs	1.10
9631	Regulation and Administration of Communications, Electric, Gas, and Other Utilities	1.15
9641	Regulation of Agricultural Marketing and Commodities	1.15
9651	Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors	1.15
9661	Space Research and Technology	1.15
9711	National Security	1.15
9721	International Affairs	1.15

**Appendix B**

<b>Demographic Adjustment Factors</b>									
<b>Male</b>									
TIER	2T	3T	4T	3T	4T	4T	2T	3T	4T
Age	S	S	S	D	D	PC	F	F	F
0 - 24	0.323	0.323	0.323	1.197	1.280	1.128	1.648	2.404	2.522
25 - 29	0.386	0.386	0.386	1.289	1.421	1.178	1.961	2.504	2.637
30 - 34	0.473	0.473	0.473	1.352	1.559	1.244	2.238	2.566	2.702
35 - 39	0.581	0.581	0.581	1.411	1.676	1.356	2.340	2.555	2.688
40 - 44	0.719	0.719	0.719	1.597	1.890	1.458	2.440	2.630	2.752
45 - 49	0.917	0.917	0.917	1.975	2.226	1.643	2.670	2.909	3.027
50 - 54	1.258	1.258	1.258	2.570	2.730	1.952	3.031	3.361	3.464
55 - 59	1.612	1.612	1.612	3.192	3.276	2.262	3.414	3.830	3.916
60 - 64	2.118	2.118	2.118	3.978	4.022	2.761	4.046	4.393	4.453
65 - 199	2.945	2.945	2.945	5.204	5.221	3.636	5.214	5.343	5.533

<b>Female</b>									
TIER	2T	3T	4T	3T	4T	4T	2T	3T	4T
Age	S	S	S	D	D	PC	F	F	F
0 - 24	0.649	0.649	0.649	1.335	1.013	1.657	1.565	2.139	2.133
25 - 29	0.882	0.882	0.882	1.483	1.312	1.786	1.873	2.335	2.438
30 - 34	1.023	1.023	1.023	1.614	1.554	1.885	2.178	2.480	2.617
35 - 39	1.044	1.044	1.044	1.641	1.747	1.854	2.258	2.487	2.653
40 - 44	1.096	1.096	1.096	1.748	2.026	1.829	2.361	2.608	2.797
45 - 49	1.258	1.258	1.258	2.139	2.484	1.948	2.654	2.974	3.182
50 - 54	1.479	1.479	1.479	2.716	3.007	2.132	3.031	3.425	3.637
55 - 59	1.716	1.716	1.716	3.372	3.575	2.320	3.512	3.968	4.161
60 - 64	2.050	2.050	2.050	4.170	4.302	2.628	4.200	4.538	4.778
65 - 199	2.490	2.490	2.490	5.211	5.292	3.184	5.210	5.208	6.127

<b>Average Contract Size</b>									
<b>Male</b>									
TIER	2T	3T	4T	3T	4T	4T	2T	3T	4T
Age	S	S	S	D	D	PC	F	F	F
0 - 24	1.000	1.000	1.000	2.000	2.000	2.143	2.521	3.389	3.438
25 - 29	1.000	1.000	1.000	2.000	2.000	2.415	2.944	3.704	3.758
30 - 34	1.000	1.000	1.000	2.000	2.000	2.656	3.456	3.996	4.071
35 - 39	1.000	1.000	1.000	2.000	2.000	2.851	3.779	4.183	4.280
40 - 44	1.000	1.000	1.000	2.000	2.000	2.840	3.793	4.200	4.297
45 - 49	1.000	1.000	1.000	2.000	2.000	2.743	3.544	4.072	4.151
50 - 54	1.000	1.000	1.000	2.000	2.000	2.580	3.060	3.825	3.873
55 - 59	1.000	1.000	1.000	2.000	2.000	2.417	2.548	3.583	3.607
60 - 64	1.000	1.000	1.000	2.000	2.000	2.375	2.233	3.462	3.460
65 - 199	1.000	1.000	1.000	2.000	2.000	2.500	2.114	3.444	3.500

<b>Female</b>									
TIER	2T	3T	4T	3T	4T	4T	2T	3T	4T
Age	S	S	S	D	D	PC	F	F	F
0 - 24	1.000	1.000	1.000	2.000	2.000	2.227	2.405	3.417	3.500
25 - 29	1.000	1.000	1.000	2.000	2.000	2.415	2.726	3.583	3.706
30 - 34	1.000	1.000	1.000	2.000	2.000	2.674	3.178	3.819	3.972
35 - 39	1.000	1.000	1.000	2.000	2.000	2.816	3.425	3.948	4.147
40 - 44	1.000	1.000	1.000	2.000	2.000	2.750	3.355	3.907	4.084
45 - 49	1.000	1.000	1.000	2.000	2.000	2.602	3.091	3.773	3.904
50 - 54	1.000	1.000	1.000	2.000	2.000	2.433	2.698	3.565	3.638
55 - 59	1.000	1.000	1.000	2.000	2.000	2.259	2.316	3.341	3.368
60 - 64	1.000	1.000	1.000	2.000	2.000	2.143	2.093	3.143	3.167
65 - 199	1.000	1.000	1.000	2.000	2.000	2.500	2.129	3.333	3.500

The demographic factor input into Exhibit A of the Experience Rating Formula is determined by dividing the average subscriber demographic factor by the weighted average number of members per contract (using the demographic factors and average contract size from the tables above).

**Appendix C**

**HRA/HSA Deductible Funding Adjustment Factors**

Single Deductible	51%-75% Funding		76%-100% Funding	
	HRA	HSA	HRA	HSA
\$1,000	1.20%	0.60%	2.40%	1.20%
\$1,250	1.30%	0.70%	2.60%	1.40%
\$1,500	1.30%	0.80%	2.70%	1.60%
\$1,750	1.40%	0.90%	2.80%	1.80%
\$2,000	1.50%	1.00%	2.90%	2.00%
\$2,250	1.90%	1.10%	3.70%	2.20%
\$2,500	2.30%	1.20%	4.50%	2.40%
\$2,750	2.70%	1.30%	5.30%	2.70%
\$3,000	3.10%	1.50%	6.10%	2.90%
\$3,250	3.10%	1.40%	6.10%	2.80%
\$3,500	3.10%	1.30%	6.10%	2.70%
\$3,750	3.10%	1.30%	6.10%	2.60%
\$4,000	3.10%	1.20%	6.10%	2.40%
\$4,250	2.90%	1.20%	5.90%	2.30%
\$4,500	2.80%	1.10%	5.70%	2.20%
\$4,750	2.70%	1.00%	5.40%	2.10%
\$5,000	2.60%	1.00%	5.20%	2.00%

## **MVP Health Insurance Company (“MVPHIC”) Experience Rated Addendum – 3Q/4Q 2017 Effective Dates**

This document is an Addendum to MVP’s 3Q/4Q 2017 Manual Rate Filing and Experience Rating Formula for products sold to employer groups with 100 or more employees in the State of Vermont under MVP’s HIC license. This addendum and its appendices outline the rating factors discussed in the Experience Rating Formula. These factors are being filed as an addendum to the Manual Rate and Formula filings so they can be updated as deemed necessary by MVP without having to re-file the rating methodology.

Whenever possible, the rating factors contained herein will be based on actual MVP experience or they will be normalized to MVP’s population.

### **BASE MANUAL RATES**

Please see Exhibits 4a (base manual rates), 4b (medical riders), and 4c (Rx riders) of the accompanying manual rate filing for the net PMPMs of plans and riders being offered by MVP for 3Q/4Q 2017 effective dates.

### **SIC FACTORS**

The industry factors in Appendix A will be applied to the manual rates based on the employer’s industry.

### **DEMOGRAPHIC FACTORS**

To more closely resemble the health risk of the employer’s insured population, the manual pure premium will be adjusted to reflect differences in the demographic characteristics of a specific employer group compared to MVP’s community pool for the chosen product. This demographic factor will be applied to both the base rate and riders.

With respect to the employer specific experience rate, there may be a situation where MVP will be the sole health plan offering and be required to adjust the experience to reflect anticipated health characteristics of the entire group versus just MVP’s members who were enrolled in the previous year under a slice product offering. In this situation, MVP will develop a demographic factor relative of the entire group and compare that to the demographics of their existing employer membership.

The demographic factors are in Appendix B. A per member demographic factor is calculated as the weighted average subscriber age/sex factor / weighted average subscriber average contract size.

### **HRA/HSA DEDUCTIBLE FUNDING FACTORS**

The additional risk charge applies when a group funds a plan deductible. The charge is intended to account for the anticipated increase in utilization of services due to the resulting ‘first dollar’ coverage provided. The manual rate adjustment factors are in Appendix C.

**POOLING CHARGES**

Each group is charged a pooling fee and fee-for-service medical and Rx claims above the applicable attachment point are removed from their claim data. The charge is based on the following table:

Pooling Level	2017 Pooling Charge
\$80,000	11.98%
\$85,000	11.11%
\$90,000	10.37%
\$100,000	9.16%
\$125,000	7.14%
\$150,000	5.75%
\$175,000	4.70%
\$200,000	3.94%
\$250,000	2.91%
\$300,000	2.16%
\$350,000	1.68%
\$400,000	1.26%
\$450,000	0.84%
\$500,000	0.52%

Group size will be considered when selecting the appropriate pooling charge. The max pool level is the maximum amount MVP will allow for a given group size:

Avg. Subscribers	Max Pool Level
Up to 299	\$100,000
300-499	\$150,000
500-999	\$200,000
1,000-1,499	\$250,000
1,500-2,499	\$350,000
2,500 and up	\$450,000

**TREND FACTORS**

The following trends are used to project historical experience of the group to the proposed rating period. Exhibit 1 and Exhibit 2 are developed by applying the appropriate pro-rated calendar year trend factors from the midpoint of the experience period to the midpoint of the rating period. Paid trends are calculated by multiplying the applicable allowed trend times the leveraging factor.

Year	Allowed Medical Trend	Pharmacy Trend
2015	4.2%	11.8%
2016	1.7%	14.6%
2017	4.7%	14.5%
2018 & Beyond	4.7%	14.7%

Annual Leveraging Factor	0.6%
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**NETWORK ADJUSTMENT FACTOR**

This adjustment reflects changes with respect to the differences in network providers, contractual provider reimbursement rates, the degree of medical management for MVP versus other carriers, gatekeeper versus no gatekeeper, and referral versus open access. For those accounts enrolled in MVP, this factor will primarily represent differences in provider contractual arrangements. If the experience is coming from another carrier, the adjustment may reflect all of the items above. MVP will make every effort to develop actuarial adjustments that properly determine the appropriate factor to reflect the expected experience of the group.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

**BENEFIT ADJUSTMENT FACTOR**

The purpose of the benefit adjustment is to reflect any difference between the benefits inherent in the group's historical claims experience period and the group's expected benefit plan for the prospective benefit period. This includes medical benefits and pharmacy benefits.

Based on filed manual rates, the underwriter will determine the value of the benefit adjustment factor by analyzing the actuarial equivalent difference in benefits. As it relates to a new group having experience from another carrier, the underwriter will use their best efforts to match up prior benefits to a currently filed benefit to determine the actuarial equivalent difference in benefits. In some cases, this may require interpolating between two manual rates, extrapolating from the filed manual rates, using other sources such as the Milliman USA guidelines, or other internal pricing models.

Other adjustments in this category may include benefit mandates. That is, mandated benefits that will be included in the future benefits, but not reflected in the group's experience.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

**PHARMACY REBATE FACTOR**

Pharmacy rebates are received periodically. The pharmacy rebate factor of 0.87 is used to account for this reduction in pharmacy costs. This reduction will only apply if the paid pharmacy claims do not already reflect pharmacy rebates. In the case where the employer group is not a MVP group, the underwriter will determine if the claims data provided includes or excludes rebates from the other carrier.

**PERIOD WEIGHT**

Period Weight is determined by the underwriter. The underwriters follow a general protocol for deriving the weights to apply for the Period Weight portion of the experience rating formula. Most groups are rated using 12 months of historical data and therefore, the period weights are not applicable. For the smaller of the large groups, the underwriter will consider extending the historical look back to 24 months if the data is available in order to provide a more stable block of data from which to do the rating. In these cases, the underwriter will generally give an 80% weight to the most recent 12 months of data and a 20% weight to the prior period of data. These weights may vary and could be 50% / 50% if the underwriter feels more weight should be given to the older data. This may be the case if the current 12 months are exceptionally higher or lower than the prior period.

**CREDIBILITY WEIGHT**

Based on MVP's product guidelines for offering a prospective experience rate, an employer must have (or project) a minimum of 100 eligible employees for the proposed rating period. However, consistent with industry rating practices, smaller sized experience rated groups should not be considered as producing 100% credible claims information. To protect the employer from significant rate fluctuation from year to year, MVP will be applying a credibility weight to the group's claim experience.

In determining a group's quoted rate, a weight will be given to the group's claims experience based on the number of member months in the experience period. The complement of the weight will be applied to the manual rate. The blended rate is one that will be quoted to the employer group. Below are the base credibility weightings:

Member Month Range	Credibility Factor
0 to 599	0%
600 to 2,400	20%
2,401 to 3,700	30%
3,701 to 4,900	40%
4,901 to 6,100	50%
6,101 to 7,300	60%
7,301 to 8,500	70%
8,501 to 9,700	80%
9,701 to 12,200	90%
12,201 and over	100%

These experience credibility weightings can be adjusted downward based on the underwriter's judgment in the following circumstances:

***The employer group has provided less than 12 months of incurred claims data or data is not provided for all services or employees*** – Generally, a minimum of one full calendar year of incurred claims data for all populations and covered services included in the quote is desired to underwrite a case. In the event less than 12 months of data is available, the underwriter can adjust the credibility table downward, not to be less than 0%.

***The employer group has had membership change by 50% or more since the experience period*** – With a significant membership change, the historical claims experience may no longer represent the group's current population. If the membership has changed by more than 50% from the experience period to the rating period, the underwriter may override the table above to reduce credibility downward, not to be less than 0%.

***The most recent experience data provided is too old*** – Generally, from the mid-point of the experience period to the mid-point of the rating period should not be older than 24 months. If the more recent period of data is older than 24 months, the underwriter may adjust the credibility table downward, not to be less than 0%.

MVP may also make an upward adjustment to the table if the group has a favorable group risk assessment. The credibility percentage will never exceed 100%.

#### **MANUAL RATE CAP**

For groups with over 100 subscribers, when the group's manual rate exceeds 115% of the experience rate or is 85% or less of the experience rate, the manual rate is capped at 115% and 85% of the experience rate, respectively, prior to the blending of the experience and manual rates using the credibility table above.

#### **UNDERWRITING JUDGMENT/GROUP RISK ASSESSMENT**

Underwriting judgment will be used by the underwriter in determining inputs to the rating formula or to modify the result depending on the circumstances of the case, the data available, or the quality of the available data.

Adjustments may be made due to items such as poor claim and enrollment experience data being presented for new groups, the group's claim trend being historically different than the averages, variability in claims experience, participation levels/group size changes, plan sponsor contribution levels, number of plan offerings, plan sponsor and covered population stability, and plan sponsor persistency. Adjustments may be both positive and negative, but will not be larger than 10% in either direction.

## NETWORK ACCESS FEES AND OTHER FEES

MVP has a contracted network access fee with a rental network in the event a group has members that live outside of MVP's service area. The net access fee is \$0 PEPM for just those subscribers who live outside of the service area.

## COVERED LIVES ASSESSMENT

This is a New York State assessment passed on to groups in premium rates. The 2018 rates have not been finalized but are assumed to be a 5% increase over 2017 rates.

Region	2017 Actual	
	Individual	Family
New York City	\$15.44	\$50.97
Long Island	\$5.26	\$17.37
Northern Metro	\$3.04	\$10.03
Northeastern	\$3.41	\$11.25
Utica/Watertown	\$0.76	\$2.50
Central	\$4.77	\$15.75
Rochester	\$8.98	\$29.63
Western	\$3.21	\$10.61

MVP will calculate the CLA with the group information that is available. For example, on a new business case, the number of single contracts by location may not be available. In that case, the CLA may have to be estimated based on the group's overall number single and family contracts and assume the same ratio exists in each region.

## HCRA ASSESSMENT

This is another New York State assessment based on Hospital claims. A charge of 0.25% will be applied to the experience of new business quotes; this is consistent with the amount reflected in the manual portion of the rate.

## RETENTION EXPENSES

Non-claim cost expenses must be added to the premium rates and can be per member per month (PMPM) charges, percent of paid claim charges, or percent of premium charges. The following tables reflect the retention loads:

### Percent of Premium Retention:

General Administration = 9.7%

Bad Debt = 0.25%

Broker Loads = group specific

### Percent of Premium Taxes/Fees:

Premium Tax = 2.0%

Contribution to Surplus = 2.0%

VT Vaccine Assessment = 0.5%

Insurer Tax = 0.0% for 2017 coverage dates; 2.0% for 2018 coverage dates

### Percent of Paid Claim Surcharges:

VT Paid Claims Surcharge = 0.999%

### PMPM Retention

PMPM = \$0

PMPM Taxes/Assessments:

Comparative Effectiveness Research Tax = \$0.20

**EMPLOYER SPECIFIC PREMIUM RATES**

The experience rating formula filing details the calculation of employer specific premium rates by using employer specific information. In the event the employer group cannot supply sufficient information to calculate employer specific conversion factors, the following community load ratios will be used:

- Single=1.0
- Double=2.0
- Family 2 tier=2.5
- Family 3 tier=2.6
- Family 4 tier= 2.8
- Parent Child 4 tier= 1.9

**RETROSPECTIVE RATING**

The risk charges for a group choosing to be rated retrospectively are outlined below:

*(NO DEFICIT CARRY FORWARD/80% SURPLUS REFUND FOR GROUPS 251+, 50% REFUND FOR GROUPS LESS THAN 251)*

- Groups with 1,000+ enrolled subscribers = 1.01
- Groups with 251-999 enrolled subscribers = 1.01
- Groups with 51-250 enrolled subscribers = 1.01

**MINIMUM PREMIUM FUNDING ARRANGMENTS**

The following table shows the Claims Fluctuation Margin (CFM) available for groups of different sizes. The appropriate level of CFM will depend on the group’s size and risk assessment. Groups that are smaller with a higher risk assessment will have a higher CFM. Because of the risk involved with minimum premium funding, at the smaller group size, the underwriter will use judgment to determine if minimum premium funding is allowed.

Group Size	CFM
100-249	120%, 125%, or 130%
249-499	115%, 120%, or 125%
500-999	110%, 115%, or 120%
1,000+	105%, 110%, or 115%

**NEW BUSINESS DISCOUNT**

Due to the variances in information available for use in rating prospects, MVP is introducing the following additional adjustments to be used in developing new business proposals. The discount will apply to currently insured accounts that will offer MVP on a total replacement basis and have non-Medicare retiree enrollment of less than 5% of the total group enrollment.

Rate reduction of 5.0% will be applied if group meets the following criteria:

- \*Demographic Factor <=1.10
- \*Participation >70% of total employees being offered coverage
- \*Employer Contribution > =50% of single rate of richest plan to all plans/tiers
- \*Employer Deductible Funding not greater than 70% of the In-Network Deductible
- \*One carrier prior 2 years
- \*For accounts with <100 enrolled contracts quoted without claims data, documented incumbent Carrier Initial Renewal <12% (not from a rate cap)

Rate reduction of 8.0% will be applied if group meets the above list in addition to the following:

- \*Employer Deductible Funding not greater than 50% of the In-Network Deductible
- \*Enrollment decline of less than 15% in past 12 months
- \*One carrier for prior 3 years

Discount Recovery:

Year 1 Discount	Year 2 Discount	Year 3 Discount
5.0%	3.5%	2.0%
8.0%	6.0%	4.0%

**Employer groups will be required to provide documentation showing the criteria are met or sign an affidavit supporting the statement.**

**ACTUARIAL CERTIFICATION**

I believe the rating factors described herein are consistent with industry norms, follows sound actuarial and underwriting principals, and the rating factors used and documented in the Experience Rating Addendum are reasonable relative to MVP's book of business and industry norms.

I have reviewed the provisions of Vermont Insurance Law. It is my opinion that this rating formula complies with the requirements of those provisions.



**Eric Bachner, ASA**  
Senior Actuarial Analyst  
MVP Health Care



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

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

- Exhibit 1 -- Summary of Medical Coplans Offered
- Exhibit 2a -- 3Q 2017 Pricing Trend Assumptions
- Exhibits 2b-2d -- 3Q 2017 Rx Paid Trend Development
- Exhibit 2e -- 4Q 2017 Pricing Trend Assumptions
- Exhibits 2f-2h -- 4Q 2017 Rx Paid Trend Development
- Exhibit 3a -- 3Q 2017 Claim Projection and Proposed Rate Change
- Exhibit 3b -- 4Q 2017 Claim Projection and Proposed Rate Change
- Exhibit 4a -- Medical Manual Rates
- Exhibit 4b -- Medical Rider Rates
- Exhibit 4c -- Rx Rider Rates

## Exhibit 1 -- Summary of Medical Coplans Offered

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

Coplans	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	
VE021L	HyEPO	\$20	\$20	20%	\$100	20%	50%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	Riders Available
VE085L	EPO	\$20	\$20	\$500	\$100	\$150	50%	\$100	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE087L	EPO	\$25	\$40	\$500	\$100	\$150	50%	\$100	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE088L	EPO	\$25	\$40	\$1,000	\$100	\$150	50%	\$100	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE089L	EPO	\$30	\$50	\$1,000	\$100	\$150	50%	\$100	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE090L	HyEPO	\$20	\$20	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	N/A	N/A	N/A	Riders Available
VE091L	HyEPO	\$20	\$20	20%	\$100	20%	50%	20%	\$3,000	20%	\$5,300	N/A	N/A	N/A	Riders Available
VE092L	HyEPO	\$20	\$20	20%	\$100	20%	50%	20%	\$1,000	20%	\$2,000	N/A	N/A	N/A	Riders Available
VE093L	HyEPO	\$20	\$20	20%	\$100	20%	50%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	Riders Available
VE095L	HyEPO	\$25	\$40	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	N/A	N/A	N/A	Riders Available
VE096L	HyEPO	\$25	\$40	20%	\$100	20%	50%	20%	\$2,000	20%	\$5,300	N/A	N/A	N/A	Riders Available
VE100L	HyEPO	\$25	\$40	20%	\$100	20%	50%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	Riders Available
VE101L	HyEPO	\$25	\$40	20%	\$100	20%	50%	20%	\$3,000	20%	\$5,300	N/A	N/A	N/A	Riders Available
VE102L	HyEPO	\$30	\$50	20%	\$100	20%	50%	20%	\$500	20%	\$1,500	N/A	N/A	N/A	Riders Available
VE103L	HyEPO	\$30	\$50	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	N/A	N/A	N/A	Riders Available
VE105L	HyEPO	\$30	\$50	20%	\$100	20%	50%	20%	\$1,000	20%	\$2,000	N/A	N/A	N/A	Riders Available
VE106L	HyEPO	\$30	\$50	20%	\$100	20%	50%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	Riders Available
VE107L	HyEPO	\$30	\$50	20%	\$100	20%	50%	20%	\$3,000	20%	\$5,300	N/A	N/A	N/A	Riders Available
VE108L	EPO	\$75	\$75	\$1,000	\$200	\$200	50%	\$200	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE109L	HyEPO	\$25	\$25	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	N/A	N/A	N/A	Riders Available
VE110L	HyEPO	\$30	\$30	20%	\$200	20%	50%	20%	\$2,000	20%	\$5,300	N/A	N/A	N/A	Riders Available
VE111L	HyEPO	\$30	\$30	\$0	\$200	\$0	50%	\$0	\$3,000	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE114L	HyEPO	\$30	\$60	\$150	\$400	\$75	50%	\$400	\$1,000	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE115L	HyEPO	\$30	\$60	\$200	\$400	\$100	50%	\$400	\$3,000	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE116L	HyEPO	\$30	\$50	\$0	\$200	\$0	50%	\$0	\$5,000	0%	\$5,300	N/A	N/A	N/A	Riders Available
VE117L	HyEPO	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$5,000	0%	\$5,000	N/A	N/A	N/A	Riders Available
VP017L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$2,000	20%	\$6,000	40%	\$4,000	\$12,000	Riders Available
VP019L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$500	20%	\$1,000	40%	\$1,000	\$3,000	Riders Available
VP020L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$1,000	20%	\$2,000	40%	\$2,000	\$6,000	Riders Available
VP060L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$500	20%	\$1,500	40%	\$1,000	\$3,000	Riders Available
VP061L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	40%	\$2,000	\$6,000	Riders Available
VP062L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$2,000	20%	\$5,300	40%	\$4,000	\$12,000	Riders Available
VP063L	HyPPO	\$20	\$20	20%	\$100	20%	50%	20%	\$500	20%	\$1,000	40%	\$1,000	\$3,000	Riders Available
VP065L	HyPPO	\$25	\$40	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	40%	\$2,000	\$6,000	Riders Available
VP066L	HyPPO	\$25	\$40	20%	\$100	20%	50%	20%	\$2,000	20%	\$5,300	40%	\$4,000	\$12,000	Riders Available
VP067L	HyPPO	\$25	\$40	20%	\$100	20%	50%	20%	\$3,000	20%	\$5,300	40%	\$6,000	\$18,000	Riders Available
VP071L	HyPPO	\$30	\$50	20%	\$100	20%	50%	20%	\$1,000	20%	\$3,000	40%	\$2,000	\$6,000	Riders Available
VP072L	HyPPO	\$30	\$50	20%	\$100	20%	50%	20%	\$2,000	20%	\$5,300	40%	\$4,000	\$12,000	Riders Available
VP073L	HyPPO	\$30	\$50	20%	\$100	20%	50%	20%	\$3,000	20%	\$5,300	40%	\$6,000	\$18,000	Riders Available
VT08LA	EPO	\$15	\$40	\$300	\$75	\$100	50%	\$40	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VT08LB	EPO	\$20	\$40	\$0	\$100	\$100	50%	\$40	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VT08LC	EPO	\$25	\$40	\$300	\$100	\$100	50%	\$40	\$0	0%	\$5,300	N/A	N/A	N/A	Riders Available
VEHD-01L	HDEPOagg	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	0%	\$2,500	N/A	N/A	N/A	\$10/\$30/\$50
VEHD-02L	HDEPOagg	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500	0%	\$3,500	N/A	N/A	N/A	\$10/\$30/\$50
VEHD-06L	HDEPOagg	10%	10%	10%	10%	10%	10%	10%	\$2,500	10%	\$5,000	N/A	N/A	N/A	10%/10%/30%
VEHD-07L	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$1,500	20%	\$3,000	N/A	N/A	N/A	20%/20%/40%
VEHD-08L	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,000	20%	\$4,000	N/A	N/A	N/A	20%/20%/40%
VEHD-09L	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,500	20%	\$5,000	N/A	N/A	N/A	20%/20%/40%
VEHD-15L	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,500	20%	\$5,000	N/A	N/A	N/A	50%
VEHD-17L	HDEPOagg	\$30	\$50	\$500	\$150	\$200	50%	\$150	\$2,500	0%	\$5,000	N/A	N/A	N/A	\$10/\$30/\$50
VEHD-19L	HDEPO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	0%	\$5,000	N/A	N/A	N/A	\$0 after Deductible
VEHD-31L	HDEPOagg	20%	20%	20%	20%	20%	20%	20%	\$4,000	20%	\$5,950	N/A	N/A	N/A	20%/20%/40%
VEHD-41L	HDEPO	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$2,600	0%	\$2,600	N/A	N/A	N/A	\$0 after Deductible
VEHD-42L	HDEPO	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$3,000	0%	\$3,000	N/A	N/A	N/A	\$0 after Deductible
VEHD-43L	HDEPO	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$4,000	0%	\$4,000	N/A	N/A	N/A	\$0 after Deductible
VEHD-45L	HDEPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$2,600	0%	\$2,600	N/A	N/A	N/A	\$0 after Deductible
VEHD-46L	HDEPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$3,000	0%	\$3,000	N/A	N/A	N/A	\$0 after Deductible
VEHD-50L	HDEPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$6,550	0%	\$6,550	N/A	N/A	N/A	\$0 after Deductible
VPHD-03L	HDPPOagg	\$0	\$0	\$0	\$0	\$0	0%	\$0	\$5,000	0%	\$5,000	20%	\$10,000	\$20,000	\$0 after Deductible
VPHD-05L	HDPPOagg	10%	10%	10%	10%	10%	10%	10%	\$2,000	10%	\$4,000	30%	\$4,000	\$8,000	10%/10%/30%
VPHD-07L	HDPPOagg	20%	20%	20%	20%	20%	20%	20%	\$1,500	20%	\$3,000	40%	\$3,000	\$6,000	20%/20%/40%
VPHD-09L	HDPPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,500	20%	\$5,000	40%	\$5,000	\$10,000	20%/20%/40%
VPHD-15L	HDPPOagg	20%	20%	20%	20%	20%	20%	20%	\$2,500	20%	\$5,000	40%	\$5,000	\$10,000	50%

**Exhibit 2a -- Pricing Trend Assumptions -- 3Q Projection**

Large Group VT HIC AR42 Rate Filing  
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

	2016	2017	2018	Total
Months of Trend	2	12	6	20

**Medical Trend Summary**

**2016 Annual Trend**

	% of Allowed			
	Claims	Unit Cost	Utilization	Total
IP	20.4%	4.1%	0.0%	4.1%
OP and Other Med	49.8%	3.5%	0.0%	3.5%
PHY	29.8%	-3.1%	0.0%	-3.1%
<b>Medical Total</b>		1.7%	0.0%	1.7%

**2017 Annual Trend**

	% of Allowed			
	Claims	Unit Cost	Utilization	Total
IP	20.5%	6.3%	0.0%	6.3%
OP and Other Med	49.9%	5.9%	0.0%	5.9%
PHY	29.6%	1.4%	0.0%	1.4%
<b>Medical Total</b>		4.7%	0.0%	4.7%

**2018 Annual Trend**

	% of Allowed			
	Claims	Unit Cost	Utilization	Total
IP	20.8%	6.3%	0.0%	6.3%
OP and Other Med	50.5%	5.9%	0.0%	5.9%
PHY	28.7%	1.4%	0.0%	1.4%
<b>Medical Total</b>		4.7%	0.0%	4.7%

**Leveraging Impact - Large Group Non-HDHP Fee-For-Service Medical Claims**

	Member Months	Allowed	Coinsurance	Copay	Deductible	Paid*
	13,609					
Experience Period:		\$355.00	\$9.40	\$16.67	\$24.16	\$304.78
20 Months of Trend:		1,074	1,074	1,000	1,013	1,083
Projection Period:		\$381.19	\$10.09	\$16.67	\$24.46	\$329.97
Allowed Trend (Annual)		4.4%				
Paid Trend (Annual)		4.9%				
<b>Leveraging (Annual)</b>		<b>0.5%</b>				

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

	Member Months	Allowed	Coinsurance	Copay	Deductible	Paid*
	7,713					
Experience Period:		\$278.42	\$8.60	\$0.00	\$68.92	\$200.90
20 Months of Trend:		1,074	1,074	1,000	1,024	1,091
Projection Period:		\$298.96	\$9.23	\$0.00	\$70.56	\$219.17
Allowed Trend (Annual)		4.4%				
Paid Trend (Annual)		5.4%				
<b>Leveraging (Annual)</b>		<b>1.0%</b>				

**Leveraging Impact - Large Group Fee-For-Service Medical Claims**

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$327.30	\$9.11	\$10.64	\$40.35	\$267.20
20 Months of Trend:	1,073.77	1,074	1,000	1,019	1,085
Projection Period:	\$351.45	\$9.78	\$10.64	\$41.14	\$289.89
Allowed Trend (Annual)	4.4%				
Paid Trend (Annual)	5.0%				
<b>Leveraging (Annual)</b>	<b>0.6%</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 3a 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 - 3Q</b>
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MVP Health Care -- Q3 & Q4 2017 LG HIC Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Experience Period: November 1, 2015 - October 31, 2016

Paid Through: December 31, 2016

Member Months with Rx Benefit: 21,322

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	8,985	833	98	9,916
Experience Period Allowed Cost per Script	\$21.34	\$258.57	\$3,249.10	\$73.33
Experience Period Allowed PMPM	\$15.98	\$17.95	\$26.67	\$60.60
Experience Period Deductible PMPM	\$1.26	\$0.46	\$0.19	\$1.92
Experience Period Copay PMPM	\$2.83	\$1.77	\$0.18	\$4.78
Experience Period Coinsurance PMPM	\$0.59	\$0.43	\$1.04	\$2.06
Experience Period Cost Sharing PMPM	\$4.68	\$2.66	\$1.42	\$8.76
Experience Period Paid PMPM	\$11.30	\$15.29	\$25.25	\$51.84
Annual Util Trend	1.030	0.993	1.068	1.027
Annual Unit Cost Trend	0.975	1.132	1.161	1.116
Annual Deductible Trend	1.014	1.014	1.014	1.014
Annual Paid Trend	0.995	1.142	1.243	1.162
Months of Trend to Q3 2017	20	20	20	20
Projected Scripts / 1000 as of Q3 2017	9,432	823	110	10,365
Projected Allowed Cost per Script as of Q3 2017	\$20.45	\$318.12	\$4,164.69	\$88.03
Projected Allowed PMPM as of Q3 2017	\$16.07	\$21.81	\$38.15	\$76.03
Projected Deductible PMPM	\$1.29	\$0.47	\$0.20	\$1.96
Projected Copay PMPM	\$2.97	\$1.75	\$0.21	\$4.92
Projected Coinsurance PMPM	\$0.59	\$0.52	\$1.48	\$2.60
Projected Cost Sharing PMPM as of Q3 2017	\$4.86	\$2.74	\$1.89	\$9.48
Projected Paid PMPM as of Q3 2017	\$11.21	\$19.07	\$36.27	\$66.55

<b>Exhibit 2c -- Rx Trend Development - Non-HDHP 3Q</b>
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MVP Health Care -- Q3 & Q4 2017 LG HIC Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Experience Period: November 1, 2015 - October 31, 2016  
Paid Through: December 31, 2016  
Member Months with Rx Benefit: 13,609

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	10,409	1,056	119	11,585
Experience Period Allowed Cost per Script	\$24.14	\$278.82	\$3,695.18	\$85.09
Experience Period Allowed PMPM	\$20.94	\$24.54	\$36.66	\$82.14
Experience Period Deductible PMPM	\$0.00	\$0.00	\$0.00	\$0.00
Experience Period Copay PMPM	\$4.31	\$2.70	\$0.28	\$7.28
Experience Period Coinsurance PMPM	\$0.62	\$0.35	\$1.62	\$2.60
Experience Period Cost Sharing PMPM	\$4.92	\$3.05	\$1.90	\$9.88
Experience Period Paid PMPM	\$16.02	\$21.49	\$34.75	\$72.26
Annual Util Trend	1.030	0.993	1.068	1.027
Annual Unit Cost Trend	0.975	1.132	1.161	1.118
Annual Deductible Trend	1.000	1.000	1.000	1.000
Annual Paid Trend	0.996	1.140	1.241	1.159
Months of Trend to Q3 2017	20	20	20	20
Projected Scripts / 1000 as of Q3 2017	10,928	1,043	133	12,104
Projected Allowed Cost per Script as of Q3 2017	\$23.12	\$343.02	\$4,736.48	\$102.44
Projected Allowed PMPM as of Q3 2017	\$21.06	\$29.83	\$52.45	\$103.33
Projected Deductible PMPM	\$0.00	\$0.00	\$0.00	\$0.00
Projected Copay PMPM	\$4.52	\$2.66	\$0.31	\$7.50
Projected Coinsurance PMPM	\$0.62	\$0.43	\$2.32	\$3.38
Projected Cost Sharing PMPM as of Q3 2017	\$5.14	\$3.09	\$2.64	\$10.87
Projected Paid PMPM as of Q3 2017	\$15.92	\$26.73	\$49.81	\$92.46

<b>Exhibit 2d -- Rx Trend Development - HDHP 3Q</b>
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MVP Health Care -- Q3 & Q4 2017 LG HIC Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Experience Period: November 1, 2015 - October 31, 2016  
Paid Through: December 31, 2016  
Member Months: 7,713

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	6,471	439	62	6,972
Experience Period Allowed Cost per Script	\$13.41	\$172.57	\$1,743.57	\$38.87
Experience Period Allowed PMPM	\$7.23	\$6.31	\$9.04	\$22.58
Experience Period Deductible PMPM	\$3.49	\$1.27	\$0.54	\$5.30
Experience Period Copay PMPM	\$0.23	\$0.13	\$0.01	\$0.37
Experience Period Coinsurance PMPM	\$0.54	\$0.57	\$0.00	\$1.11
Experience Period Cost Sharing PMPM	\$4.26	\$1.96	\$0.55	\$6.78
Experience Period Paid PMPM	\$2.97	\$4.35	\$8.49	\$15.81
Annual Util Trend	1.030	0.993	1.068	1.028
Annual Unit Cost Trend	0.975	1.132	1.161	1.104
Annual Deductible Trend	1.014	1.014	1.014	1.014
Annual Paid Trend	0.989	1.158	1.253	1.180
Months of Trend to Q3 2017	20	20	20	20
Projected Scripts / 1000 as of Q3 2017	6,793	433	69	7,296
Projected Allowed Cost per Script as of Q3 2017	\$12.84	\$212.30	\$2,234.91	\$45.85
Projected Allowed PMPM as of Q3 2017	\$7.27	\$7.67	\$12.94	\$27.87
Projected Deductible PMPM	\$3.57	\$1.30	\$0.55	\$5.42
Projected Copay PMPM	\$0.24	\$0.13	\$0.01	\$0.38
Projected Coinsurance PMPM	\$0.55	\$0.69	\$0.00	\$1.24
Projected Cost Sharing PMPM as of Q3 2017	\$4.36	\$2.11	\$0.57	\$7.04
Projected Paid PMPM as of Q3 2017	\$2.91	\$5.55	\$12.37	\$20.84

**Exhibit 2e -- Pricing Trend Assumptions -- 4Q Projection**

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

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

Months of Trend	2016	2017	2018	Total
	2	12	9	23

**Medical Trend Summary**

<b>2016 Annual Trend</b>				
<b>% of Allowed</b>				
	<b>Claims</b>	<b>Unit Cost</b>	<b>Utilization</b>	<b>Total</b>
IP	20.4%	4.1%	0.0%	4.1%
OP and Other Med	49.8%	3.5%	0.0%	3.5%
PHY	29.8%	-3.1%	0.0%	-3.1%
<b>Medical Total</b>		<b>1.7%</b>	<b>0.0%</b>	<b>1.7%</b>

<b>2017 Annual Trend</b>				
<b>% of Allowed</b>				
	<b>Claims</b>	<b>Unit Cost</b>	<b>Utilization</b>	<b>Total</b>
IP	20.5%	6.3%	0.0%	6.3%
OP and Other Med	49.9%	5.9%	0.0%	5.9%
PHY	29.6%	1.4%	0.0%	1.4%
<b>Medical Total</b>		<b>4.7%</b>	<b>0.0%</b>	<b>4.7%</b>

<b>2018 Annual Trend</b>				
<b>% of Allowed</b>				
	<b>Claims</b>	<b>Unit Cost</b>	<b>Utilization</b>	<b>Total</b>
IP	20.8%	6.3%	0.0%	6.3%
OP and Other Med	50.5%	5.9%	0.0%	5.9%
PHY	28.7%	1.4%	0.0%	1.4%
<b>Medical Total</b>		<b>4.7%</b>	<b>0.0%</b>	<b>4.7%</b>

<b>Leveraging Impact - Large Group Non-HDHP Fee-For-Service Medical Claims</b>					
Member Months	13,609				
	<b>Allowed</b>	<b>Coinsurance</b>	<b>Copay</b>	<b>Deductible</b>	<b>Paid*</b>
Experience Period:	\$354.51	\$9.39	\$16.64	\$24.13	\$304.36
23 Months of Trend:	1.086	1.086	1.000	1.015	1.097
Projection Period:	\$385.06	\$10.20	\$16.64	\$24.48	\$333.74
Allowed Trend (Annual)	4.4%				
Paid Trend (Annual)	4.9%				
<b>Leveraging (Annual)</b>	<b>0.5%</b>				

<b>Leveraging Impact - Large Group HDHP Fee-For-Service Medical Claims</b>					
Member Months	7,713				
IBNR Factor	1.023				
	<b>Allowed</b>	<b>Coinsurance</b>	<b>Copay</b>	<b>Deductible</b>	<b>Paid*</b>
Experience Period:	\$278.04	\$8.59	\$0.00	\$68.83	\$200.62
23 Months of Trend:	1.086	1.086	1.000	1.028	1.106
Projection Period:	\$302.00	\$9.33	\$0.00	\$70.73	\$221.94
Allowed Trend (Annual)	4.4%				
Paid Trend (Annual)	5.4%				
<b>Leveraging (Annual)</b>	<b>1.0%</b>				

<b>Leveraging Impact - Large Group Fee-For-Service Medical Claims</b>					
	<b>Allowed</b>	<b>Coinsurance</b>	<b>Copay</b>	<b>Deductible</b>	<b>Paid*</b>
Experience Period:	\$326.85	\$9.10	\$10.62	\$40.30	\$266.83
23 Months of Trend:	1.086	1.086	1.000	1.023	1.099
Projection Period:	\$355.01	\$9.88	\$10.62	\$41.21	\$293.30
Allowed Trend (Annual)	4.4%				
Paid Trend (Annual)	5.1%				
<b>Leveraging (Annual)</b>	<b>0.6%</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 3a unless these adjustments are taken into account.

**Rx Trend Summary**

	<b>2016 Trend</b>		<b>2017 Trend</b>		<b>2018 Trend</b>	
	<b>Unit Cost</b>	<b>Utilization</b>	<b>Unit Cost</b>	<b>Utilization</b>	<b>Unit Cost</b>	<b>Utilization</b>
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 2f -- Rx Trend Development - 4Q</b>
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MVP Health Insurance Company 2015 Vermont Large Group Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

Experience Period: November 1, 2015 - October 31, 2016

Paid Through: December 31, 2016

Member Months with Rx Benefit: 21,322

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	8,985	833	98	9,916
Experience Period Allowed Cost per Script	\$21.34	\$258.57	\$3,249.10	\$73.33
Experience Period Allowed PMPM	\$15.98	\$17.95	\$26.67	\$60.60
Experience Period Deductible PMPM	\$1.26	\$0.46	\$0.19	\$1.92
Experience Period Copay PMPM	\$2.83	\$1.77	\$0.18	\$4.78
Experience Period Coinsurance PMPM	\$0.59	\$0.43	\$1.04	\$2.06
Experience Period Cost Sharing PMPM	\$4.68	\$2.66	\$1.42	\$8.76
Experience Period Paid PMPM	\$11.30	\$15.29	\$25.25	\$51.84
Annual Util Trend	1.030	0.994	1.069	1.027
Annual Unit Cost Trend	0.978	1.133	1.156	1.116
Annual Deductible Trend	1.014	1.014	1.014	1.014
Annual Paid Trend	1.001	1.143	1.238	1.162
Months of Trend to Q4 2017	23	23	23	23
Projected Scripts / 1000 as of Q4 2017	9,507	823	112	10,441
Projected Allowed Cost per Script as of Q4 2017	\$20.45	\$328.57	\$4,287.26	\$90.46
Projected Allowed PMPM as of Q4 2017	\$16.20	\$22.53	\$39.98	\$78.71
Projected Deductible PMPM	\$1.30	\$0.47	\$0.20	\$1.97
Projected Copay PMPM	\$3.00	\$1.75	\$0.21	\$4.95
Projected Coinsurance PMPM	\$0.60	\$0.54	\$1.55	\$2.69
Projected Cost Sharing PMPM as of Q4 2017	\$4.89	\$2.76	\$1.96	\$9.61
Projected Paid PMPM as of Q4 2017	\$11.31	\$19.77	\$38.01	\$69.09

<b>Exhibit 2g -- Rx Trend Development - Non-HDHP 4Q</b>
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MVP Health Insurance Company 2015 Vermont Large Group Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

Experience Period: November 1, 2015 - October 31, 2016

Paid Through: December 31, 2016

Member Months with Rx Benefit: 13,609

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	10,409	1,056	119	11,585
Experience Period Allowed Cost per Script	\$24.14	\$278.82	\$3,695.18	\$85.09
Experience Period Allowed PMPM	\$20.94	\$24.54	\$36.66	\$82.14
Experience Period Deductible PMPM	\$0.00	\$0.00	\$0.00	\$0.00
Experience Period Copay PMPM	\$4.31	\$2.70	\$0.28	\$7.28
Experience Period Coinsurance PMPM	\$0.62	\$0.35	\$1.62	\$2.60
Experience Period Cost Sharing PMPM	\$4.92	\$3.05	\$1.90	\$9.88
Experience Period Paid PMPM	\$16.02	\$21.49	\$34.75	\$72.26
Annual Util Trend	1.030	0.994	1.069	1.027
Annual Unit Cost Trend	0.978	1.133	1.156	1.118
Annual Deductible Trend	1.000	1.000	1.000	1.000
Annual Paid Trend	1.001	1.142	1.236	1.159
Months of Trend to Q4 2017	23	23	23	23
Projected Scripts / 1000 as of Q4 2017	11,014	1,044	135	12,193
Projected Allowed Cost per Script as of Q4 2017	\$23.13	\$354.29	\$4,875.88	\$105.30
Projected Allowed PMPM as of Q4 2017	\$21.23	\$30.81	\$54.95	\$106.99
Projected Deductible PMPM	\$0.00	\$0.00	\$0.00	\$0.00
Projected Copay PMPM	\$4.56	\$2.66	\$0.32	\$7.54
Projected Coinsurance PMPM	\$0.63	\$0.44	\$2.43	\$3.51
Projected Cost Sharing PMPM as of Q4 2017	\$5.18	\$3.11	\$2.75	\$11.04
Projected Paid PMPM as of Q4 2017	\$16.05	\$27.70	\$52.20	\$95.95

<b>Exhibit 2h -- Rx Trend Development - HDHP 4Q</b>
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MVP Health Insurance Company 2015 Vermont Large Group Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

Experience Period: November 1, 2015 - October 31, 2016

Paid Through: December 31, 2016

Member Months: 7,713

<b>Rx Claim Information</b>	<b>Generic</b>	<b>Brand</b>	<b>Specialty</b>	<b>Total</b>
Experience Period Scripts / 1000	6,471	439	62	6,972
Experience Period Allowed Cost per Script	\$13.41	\$172.57	\$1,743.57	\$38.87
Experience Period Allowed PMPM	\$7.23	\$6.31	\$9.04	\$22.58
Experience Period Deductible PMPM	\$3.49	\$1.27	\$0.54	\$5.30
Experience Period Copay PMPM	\$0.23	\$0.13	\$0.01	\$0.37
Experience Period Coinsurance PMPM	\$0.54	\$0.57	\$0.00	\$1.11
Experience Period Cost Sharing PMPM	\$4.26	\$1.96	\$0.55	\$6.78
Experience Period Paid PMPM	\$2.97	\$4.35	\$8.49	\$15.81
Annual Util Trend	1.030	0.994	1.069	1.028
Annual Unit Cost Trend	0.978	1.133	1.156	1.104
Annual Deductible Trend	1.014	1.014	1.014	1.014
Annual Paid Trend	0.997	1.160	1.248	1.180
Months of Trend to Q4 2017	23	23	23	23
Projected Scripts / 1000 as of Q4 2017	6,847	433	71	7,351
Projected Allowed Cost per Script as of Q4 2017	\$12.85	\$219.28	\$2,300.68	\$47.02
Projected Allowed PMPM as of Q4 2017	\$7.33	\$7.92	\$13.55	\$28.80
Projected Deductible PMPM	\$3.59	\$1.30	\$0.55	\$5.44
Projected Copay PMPM	\$0.24	\$0.13	\$0.01	\$0.38
Projected Coinsurance PMPM	\$0.55	\$0.71	\$0.00	\$1.26
Projected Cost Sharing PMPM as of Q4 2017	\$4.38	\$2.14	\$0.57	\$7.09
Projected Paid PMPM as of Q4 2017	\$2.95	\$5.78	\$12.99	\$21.72

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

<b>LG HIC Claim Projection and Proposed Rate Change</b>
---

Experience Period: November 1, 2015 - October 31, 2016

Paid Through: December 31, 2016

Experience Period Member Months	21,322
1) Experience Period Medical Claims PMPM	\$261.14
1a) Claims in Excess of \$100k over Experience Period	\$6.77
1b) Pooling Charge	1.0916
2) IBNR Factor	1.023
3) Experience Period Incurred Medical Claims <i>= [ 1) - 1a) ] * 1b) * 2)</i>	\$284.12
3a) Claims Settlement PMPM <i>Represents value of claims settlement for 2015 member months</i>	\$1.02
4) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.050
5) Months of Trend to Q3 2017	20
6) NY State HCRA Surcharge	0.25%
7) Trended Incurred Medical Claims PMPM as of Q3 2017 <i>= [ [ 3) + 3a) * 4) ^ [ 5) / 12 ] ] * [ 1 + 6) ]</i>	\$310.12
8) Experience Period Rx Claims PMPM	\$51.84
8a) Rx Claims in Excess of \$100k over Experience Period	\$1.41
8b) Pooling Charge	1.0916
9) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.162
10) Months of Trend to Q3 2017	20
11) Trended Gross Rx Claims PMPM as of Q3 2017 <i>= [ 8) - 8a) ] * 8b) * [ 9) ] ^ [ 10) / 12 ]</i>	\$70.66
11a) Rx Rebates	(\$12.44)
12) Trended Net Rx Claims PMPM as of Q3 2017 <i>= 11) + 11a)</i>	\$58.23
13) Capitations and Non-FFS Claim Expenses	\$11.13
14a) Industry Normalization Factor	0.996
14b) Impact of Membership Growth/Decline on Experience Pd Claims	1.008
15) Total Claim Cost as of Q3 2017 <i>= [ [ 7) + 11) ] * 14a) * 14b) ] + 13)</i>	\$380.98
16) Projected Net Revenue Collected at Q2 2017 Rate Level <i>Based on distribution of experience period members</i>	\$364.32
17) Data Suggested Quarterly Rate Change <i>= 15) / 16) - 1</i>	<b>4.6%</b>



<b>Exhibit 3b -- Claim Projection &amp; Proposed Rate Change</b>
--

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

<b>LG HIC Claim Projection and Proposed Rate Change</b>
---

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

Experience Period Member Months	21,322	
1) Experience Period Medical Claims PMPM	\$261.14	
1a) Claims in Excess of \$100k over Experience Period	\$6.77	
1b) Pooling Charge	1.0916	
2) IBNR Factor	1.023	
3) Experience Period Incurred Medical Claims <i>= [ 1) - 1a) ] * 1b) * 2)</i>	\$284.12	
3a) Claims Settlement PMPM <i>Represents value of claims settlement for 2015 member months</i>	\$1.02	
4) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.051	
5) Months of Trend to Q4 2017	23	
6) NY State HCRA Surcharge	0.25%	
7) Trended Incurred Medical Claims PMPM as of Q4 2017 <i>= [ [ 3) + 3a) ] * 4) ^ [ 5) / 12 ] ] * [ 1 + 6) ]</i>	\$314.20	
8) Experience Period Rx Claims PMPM	\$51.84	
8a) Rx Claims in Excess of \$100k over Experience Period	\$1.41	
8b) Pooling Charge	1.0916	
9) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.162	
10) Months of Trend to Q4 2017	23	
11) Trended Gross Rx Claims PMPM as of Q4 2017 <i>= [ 8) - 8a) ] * 8b) * [ 9) ] ^ [ 10) / 12 ]</i>	\$73.37	
11a) Rx Rebates	(\$12.50)	
12) Trended Net Rx Claims PMPM as of Q4 2017 <i>= 11) + 11a)</i>	\$60.87	
13) Capitations and Non-FFS Claim Expenses	\$11.13	
14a) Industry Normalization Factor	0.996	
14b) Impact of Membership Growth/Decline on Experience Pd Clai	1.008	
15) Total Claim Cost as of Q4 2017 <i>= [ [ 7) + 11) ] * 14a) * 14b) ] + 13)</i>	\$387.72	
16) Projected Net Revenue Collected at Q3 2017 Rate Level <i>Based on distribution of experience period members</i>	\$380.98	
17) Data Suggested Quarterly Rate Change <i>= 15) / 16) - 1</i>	<table border="1"> <tr> <td><b>1.8%</b></td> </tr> </table>	<b>1.8%</b>
<b>1.8%</b>		

<b>Exhibit 4a -- Medical Manual Rates (Q3 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Coplan	Product Type	Net Required Revenue PMPM	Quarterly Change	Annual Manual Rate Change	Annual Revenue Change
VE021L	HyEPO	\$353.09	4.6%	3.3%	3.3%
VE085L	EPO	\$437.48	4.6%	3.3%	3.3%
VE087L	EPO	\$428.08	4.6%	3.3%	3.3%
VE088L	EPO	\$422.81	4.6%	3.3%	3.3%
VE089L	EPO	\$414.92	4.6%	3.3%	3.3%
VE090L	HyEPO	\$375.45	4.6%	3.3%	3.3%
VE091L	HyEPO	\$337.30	4.6%	3.3%	3.3%
VE092L	HyEPO	\$385.99	4.6%	3.4%	3.4%
VE093L	HyEPO	\$353.09	4.6%	3.3%	3.3%
VE095L	HyEPO	\$370.19	4.6%	3.4%	3.4%
VE096L	HyEPO	\$339.93	4.6%	3.4%	3.4%
VE100L	HyEPO	\$347.81	4.6%	3.3%	3.3%
VE101L	HyEPO	\$331.47	4.6%	3.3%	3.3%
VE102L	HyEPO	\$393.87	4.6%	3.3%	3.3%
VE103L	HyEPO	\$364.91	4.6%	3.3%	3.3%
VE105L	HyEPO	\$376.77	4.6%	3.3%	3.3%
VE106L	HyEPO	\$343.88	4.6%	3.4%	3.4%
VE107L	HyEPO	\$328.09	4.6%	3.4%	3.4%
VE108L	EPO	\$389.92	4.6%	3.3%	3.3%
VE109L	HYEPO	\$371.50	4.6%	3.3%	3.3%
VE110L	HYEPO	\$337.30	4.6%	3.3%	3.3%
VE111L	HYEPO	\$353.09	4.6%	3.3%	3.3%
VE114L	HyEPO	\$374.14	4.6%	3.4%	3.4%
VE115L	HyEPO	\$335.98	4.6%	3.3%	3.3%
VE116L	HyEPO	\$329.20	4.6%	3.3%	3.3%
VE117L	HyEPO	\$244.81	4.6%	N/A	N/A
VP017L	HyPPO	\$350.76	4.6%	3.4%	3.4%
VP019L	HyPPO	\$431.52	4.6%	3.3%	3.3%
VP020L	HyPPO	\$401.42	4.6%	3.3%	3.3%
VP060L	HyPPO	\$420.46	4.6%	3.3%	3.3%
VP061L	HyPPO	\$390.47	4.6%	3.3%	3.3%
VP062L	HyPPO	\$353.43	4.6%	3.3%	3.3%
VP063L	HyPPO	\$431.52	4.6%	3.3%	3.3%
VP065L	HyPPO	\$385.00	4.6%	3.4%	3.4%
VP066L	HyPPO	\$346.73	4.6%	3.4%	3.4%
VP067L	HyPPO	\$334.78	4.6%	3.3%	3.3%
VP071L	HyPPO	\$379.52	4.6%	3.3%	3.3%
VP072L	HyPPO	\$342.69	4.6%	3.3%	3.3%
VP073L	HyPPO	\$331.37	4.6%	3.3%	3.3%
VT08LA	EPO	\$435.43	4.6%	3.3%	3.3%
VT08LB	EPO	\$435.43	4.6%	3.3%	3.3%
VT08LC	EPO	\$435.43	4.6%	3.3%	3.3%
VEHD-01L	HDEPOagg	\$387.81	4.6%	3.3%	3.3%
VEHD-02L	HDEPOagg	\$345.86	4.6%	3.3%	3.3%
VEHD-06L	HDEPOagg	\$312.52	4.6%	3.3%	3.3%
VEHD-07L	HDEPOagg	\$346.19	4.6%	3.3%	3.3%
VEHD-08L	HDEPOagg	\$317.46	4.6%	3.3%	3.3%
VEHD-09L	HDEPOagg	\$297.03	4.6%	3.3%	3.3%
VEHD-15L	HDEPOagg	\$299.42	4.6%	3.4%	3.4%
VEHD-17L	HDEPOagg	\$312.31	4.6%	3.4%	3.4%

<b>Exhibit 4a -- Medical Manual Rates (Q3 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

<b>Coplan</b>	<b>Product Type</b>	<b>Net Required Revenue PMPM</b>	<b>Quarterly Change</b>	<b>Annual Manual Rate Change</b>	<b>Annual Revenue Change</b>
VEHD-19L	HDEPO	\$284.41	4.6%	3.4%	3.4%
VEHD-31L	HDEPOagg	\$262.47	4.6%	3.3%	3.3%
VEHD-41L	HDEPO	\$347.55	4.6%	3.3%	3.3%
VEHD-42L	HDEPO	\$334.53	4.6%	3.3%	3.3%
VEHD-43L	HDEPO	\$304.92	4.6%	3.3%	3.3%
VEHD-45L	HDEPOagg	\$336.44	4.6%	3.3%	3.3%
VEHD-46L	HDEPOagg	\$320.81	4.6%	3.4%	3.4%
VEHD-50L	HDEPOagg	\$259.59	4.6%	N/A	N/A
VPHD-03L	HDPPOagg	\$285.68	4.6%	3.3%	3.3%
VPHD-05L	HDPPOagg	\$341.02	4.6%	3.3%	3.3%
VPHD-07L	HDPPOagg	\$355.55	4.6%	3.3%	3.3%
VPHD-09L	HDPPOagg	\$299.72	4.6%	3.3%	3.3%
VPHD-15L	HDPPOagg	\$302.11	4.6%	3.3%	3.3%

<b>Exhibit 4a -- Medical Manual Rates (Q4 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

<b>Coplan</b>	<b>Product Type</b>	<b>Net Required Revenue PMPM</b>	<b>Quarterly Change</b>	<b>Annual Manual Rate Change</b>	<b>Annual Revenue Change</b>
VE021L	HyEPO	\$359.45	1.8%	3.9%	3.9%
VE085L	EPO	\$445.35	1.8%	3.9%	3.9%
VE087L	EPO	\$435.79	1.8%	3.9%	3.9%
VE088L	EPO	\$430.42	1.8%	3.9%	3.9%
VE089L	EPO	\$422.39	1.8%	3.9%	3.9%
VE090L	HyEPO	\$382.21	1.8%	3.9%	3.9%
VE091L	HyEPO	\$343.37	1.8%	3.9%	3.9%
VE092L	HyEPO	\$392.94	1.8%	3.9%	3.9%
VE093L	HyEPO	\$359.45	1.8%	3.9%	3.9%
VE095L	HyEPO	\$376.85	1.8%	3.9%	3.9%
VE096L	HyEPO	\$346.05	1.8%	3.9%	3.9%
VE100L	HyEPO	\$354.07	1.8%	3.9%	3.9%
VE101L	HyEPO	\$337.44	1.8%	3.9%	3.9%
VE102L	HyEPO	\$400.96	1.8%	3.9%	3.9%
VE103L	HyEPO	\$371.48	1.8%	3.9%	3.9%
VE105L	HyEPO	\$383.55	1.8%	3.9%	3.9%
VE106L	HyEPO	\$350.07	1.8%	3.9%	3.9%
VE107L	HyEPO	\$334.00	1.8%	3.9%	3.9%
VE108L	EPO	\$396.94	1.8%	3.9%	3.9%
VE109L	HYEPO	\$378.19	1.8%	3.9%	3.9%
VE110L	HYEPO	\$343.37	1.8%	3.9%	3.9%
VE111L	HYEPO	\$359.45	1.8%	3.9%	3.9%
VE114L	HyEPO	\$380.87	1.8%	3.9%	3.9%
VE115L	HyEPO	\$342.03	1.8%	3.9%	3.9%
VE116L	HyEPO	\$335.13	1.8%	3.9%	3.9%
VE117L	HyEPO	\$249.22	1.8%	N/A	N/A
VP017L	HyPPO	\$357.07	1.8%	3.9%	3.9%
VP019L	HyPPO	\$439.29	1.8%	3.9%	3.9%
VP020L	HyPPO	\$408.65	1.8%	3.9%	3.9%
VP060L	HyPPO	\$428.03	1.8%	3.9%	3.9%
VP061L	HyPPO	\$397.50	1.8%	3.9%	3.9%
VP062L	HyPPO	\$359.79	1.8%	3.9%	3.9%
VP063L	HyPPO	\$439.29	1.8%	3.9%	3.9%
VP065L	HyPPO	\$391.93	1.8%	3.9%	3.9%
VP066L	HyPPO	\$352.97	1.8%	3.9%	3.9%
VP067L	HyPPO	\$340.81	1.8%	3.9%	3.9%
VP071L	HyPPO	\$386.35	1.8%	3.9%	3.9%
VP072L	HyPPO	\$348.86	1.8%	3.9%	3.9%
VP073L	HyPPO	\$337.33	1.8%	3.9%	3.9%
VT08LA	EPO	\$443.27	1.8%	3.9%	3.9%
VT08LB	EPO	\$443.27	1.8%	3.9%	3.9%
VT08LC	EPO	\$443.27	1.8%	3.9%	3.9%
VEHD-01L	HDEPOagg	\$394.79	1.8%	3.9%	3.9%
VEHD-02L	HDEPOagg	\$352.09	1.8%	3.9%	3.9%
VEHD-06L	HDEPOagg	\$318.15	1.8%	3.9%	3.9%
VEHD-07L	HDEPOagg	\$352.42	1.8%	3.9%	3.9%
VEHD-08L	HDEPOagg	\$323.17	1.8%	3.9%	3.9%
VEHD-09L	HDEPOagg	\$302.38	1.8%	3.9%	3.9%
VEHD-15L	HDEPOagg	\$304.81	1.8%	3.9%	3.9%
VEHD-17L	HDEPOagg	\$317.93	1.8%	3.9%	3.9%

<b>Exhibit 4a -- Medical Manual Rates (Q4 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

<b>Coplan</b>	<b>Product Type</b>	<b>Net Required Revenue PMPM</b>	<b>Quarterly Change</b>	<b>Annual Manual Rate Change</b>	<b>Annual Revenue Change</b>
VEHD-19L	HDEPO	\$289.53	1.8%	3.9%	3.9%
VEHD-31L	HDEPOagg	\$267.19	1.8%	3.9%	3.9%
VEHD-41L	HDEPO	\$353.81	1.8%	3.9%	3.9%
VEHD-42L	HDEPO	\$340.55	1.8%	3.9%	3.9%
VEHD-43L	HDEPO	\$310.41	1.8%	3.9%	3.9%
VEHD-45L	HDEPOagg	\$342.50	1.8%	3.9%	3.9%
VEHD-46L	HDEPOagg	\$326.58	1.8%	3.9%	3.9%
VEHD-50L	HDEPOagg	\$264.26	1.8%	N/A	N/A
VPHD-03L	HDPPPOagg	\$290.82	1.8%	3.9%	3.9%
VPHD-05L	HDPPPOagg	\$347.16	1.8%	3.9%	3.9%
VPHD-07L	HDPPPOagg	\$361.95	1.8%	3.9%	3.9%
VPHD-09L	HDPPPOagg	\$305.11	1.8%	3.9%	3.9%
VPHD-15L	HDPPPOagg	\$307.55	1.8%	3.9%	3.9%

<b>Exhibit 4b -- Medical Riders (Q3 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Rider	Description	Product Type	Net Required Revenue PMPM	Quarterly Change	Annual Manual Rate Change
V301	Vision Exam 1 Every 2 Calendar Yr	EPO/PPO	\$3.46	4.6%	3.4%
V305L	Advanced Infertility Services - (Large Only)	EPO/PPO	\$4.63	4.6%	3.4%
V306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C	EPO/PPO	\$4.36	4.6%	3.1%
V307	Exclusion For Elective Abortions	EPO/PPO	(\$0.19)	4.6%	4.6%
V308	Preventive Dental For Kids - \$25 Office Copayment	EPO/PPO	\$2.59	4.6%	3.3%
V309L-a	Outpatient X-Ray Covered At 100% (Not High Tech) - \$500 Ded; 2x OOP Max plan	EPO/PPO	\$2.08	4.6%	3.6%
V309L-b	Outpatient X-Ray Covered At 100% (Not High Tech) - \$500 Ded; 3x OOP Max plan	EPO/PPO	\$2.40	4.6%	3.2%
V309L-c	Outpatient X-Ray Covered At 100% (Not High Tech) - \$1000 Ded; 2x OOP Max plan	EPO/PPO	\$3.74	4.6%	3.4%
V309L-d	Outpatient X-Ray Covered At 100% (Not High Tech) - \$1000 Ded; 3x OOP Max plan	EPO/PPO	\$4.30	4.6%	3.3%
V309L-e	Outpatient X-Ray Covered At 100% (Not High Tech) - \$2000 Ded; 2x OOP Max plan	EPO/PPO	\$8.66	4.6%	3.4%
V309L-f	Outpatient X-Ray Covered At 100% (Not High Tech) - \$2000 Ded; 3x OOP Max plan	EPO/PPO	\$9.15	4.6%	3.4%
V309L-g	Outpatient X-Ray Covered At 100% (Not High Tech) - \$3000+ Ded; 2x OOP Max plan	EPO/PPO	\$12.35	4.6%	3.4%
V309L-h	Outpatient X-Ray Covered At 100% (Not High Tech) - \$3000+ Ded; 3x OOP Max plan	EPO/PPO	\$12.70	4.6%	3.3%
V310	Annual Vision Exam - Per Calendar Yr	EPO/PPO	\$6.40	4.6%	3.4%
V312	Dme, External Pros/Ostomy Buy - Up To 80% In-Network Only	EPO/PPO	\$0.85	4.6%	3.3%
V314	Adult Preventative Dental	EPO/PPO	\$14.66	4.6%	3.3%
V315	Adult Prev Dental w/ Family Restorative	EPO/PPO	\$19.98	4.6%	3.4%
V316	Disposable Medical Supplies	EPO/PPO	\$0.95	4.6%	3.5%
V317	Changes Contract Yr To Calendar Year	EPO/PPO	\$0.00	n/a	n/a
V361	Gym Membership Reimbursement - \$300 Maximum per Subscriber	EPO/PPO	\$2.55	0.0%	0.0%
V362	Youth Sports Reimbursement - \$300 Maximum per Subscriber	EPO/PPO	\$0.65	0.0%	0.0%
V363	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	EPO/PPO	\$0.21	0.0%	0.0%
V700	Domestic Partners (Same And Opp Sex)	EPO/PPO	\$0.00	n/a	n/a
V702	Domestic Partners (Same And Opp Sex)	EPO/PPO	\$0.00	n/a	n/a
V341L	Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only	EPO/PPO	\$0.00	n/a	n/a
V342L	Eligibility definition for dependent to 26 for Large Grandfathered Groups	EPO/PPO	\$0.00	n/a	n/a
VEHD 312a	Exam & Hardware, attaches to \$1250 INN Ded	HDEPO	\$2.94	4.6%	3.5%
VEHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDEPO	\$2.69	4.6%	3.4%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$2.23	4.6%	3.6%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$1.88	4.6%	2.9%
VEHD 312e	Exam & Hardware, attaches to \$3000 INN Ded	HDEPO	\$1.63	4.6%	3.3%
VEHD 312f	Exam & Hardware, attaches to \$4000 INN Ded	HDEPO	\$1.24	4.6%	3.7%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.00	4.6%	3.5%
VEHD 312h	Exam & Hardware, attaches to \$10000 INN Ded	HDEPO	\$0.43	4.6%	4.6%
VEHD 312j	Exam & Hardware, attaches to \$6600 INN Ded	HDEPO	\$0.83	4.6%	3.3%
VPHD 312a	Exam & Hardware, attaches to \$1250 INN Ded	HDPPPO	\$2.94	4.6%	3.5%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$2.69	4.6%	3.4%
VPHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDPPPO	\$2.23	4.6%	3.6%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$1.88	4.6%	2.9%
VPHD 312e	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$1.63	4.6%	3.3%
VPHD 312f	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$1.24	4.6%	3.7%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.00	4.6%	3.5%
VPHD 312h	Exam & Hardware, attaches to \$10000 INN Ded	HDPPPO	\$0.43	4.6%	4.6%
VHD305L	Advanced Infertility Services - (Large Only)	HDHP	\$4.58	4.6%	3.4%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C	HDHP	\$4.65	4.6%	3.4%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.16)	4.6%	4.6%
VHD316	Disposable Medical Supplies	HDHP	\$0.62	4.6%	2.9%

<b>Exhibit 4b -- Medical Riders (Q3 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

Rider	Description	Product Type	Net Required Revenue PMPM	Quarterly Change	Annual Manual Rate Change
VHDC317	Changes Contract Yr To Calendar Year	HDHP	\$0.00	n/a	n/a
VHD341L	Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only	HDHP	\$0.00	n/a	n/a
VHD342L	Eligibility definition for dependent to 26 for Large Grandfathered Groups	HDHP	\$0.00	n/a	n/a
VHDC343	Gym Membership Reimbursement - \$300 Maximum per Subscriber	HDHP	\$2.55	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - \$300 Maximum per Subscriber	HDHP	\$0.65	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	HDHP	\$0.21	0.0%	0.0%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	n/a	n/a
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	n/a	n/a
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	\$1.62	4.6%	3.3%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$4.28	4.6%	3.3%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$14.01	4.6%	3.4%
VHD510-e	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-05)	HDHP	\$9.96	4.6%	3.4%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-06)	HDHP	\$4.75	4.6%	3.5%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07 & VPHD-07)	HDHP	\$2.58	4.6%	3.3%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$3.40	4.6%	3.3%
VHD510-i	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-09 & VPHD-09)	HDHP	\$5.14	4.6%	3.3%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-015 & VPHD-015)	HDHP	\$3.42	4.6%	3.3%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.28	4.6%	3.3%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$13.64	4.6%	3.3%
VHD510-v	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-31)	HDHP	\$8.73	4.6%	3.4%
VHD510-aa	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-41)	HDHP	\$6.47	4.6%	3.3%
VHD510-ab	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-42)	HDHP	\$7.10	4.6%	3.4%
VHD510-ac	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-43)	HDHP	\$10.08	4.6%	3.4%
VHD510-ad	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-44)	HDHP	\$15.41	4.6%	3.3%
VHD510-ae	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-45)	HDHP	\$6.98	4.6%	3.4%
VHD510-af	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-46)	HDHP	\$7.59	4.6%	3.5%

<b>Exhibit 4b -- Medical Riders (Q4 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

Rider	Description	Product Type	Net Required Revenue PMPM	Quarterly Change	Annual Manual Rate Change
V301	Vision Exam 1 Every 2 Calendar Yr	EPO/PPO	\$3.52	1.7%	3.8%
V305L	Advanced Infertility Services - (Large Only)	EPO/PPO	\$4.72	1.9%	4.0%
V306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C	EPO/PPO	\$4.44	1.8%	3.7%
V307	Exclusion For Elective Abortions	EPO/PPO	(\$0.19)	0.9%	5.6%
V308	Preventive Dental For Kids - \$25 Office Copayment	EPO/PPO	\$2.64	1.8%	3.9%
V309L-a	Outpatient X-Ray Covered At 100% (Not High Tech) - \$500 Ded; 2x OOP Max plans	EPO/PPO	\$2.12	1.8%	3.9%
V309L-b	Outpatient X-Ray Covered At 100% (Not High Tech) - \$500 Ded; 3x OOP Max plans	EPO/PPO	\$2.44	1.9%	3.8%
V309L-c	Outpatient X-Ray Covered At 100% (Not High Tech) - \$1000 Ded; 2x OOP Max plar	EPO/PPO	\$3.81	1.7%	3.8%
V309L-d	Outpatient X-Ray Covered At 100% (Not High Tech) - \$1000 Ded; 3x OOP Max plar	EPO/PPO	\$4.38	1.9%	4.0%
V309L-e	Outpatient X-Ray Covered At 100% (Not High Tech) - \$2000 Ded; 2x OOP Max plar	EPO/PPO	\$8.82	1.8%	3.9%
V309L-f	Outpatient X-Ray Covered At 100% (Not High Tech) - \$2000 Ded; 3x OOP Max plar	EPO/PPO	\$9.32	1.8%	3.9%
V309L-g	Outpatient X-Ray Covered At 100% (Not High Tech) - \$3000 Ded; 2x OOP Max plar	EPO/PPO	\$12.58	1.8%	3.9%
V309L-h	Outpatient X-Ray Covered At 100% (Not High Tech) - \$3000 Ded; 3x OOP Max plar	EPO/PPO	\$12.93	1.8%	3.9%
V310	Annual Vision Exam - Per Calendar Yr	EPO/PPO	\$6.52	1.9%	4.0%
V312	Dme, External Pros/Ostomy Buy - Up To 80% In-Network Only	EPO/PPO	\$0.86	1.5%	3.6%
V314	Adult Preventative Dental	EPO/PPO	\$14.93	1.8%	3.9%
V315	Adult Prev Dental w/ Family Restorative	EPO/PPO	\$20.34	1.8%	3.9%
V316	Disposable Medical Supplies	EPO/PPO	\$0.97	1.9%	4.3%
V317	Changes Contract Yr To Calendar Year	EPO/PPO	\$0.00	n/a	n/a
V361	Gym Membership Reimbursement - \$300 Maximum per Subscriber	EPO/PPO	\$2.55	0.0%	0.0%
V362	Youth Sports Reimbursement - \$300 Maximum per Subscriber	EPO/PPO	\$0.65	0.0%	0.0%
V363	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	EPO/PPO	\$0.21	0.0%	0.0%
V700	Domestic Partners (Same And Opp Sex)	EPO/PPO	\$0.00	n/a	n/a
V702	Domestic Partners (Same And Opp Sex)	EPO/PPO	\$0.00	n/a	n/a
V341L	Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only	EPO/PPO	\$0.00	n/a	n/a
V342L	Eligibility definition for dependent to 26 for Large Grandfathered Groups	EPO/PPO	\$0.00	n/a	n/a
VEHD 312a	Exam & Hardware, attaches to \$1250 INN Ded	HDEPO	\$2.99	1.7%	3.8%
VEHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDEPO	\$2.74	1.9%	4.2%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$2.27	1.9%	4.1%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$1.92	2.0%	3.8%
VEHD 312e	Exam & Hardware, attaches to \$3000 INN Ded	HDEPO	\$1.66	1.7%	3.7%
VEHD 312f	Exam & Hardware, attaches to \$4000 INN Ded	HDEPO	\$1.27	2.0%	4.1%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.02	1.6%	4.1%
VEHD 312h	Exam & Hardware, attaches to \$10000 INN Ded	HDEPO	\$0.44	2.6%	4.8%
VEHD 312j	Exam & Hardware, attaches to \$6600 INN Ded	HDEPO	\$0.84	1.7%	3.7%
VPHD 312a	Exam & Hardware, attaches to \$1250 INN Ded	HDPPPO	\$2.99	1.7%	3.8%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$2.74	1.9%	4.2%
VPHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDPPPO	\$2.27	1.9%	4.1%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$1.92	2.0%	3.8%
VPHD 312e	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$1.66	1.7%	3.7%
VPHD 312f	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$1.27	2.0%	4.1%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.02	1.6%	4.1%
VPHD 312h	Exam & Hardware, attaches to \$10000 INN Ded	HDPPPO	\$0.44	2.6%	4.8%
VHD305L	Advanced Infertility Services - (Large Only)	HDHP	\$4.66	1.7%	3.8%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C	HDHP	\$4.74	1.8%	3.9%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.16)	2.0%	6.7%
VHD316	Disposable Medical Supplies	HDHP	\$0.63	2.1%	3.3%



<b>Exhibit 4b -- Medical Riders (Q4 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

Rider	Description	Product Type	Net Required Revenue PMPM	Quarterly Change	Annual Manual Rate Change
VHDC317	Changes Contract Yr To Calendar Year	HDHP	\$0.00	n/a	n/a
VHD341L	Removes PPACA ER Svces & Prev Svces -- Grandfathered Groups Only	HDHP	\$0.00	n/a	n/a
VHD342L	Eligibility definition for dependent to 26 for Large Grandfathered Groups	HDHP	\$0.00	n/a	n/a
VHDC343	Gym Membership Reimbursement - \$300 Maximum per Subscriber	HDHP	\$2.55	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - \$300 Maximum per Subscriber	HDHP	\$0.65	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	HDHP	\$0.21	0.0%	0.0%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	n/a	n/a
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	n/a	n/a
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	\$1.65	1.8%	3.8%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$4.36	1.9%	4.1%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$14.26	1.8%	3.9%
VHD510-e	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-05)	HDHP	\$10.14	1.8%	3.9%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-06)	HDHP	\$4.83	1.7%	3.9%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07 & VPHD-07)	HDHP	\$2.63	1.8%	4.0%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$3.46	1.8%	3.9%
VHD510-i	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-09 & VPHD-09)	HDHP	\$5.23	1.8%	4.0%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-015 & VPHD-015)	HDHP	\$3.48	1.7%	3.9%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.36	1.9%	4.1%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$13.89	1.8%	3.9%
VHD510-v	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-31)	HDHP	\$8.89	1.8%	3.9%
VHD510-aa	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-41)	HDHP	\$6.59	1.8%	3.8%
VHD510-ab	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-42)	HDHP	\$7.23	1.8%	3.9%
VHD510-ac	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-43)	HDHP	\$10.26	1.8%	3.8%
VHD510-ad	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-44)	HDHP	\$15.68	1.8%	3.8%
VHD510-ae	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-45)	HDHP	\$7.10	1.8%	3.8%
VHD510-af	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-46)	HDHP	\$7.73	1.8%	3.9%

<b>Exhibit 4c -- Rx Riders (Q3 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

<b>Rider</b>	<b>Description</b>	<b>Product Type</b>	<b>Net Required Revenue PMPM</b>	<b>Quarterly Change</b>	<b>Annual Manual Rate Change</b>
V500	\$10/\$30/\$50	EPO/PPO	\$46.79	4.6%	3.4%
V501	\$10/30%/50%	EPO/PPO	\$41.02	4.6%	3.4%
V502	50%	EPO/PPO	\$36.60	4.6%	3.3%
V504	\$0/\$30/\$50	EPO/PPO	\$54.48	4.6%	3.4%
V601	\$5/\$35/\$70	EPO/PPO	\$48.59	4.6%	3.4%
V602	\$5/\$35/\$70 - \$250 Brand Ded	EPO/PPO	\$42.67	4.6%	3.4%
V604	\$5/\$45/\$90	EPO/PPO	\$47.16	4.6%	3.3%
V605	\$5/\$45/\$90 - \$250 Brand Ded	EPO/PPO	\$41.77	4.6%	3.4%
V606	\$5/\$45/\$90 - \$500 Brand Ded	EPO/PPO	\$38.79	4.6%	3.4%
V550L	Removes MAC Pricing	EPO/PPO	\$0.77	4.1%	2.7%
V551L	Change mail copay from 2.5 to 2.0	EPO/PPO	\$0.32	3.2%	0.0%

<b>Exhibit 4c -- Rx Riders (Q4 2017)</b>
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Large Group VT HIC AR42 Rate Filing  
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

<b>Rider</b>	<b>Description</b>	<b>Product Type</b>	<b>Net Required Revenue PMPM</b>	<b>Quarterly Change</b>	<b>Annual Manual Rate Change</b>
V500	\$10/\$30/\$50	EPO/PPO	\$47.63	1.8%	3.9%
V501	\$10/30%/50%	EPO/PPO	\$41.76	1.8%	3.9%
V502	50%	EPO/PPO	\$37.26	1.8%	3.8%
V504	\$0/\$30/\$50	EPO/PPO	\$55.46	1.8%	3.9%
V601	\$5/\$35/\$70	EPO/PPO	\$49.46	1.8%	3.9%
V602	\$5/\$35/\$70 - \$250 Brand Ded	EPO/PPO	\$43.44	1.8%	3.9%
V604	\$5/\$45/\$90	EPO/PPO	\$48.01	1.8%	3.9%
V605	\$5/\$45/\$90 - \$250 Brand Ded	EPO/PPO	\$42.52	1.8%	3.9%
V606	\$5/\$45/\$90 - \$500 Brand Ded	EPO/PPO	\$39.49	1.8%	3.9%
V550L	Removes MAC Pricing	EPO/PPO	\$0.78	1.3%	2.6%
V551L	Change mail copay from 2.5 to 2.0	EPO/PPO	\$0.33	3.1%	3.1%



**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
Personal Services	\$ 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
Operating	\$ 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
Contracts	\$ 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
Pers Services, operating, grants, contracts				
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.

Large Group HIC- ACTIVE ONLY

% of Mbrshp 8.8% 8.8% 8.9% 8.9% 8.2% 8.3% 8.1% 8.1% 8.3% 8.3% 7.7% 7.7%

Adjustment Factors by Deductible Level

Percent of Total Member Months

Deductible Level	Factors											
	1	2	3	4	5	6	7	8	9	10	11	12
\$0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
\$500	0.61	0.90	0.97	1.01	1.03	1.05	1.06	1.07	1.07	1.08	1.08	1.09
\$1,000	0.48	0.82	0.94	1.00	1.03	1.06	1.08	1.10	1.11	1.12	1.13	1.13
\$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
\$3,000	0.31	0.65	0.83	0.95	1.03	1.08	1.12	1.16	1.19	1.21	1.23	1.25
\$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

Deductible Level	Coverage Month											
	1	2	3	4	5	6	7	8	9	10	11	12
\$0	1.4%	1.4%	1.4%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.4%	1.4%
\$500	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.4%	1.4%	1.4%	1.4%	1.2%	1.2%
\$1,000	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.3%	1.3%	1.3%	1.3%	1.4%	1.3%
\$1,500	1.3%	1.2%	1.2%	1.2%	1.3%	1.4%	1.4%	1.4%	1.3%	1.4%	1.1%	1.1%
\$2,000	1.3%	1.3%	1.3%	1.2%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
\$2,500	1.8%	1.8%	1.8%	1.8%	1.9%	1.8%	1.8%	1.8%	1.9%	1.9%	1.8%	1.8%
\$2,500	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
\$5,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

Avg Policy Duration Factor 0.9924  
Inverse of Factor 1.0077



**MVP Health Care, Inc.**

Article 42 and AR44 Experience Rating Formula

EPO, PPO, and HMO Products

For Large Employer Groups

(100+ Employees as defined by regulation)

Effective 01/01/16

## **INTRODUCTION**

MVP Health Insurance Company and MVP Health Plan, Inc. (“MVP”) market Experience Rated EPO, PPO, and HMO products to large employer groups as defined per Vermont regulation. Prospective experience rating and Retrospective experience rating methods are offered. In addition, a Minimum Premium Funding arrangement is available via a rider.

MVP’s large group rating formula has three parts. Part 1 develops a group specific manual pure premium. Part 2 develops a pure premium based on the group’s actual claims experience. Part 3 blends the two using credibility factors and then develops the group’s premium rates. The attached Exhibits A and B illustrate the calculation from start to finish and this document provides a description of each component. The actual factors used in the calculation are contained in a separate Experience Rating Addendum filing.

The addendum filing and the factors contained within will be reviewed and adjusted annually or as necessary. Whenever possible, the rating factors will be developed using MVP historical experience and will be normalized to MVP’s population.

## **II: MANUAL PURE PREMIUM (part 1)**

Part 1 of the formula is the calculation of the group specific Manual Pure Premium (the Adjusted Manual Pure Premium).

1. ***Manual Pure Premium*** – The Manual Pure Premium rate table can be found in the Experience Rating Addendum. These rates reflect the expected claim cost for the book of business for each benefit offering for the rating period.
2. ***Industry Factor*** – A factor to adjust for the group’s specific industry. The industry factor table can be found in the Experience Rating Addendum.
3. ***Demographic Factor*** – A factor to adjust for the group’s specific demographic makeup. For the purpose of calculating the demographic adjustment factor, any employees or retirees who have Medicare as their primary coverage are excluded from the census. The demographic tables can be found in the Experience Rating Addendum.
4. ***Manual Group Risk Assessment Factor*** - Rating factors to reflect specific characteristics of the group. See the Experience Rating Addendum for the applicable factors.
5. ***HRA/HSA Funding Load Factor*** – The additional risk charge applies when a group funds a plan deductible. The charge is intended to account for the anticipated

increase in utilization of services due to the resulting ‘first dollar’ coverage provided. See the Experience Rating Addendum for the applicable factors.

6. ***Adjusted Manual Pure Premium*** - The product of 1 through 5 above. This is the starting basis for the non-credible portion of the group’s premium calculation.

### **III:EXPERIENCE PURE PREMIUM (part 2)**

For existing MVP groups, historical paid claim experience will be used. The underwriter will typically use the most recent 12 months of data with 2 months run-off. There may be instances where more or less data is available. It will be reviewed to determine appropriateness and credibility.

For groups new to MVP, historical paid claim information will be used if it is determined to be credible and appropriate. The data will be adjusted whenever possible to reflect differences in products and benefits being quoted and for differences in provider contracting and medical management. Any adjustments to the data will be documented in the group’s rating file. If MVP is not satisfied with the historical paid claim data received, the Adjusted Manual Pure Premium will be used for the first policy year.

#### **PRIMARY INPUTS**

- Experience Period Start Date – The first date of the experience data, based on date of service.
- Experience Period End Date – The last date of the experience data, based on the date of service.
- Paid Through Date – The date the claims in the experience period are paid through. This is used to determine the appropriate IBNR completion factor to adjust claims.
- Midpoint of the Experience Period – Middle date of the period start date and the period end date

***Product Reflected in the experience*** – The product previously offered and reflected in the experience. For MVP renewal groups, the benefits are known in detail. For new groups, MVP may have limited benefit detail. When applicable, adjustments to claim information will be determined based on this information.

***Product in the rate quote*** – The product and benefits being quoted. All products quoted will have rates on file with the State of Vermont.

***Member Months*** – The member months for the experience period.

***Out-of-Area Subscribers*** – The number of subscribers who are living outside of the MVP service areas.

## CLAIM INFORMATION

1. ***Date of Service Paid Claims*** – The total claims paid for claims incurred in the experience period prior to adjusting for large claims and incurred but not reported claims.
2. ***Composite Completion Factor Adjustment*** – The factor used to complete paid claims. The completion factor depends on the length of the experience period and the number of months paid after the end of the experience period (or “claims runoff”). Factors are often applied during the data reporting and may also be included in #1 in an actual group calculation.
3. ***Incurred Claims*** - The projected total incurred claim cost for the group, adjusted for unpaid claims.
4. ***Other non Fee for Service medical expenses*** – The medical expenses associated with items like Capitation arrangements, Wellness Reward programs and Provider Incentive programs.
5. ***Pooling Level*** – The pooling level (attachment point) for the group. (See Experience Rating Addendum for details). Medical and Pharmacy claims will be included in the pooling calculation.
6. ***Actual Large Claims (excess over pooling level)*** – The claim amount in excess of the attachment point for all applicable claims in the experience period.
7. ***Pharmacy Rebate Factor*** – A factor to reflect pharmacy rebates received from MVP’s Pharmacy Benefit Manager. This represents an average percentage adjustment for MVP’s Rx community pool and is only applied to Rx costs. See Experience Rating Addendum for details.
8. ***Incurred Claims less Large Claims*** – The total Incurred Claims less the Large Claims.
9. ***Trend factor to midpoint of Projection Period*** – The trend rate based on the start and end date of the experience period and the renewal rating period. See the Experience Rating Addendum for trend factors.
10. ***Trended Net Claims*** – The Incurred Claims less Large Claims multiplied by the trend factor.
11. ***Trended PMPM Net Claims*** – The Trended Net Claims divided by the member month exposure for the experience period.

## EXPERIENCE ADJUSTMENTS

12. **Demographic Factor (Carrier Replacement Only)** – In the event MVP is requested to provide an experience rate for the entire group, a demographic adjustment may be warranted. If MVP is offered on a slice basis and the quote is for full carrier replacement, MVP may adjust their own experience to reflect the demographics of the entire group. If claims experience is obtained for the rest of the group then that will be used instead. See the Experience Rating Addendum for the demographic factors.
13. **Prior Period Adjustment Factor** – In most cases, the underwriter will be looking at the most recent 12 months of a group's experience with 2 months of runoff. However, there may be instances where the underwriter will look at another claim period for the group and combine it with the most recent experience period. An example of this may be if a group had an unusually high number of large claims in the current period, the underwriter could look at the prior period to evaluate the large claim history. In the event the prior period history is very different, the underwriter could dampen the impact of the extraordinary large claims by blending the two periods together.

The calculation of this adjustment factor is shown in the attached Exhibit B. The calculation of the Adjusted PMPM Net Claim amount is done in the same manner as in Exhibit A for the current experience period (Period 1) and is repeated for the prior experience period as well (Period 2). A weighted average of the two is then computed based on Period Weights assumed by the underwriter. The average PMPM is divided by the Period 1 PMPM to derive the Period Period Adjustment Factor.

**The Period weight** is the amount of weight given to each period. See the Experience Rating Addendum for details.

14. **Network Adjustment Factor** – An adjustment to reflect differences in network providers, contractual provider reimbursement rates, gatekeeper vs. no gatekeeper, and referral vs. open access between the experience period data and the product being quoted. The calculation of any adjustment to the paid claims will be documented in the group file. See Experience Rating Addendum for details.
15. **Benefit Adjustment** – An adjustment to reflect material differences between the benefits inherent in the groups historical paid claim experience and the benefits being proposed in the quote. The factor will be calculated and applied separately to the Medical vs. the Prescription Drug claims. The calculation of any adjustment to the paid claims will be documented in the group file. See Experience Rating Addendum for details.

16. ***Pooling Charge %*** - The load applicable to the pooling level selected. See Experience Rating Addendum for details.
17. ***Adjusted PMPM Net Claims*** – The net incurred claims after applying the experience adjustments.
18. ***Covered Lives Assessment (CLA)*** – The amount paid for the Covered Lives Assessment. See the Experience Rating Addendum for detail.
19. ***Indigent Care*** – The amount paid to the State Public Goods Pool. This does not apply to Rx claims. See Experience Rating Addendum for detail.
20. ***Experience Pure Premium*** – Equal to the Adjusted PMPM Net Claims multiplied by the Prior Period Adjustment Factor, if applicable plus the PMPM CLA and Indigent Care expenses.

#### **IV: EMPLOYER SPECIFIC PREMIUM RATES (part 3)**

The results of Sections II and III above are blended together using credibility factors to determine the blended pure premium. Final adjustments, explained below, are then applied to arrive at the premium for the group. The premiums for the group's specific tier structure being quoted are then derived from this.

##### **BLENDING OF EXPERIENCE PURE PREMIUM AND ADJUSTED MANUAL PURE PREMIUM**

1. ***Adjusted Manual Pure Premium*** –Section II, line 6
2. ***Capped Manual Pure Premium*** – for accounts with over 100 subscribers and sufficient claims data, to calculate an Experience Pure Premium a manual rate cap may apply. When the Adjusted Manual Pure Premium is greater than 115% or less than 85% of the Experience Pure Premium, the Adjusted Manual Rate will be capped at 115% and 85%, respectively, of the Experience Pure Premium. If the group has less than 100 subscribers or the Adjusted Manual Pure Premium is within +/-15% of the Experience Pure Premium, the Capped Manual Pure Premium will be equal to the Adjusted Manual Pure Premium.
3. ***Experience Pure Premium*** –Section III, line 20
4. ***Experience Credibility Weight*** – The weight assigned to the Experience Pure Premium based on the member months from the experience period. See the Experience Rate Addendum for the applicable credibility table.
5. ***Blended Pure Premium*** – The weighted average of the Capped Manual Pure Premium and the Experience Pure Premium based on the credibility assigned to the group.



6. **Group Risk Assessment Factor** – Rating factors to reflect specific characteristics of the group. See the Experience Rating Addendum.
7. **New Business Discount Factor** – See the Experience Rate Addendum for details.
8. **Retrospective Financial Underwriting Factor** – The additional risk charge applied when the group is retrospectively experience rating. See the Experience Rating Addendum for the applicable factors.
9. **Network Access Fee** – In the event the group has members who live outside of MVP’s service area, MVP’s rental network assesses an out-of-network access fee. The access fee is charged per OOA subscriber and then translated into a PMPM fee based on the group’s total membership. See the Experience Rating Addendum for the network access fee.
10. **Retention Excluding Premium Tax** – The expense loads added to pure premium to cover general administrative fees, bad debt, risk charges, broker fees, net reinsurance, etc. See Experience Rating Addendum for details.
11. **Premium Tax** – The amount of premium tax. It is a percentage of premium and shown as a PMPM value. See Experience Rating Addendum for details.
12. **Group Required Pure Premium** –  $(5 \times 6 \times 7 \times 8) + 9 + 10 + 11$

#### **PREMIUM RATE DEVELOPMENT**

**13. Employer Specific Loading Factor** – Converts the Group Specific Pure Premium to Single, Double, Parent/Child(ren), and Family premiums. A group can choose a two-tier, three-tier, or four-tier billing structure. A group specific Step-Up Factor is calculated using the group census and the group’s desired load ratios.

If MVP doesn’t have credible census information for the group the premium conversion factors from an MVP community rate filing will be used.

14. **Final Premium Rates** – 12 x 13. When more than one plan is offered to an employer, the rates for each plan are developed in a consistent manner as described here. In the case where the employer’s own claim’s experience is being used to develop the premium rates, the actual claims are allocated back to the individual products based on the expected cost of each benefit plan.

**Renewal Rate Cap Guarantee** – A maximum renewal increase (cap) may be offered to select employer groups at point of sale for a new group or upon renewal for an existing group. If a cap is offered, the group’s next renewal premium derived via this formula will be constrained by the maximum agreed upon renewal increase. A cap will be considered only for groups with a minimum of 100 enrolled subscribers and where MVP is the only carrier offering health insurance to the group. The group

must have 2 years of claim history available for review in the rate setting, regardless of whether it is a new or existing case and there are no ongoing large claimants. Groups that meet these selection criteria will be considered on a case by case basis for the cap offer. Not every group that meets these criteria will be offered a renewal increase cap. The maximum renewal increase offered will be at least equal to the projected trend rate used in the rate setting plus some margin. The amount of the margin will depend on the risk characteristics of the group.

## **V: RETROSPECTIVE EXPERIENCE RATE ACCOUNTING**

MVP offers two options for Retrospective Accounting:

- 1) underwriting gains and losses are shared with the group
- 2) only underwriting gains are shared with the group

All retrospectively rated groups will pay a risk charge above the standard retention expenses associated with prospectively rated groups. This risk charge is outlined in the Experience Rating Addendum filed under separate cover and updated annually.

The Underwriting gain or loss for each retrospectively rated large group is determined annually using the prior policy years' incurred claim expense and 3 months of paid claim run out plus an additional amount for assumed IBNR claims.

To determine if the group is in a gain or loss position the actual premium collected over the policy year is compared to the actual incurred claims (including an estimate for IBNR) plus the PMPM fee for service medical claim expenses and non claim expenses from the group's premium rate development for that policy year. The actual incurred claims used will be net of any individual member claims over the pooling point purchased by the group for that policy year.

The group is in a gain position if the actual premium collected is greater than the sum of the estimated total incurred claims, the non fee for service medical expenses and the non claim expenses. If not, the group is in a loss position. Underwriting gains, or a portion of, are returned to the group. Underwriting losses, depending on the group contract, will either be the groups or MVP's responsibility.

## **VII: MINIMUM PREMIUM FUNDING ARRANGEMENT**

An employer group can use Minimum Premium Funding by attaching a Minimum Premium Funding Arrangement (MPFA) rider to the group contract. MVP will utilize the large group formula to establish the Claims Liability Rate and other items in the MPFA rider. Exhibit A, attached, Section V. shows the calculations necessary to complete the MPFA rider.

1. ***Final Premium Rates*** – The final rates as determined using the MVP Large Group formula.
2. ***Retention Rate*** – The amount of retention included in the Final Premium Rates. The group is billed separately for retention charges.
3. ***Claims Liability Rate (CLR)*** – Line 1 minus Line 2, or the premium rates without retention.
4. ***Claims Fluctuation Margin*** - Addendum value. Also sometimes referred to as the Minimum Premium “Risk Corridor”, the amount of risk over the claims projection to be absorbed by the employer group. The amount of risk assumption will vary by group size and risk characteristics of the group.
5. ***Maximum Monthly Premium Liability (MPL)*** – Line 3 x Line 4 x the number of subscribers in each premium tier for the month. The MPL will be used to determine any monthly gain or loss by comparing against actual claims in the month. Over the contract period, the cumulative gain or loss is determined by comparing the cumulative MPT to the cumulative actual claims paid. Settlements of gains and losses will be described in the MPFA rider language.

## **VIII: EARLY QUOTING CLAUSE**

Large Employers often require firm rate proposals 7-9 months in advance of the renewal effective date due to the effort required to coordinate renewals from multiple carriers and prepare open enrollment materials for their employees. It is usually the case that MVP does not yet have the next calendar year addendum values finalized and ready to quote and file this far in advance.

Upon request, for accounts with at least 2,000 total employees, MVP will develop the group’s premium rates based on the current formula and addendum values. Once MVP finalizes the next calendar year addendum factors and formula, all rates calculated thereafter will be based on the updated formula and addendum.

## **CERTIFICATION**

I believe the rating formula described herein is consistent with industry norms, follows sound actuarial and underwriting principals and the rating factors used and documented in the Experience Rating Addendum are reasonable relative to MVP’s book of business and industry norms.

I have reviewed the provisions of Vermont Insurance Law. It is my opinion that this rating formula complies with the requirements of those provisions.



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Matthew Lombardo, FSA, MAAA

July 23, 2015

Date

## Large Group Historical Medical &amp; Rx Claims Summary - EPO/PPO Active Groups Only

Rolling 12 End Date	Medical + Rx Claim Expense > \$100k PMPM	Medical Claim Expense PMPM	Rx Claim Expense PMPM	Medical Allowed -		Member Months	Claims > \$100k as % of Claims < \$100k	Rolling 12 Medical Claim Expense Trend	Rolling 12 Rx Claim Expense Trend	Rolling 12 Paid Trend				
				COB PMPM	Rx Allowed PMPM					Removing High Cost Claims	Rolling 12 Medical Allowed - COB Trend	Rolling 12 Rx Allowed Trend	Rolling 12 Membership Change	Paid To Allowed Ratio
201412	\$21.13	\$267.21	\$59.58	\$309.08	\$68.34	12,669	6.9%	N/A	N/A	N/A	N/A	N/A	N/A	86.6%
201501	\$15.63	\$277.90	\$57.43	\$321.68	\$66.10	12,738	4.9%	N/A	N/A	N/A	N/A	N/A	N/A	86.5%
201502	\$10.87	\$277.97	\$55.17	\$323.23	\$63.74	12,824	3.4%	N/A	N/A	N/A	N/A	N/A	N/A	86.1%
201503	\$5.54	\$283.52	\$54.22	\$330.45	\$62.85	12,798	1.7%	N/A	N/A	N/A	N/A	N/A	N/A	85.9%
201504	\$4.69	\$288.44	\$56.71	\$335.12	\$65.38	12,776	1.4%	N/A	N/A	N/A	N/A	N/A	N/A	86.2%
201505	\$4.79	\$281.83	\$58.33	\$328.42	\$67.07	12,763	1.4%	N/A	N/A	N/A	N/A	N/A	N/A	86.0%
201506	\$7.02	\$280.40	\$59.67	\$325.93	\$68.46	12,726	2.1%	N/A	N/A	N/A	N/A	N/A	N/A	86.2%
201507	\$10.05	\$285.46	\$62.02	\$330.73	\$70.75	12,701	3.0%	N/A	N/A	N/A	N/A	N/A	N/A	86.6%
201508	\$13.17	\$280.26	\$67.60	\$323.76	\$76.51	12,690	3.9%	N/A	N/A	N/A	N/A	N/A	N/A	86.9%
201509	\$16.73	\$289.54	\$70.32	\$335.02	\$79.20	12,686	4.9%	N/A	N/A	N/A	N/A	N/A	N/A	86.9%
201510	\$17.82	\$293.84	\$75.89	\$340.54	\$85.01	12,683	5.1%	N/A	N/A	N/A	N/A	N/A	N/A	86.9%
201511	\$19.01	\$294.27	\$76.48	\$341.30	\$85.62	12,665	5.4%	N/A	N/A	N/A	N/A	N/A	N/A	86.8%
201512	\$20.12	\$291.68	\$78.78	\$338.90	\$87.88	12,651	5.7%	9.2%	32.2%	14.6%	9.7%	28.6%	-0.1%	86.8%
201601	\$24.69	\$285.27	\$81.64	\$330.23	\$90.76	12,699	7.2%	2.7%	42.2%	7.0%	2.7%	37.3%	-0.3%	87.2%
201602	\$27.56	\$285.23	\$83.73	\$328.89	\$92.86	12,729	8.1%	2.6%	51.8%	5.9%	1.8%	45.7%	-0.7%	87.5%
201603	\$27.11	\$277.61	\$85.73	\$321.38	\$94.88	12,802	8.1%	-2.1%	58.1%	1.2%	-2.7%	51.0%	0.0%	87.3%
201604	\$19.70	\$285.21	\$82.15	\$330.70	\$91.24	12,884	5.7%	-1.1%	44.9%	2.1%	-1.3%	39.5%	0.8%	87.1%
201605	\$18.50	\$292.73	\$80.60	\$338.68	\$90.08	12,967	5.2%	3.9%	38.2%	5.8%	3.1%	34.3%	1.6%	87.1%
201606	\$12.80	\$298.32	\$80.70	\$345.47	\$90.40	13,081	3.5%	6.4%	35.2%	10.0%	6.0%	32.1%	2.8%	87.0%
201607	\$10.89	\$298.93	\$80.67	\$346.51	\$90.48	12,038	3.0%	4.7%	30.1%	9.3%	4.8%	27.9%	-5.2%	86.9%
201608	\$12.81	\$316.26	\$77.09	\$368.47	\$86.92	13,363	3.4%	12.8%	14.0%	13.7%	13.8%	13.6%	5.3%	86.4%
201609	\$11.94	\$313.41	\$75.25	\$364.35	\$84.99	13,490	3.2%	8.2%	7.0%	9.8%	8.8%	7.3%	6.3%	86.5%
201610	\$10.99	\$304.78	\$72.26	\$355.00	\$82.14	13,609	3.0%	3.7%	-4.8%	4.0%	4.2%	-3.4%	7.3%	86.3%

## Large Group Historical Medical &amp; Rx Claims Summary - HDHP Active Groups Only

Rolling 12 End Date	Medical + Rx Claim Expense > \$100k PMPM	Medical Claim Expense PMPM	Rx Claim Expense PMPM	Medical Allowed -		Member Months	Claims > \$100k as % of Claims < \$100k	Rolling 12 Medical Claim Expense Trend	Rolling 12 Rx Claim Expense Trend	Rolling 12 Paid Trend				
				COB PMPM	Rx Allowed PMPM					Removing High Cost Claims	Rolling 12 Medical Allowed - COB Trend	Rolling 12 Rx Allowed Trend	Rolling 12 Membership Change	Paid To Allowed Ratio
201412	\$0.00	\$168.19	\$22.61	\$234.27	\$32.68	2,070	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	71.5%
201501	\$0.00	\$204.76	\$20.79	\$281.03	\$30.41	2,479	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	72.4%
201502	\$0.00	\$212.08	\$18.29	\$300.68	\$27.45	2,942	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	70.2%
201503	\$0.00	\$211.31	\$17.40	\$305.64	\$27.19	3,420	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	68.7%
201504	\$0.00	\$200.92	\$16.54	\$300.93	\$25.95	3,890	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	66.5%
201505	\$0.00	\$189.73	\$17.34	\$285.58	\$26.24	4,361	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	66.4%
201506	\$0.00	\$182.19	\$16.28	\$275.07	\$24.91	4,810	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	66.2%
201507	\$0.00	\$180.38	\$16.42	\$271.44	\$24.76	5,243	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	66.4%
201508	\$0.00	\$170.04	\$16.33	\$259.98	\$24.32	5,679	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	65.6%
201509	\$0.00	\$168.53	\$15.45	\$257.14	\$23.27	6,117	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	65.6%
201510	\$0.00	\$164.84	\$15.21	\$251.72	\$22.99	6,533	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	65.5%
201511	\$0.00	\$166.88	\$15.46	\$252.80	\$23.02	6,937	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	66.1%
201512	\$0.00	\$172.23	\$15.57	\$255.78	\$22.87	7,334	0.0%	2.4%	-31.1%	-1.6%	9.2%	-30.0%	254.3%	67.4%
201601	\$0.00	\$172.55	\$14.90	\$255.31	\$22.00	7,338	0.0%	-15.7%	-28.3%	-16.9%	-9.2%	-27.7%	196.0%	67.6%
201602	\$1.17	\$168.35	\$14.78	\$248.82	\$22.02	7,289	0.6%	-20.6%	-19.2%	-21.0%	-17.2%	-19.8%	147.8%	67.6%
201603	\$1.34	\$177.49	\$15.55	\$254.76	\$22.27	7,229	0.7%	-16.0%	-10.7%	-16.6%	-16.6%	-18.1%	111.4%	69.7%
201604	\$2.98	\$177.56	\$15.80	\$251.73	\$22.12	7,175	1.6%	-11.6%	-4.4%	-12.4%	-16.3%	-14.8%	84.4%	70.6%
201605	\$3.59	\$182.74	\$15.58	\$258.94	\$21.83	7,133	1.8%	-3.7%	-10.2%	-6.0%	-9.3%	-16.8%	63.6%	70.6%
201606	\$3.41	\$185.93	\$15.95	\$263.10	\$21.99	7,109	1.7%	2.1%	-2.0%	0.0%	-4.4%	-11.7%	47.8%	70.8%
201607	\$3.70	\$190.47	\$15.98	\$269.07	\$22.00	6,500	1.8%	5.6%	-2.7%	3.0%	-0.9%	-11.1%	24.0%	70.9%
201608	\$3.29	\$190.27	\$15.43	\$267.26	\$21.92	7,370	1.6%	11.9%	-5.5%	8.6%	2.8%	-9.8%	29.8%	71.1%
201609	\$3.77	\$193.65	\$15.60	\$270.92	\$22.37	7,526	1.8%	14.9%	1.0%	11.7%	5.4%	-3.9%	23.0%	71.3%
201610	\$3.67	\$200.90	\$15.81	\$278.42	\$22.58	7,713	1.7%	21.9%	3.9%	18.3%	10.6%	-1.8%	18.1%	72.0%

## Large Group Historical Medical &amp; Rx Claims Summary - Total Active Groups Only

Rolling 12 End Date	Medical + Rx Claim Expense	Medical Claim Expense	Rx Claim Expense	Medical Allowed -	Member Months	Claims > \$100k as % of Claims < \$100k	Rolling 12 Medical Claim	Rolling 12 Rx Claim	Rolling 12 Paid Trend	Rolling 12 Medical Allowed	Rolling 12 Rx	Rolling 12	Paid To Allowed
	> \$100k PMPM	PMPM	PMPM	COB PMPM			Rx Allowed PMPM	Expense Trend	Expense Trend	Removing High Cost Claims	- COB Trend	Allowed Trend	Membership Change
201412	\$18.16	\$253.31	\$54.39	\$298.57	\$63.33	14,739	6.3%	N/A	N/A	N/A	N/A	N/A	85.0%
201501	\$13.08	\$265.99	\$51.46	\$315.06	\$60.28	15,217	4.3%	N/A	N/A	N/A	N/A	N/A	84.6%
201502	\$8.84	\$265.68	\$48.29	\$319.02	\$56.97	15,766	2.9%	N/A	N/A	N/A	N/A	N/A	83.5%
201503	\$4.37	\$268.30	\$46.45	\$325.22	\$55.33	16,218	1.4%	N/A	N/A	N/A	N/A	N/A	82.7%
201504	\$3.59	\$268.02	\$47.33	\$327.14	\$56.18	16,666	1.2%	N/A	N/A	N/A	N/A	N/A	82.3%
201505	\$3.57	\$258.38	\$47.89	\$317.51	\$56.67	17,124	1.2%	N/A	N/A	N/A	N/A	N/A	81.9%
201506	\$5.09	\$253.46	\$47.77	\$311.98	\$56.51	17,536	1.7%	N/A	N/A	N/A	N/A	N/A	81.7%
201507	\$7.11	\$254.76	\$48.70	\$313.41	\$57.31	17,944	2.4%	N/A	N/A	N/A	N/A	N/A	81.9%
201508	\$9.10	\$246.18	\$51.75	\$304.04	\$60.38	18,369	3.1%	N/A	N/A	N/A	N/A	N/A	81.8%
201509	\$11.28	\$250.17	\$52.47	\$309.68	\$61.01	18,803	3.9%	N/A	N/A	N/A	N/A	N/A	81.6%
201510	\$11.76	\$249.98	\$55.26	\$310.34	\$63.92	19,216	4.0%	N/A	N/A	N/A	N/A	N/A	81.6%
201511	\$12.28	\$249.18	\$54.89	\$309.98	\$63.47	19,602	4.2%	N/A	N/A	N/A	N/A	N/A	81.4%
201512	\$12.74	\$247.85	\$55.58	\$308.40	\$64.02	19,985	4.4%	-2.2%	2.2%	0.4%	3.3%	1.1%	81.5%
201601	\$15.65	\$243.99	\$57.20	\$302.80	\$65.58	20,037	5.5%	-8.3%	11.2%	-6.2%	-3.9%	8.8%	81.8%
201602	\$17.95	\$242.67	\$58.62	\$299.74	\$67.07	20,018	6.3%	-8.7%	21.4%	-7.1%	-6.0%	17.7%	82.1%
201603	\$17.81	\$241.48	\$60.40	\$297.34	\$68.68	20,031	6.3%	-10.0%	30.0%	-8.5%	-8.6%	24.1%	82.5%
201604	\$13.72	\$246.70	\$58.42	\$302.45	\$66.51	20,059	4.7%	-8.0%	23.4%	-6.5%	-7.5%	18.4%	82.7%
201605	\$13.21	\$253.70	\$57.53	\$310.38	\$65.86	20,100	4.4%	-1.8%	20.1%	-1.5%	-2.2%	16.2%	82.7%
201606	\$9.50	\$258.75	\$57.90	\$316.47	\$66.31	20,190	3.1%	2.1%	21.2%	3.7%	1.4%	17.3%	82.7%
201607	\$8.37	\$260.90	\$57.99	\$319.36	\$66.47	18,538	2.7%	2.4%	19.1%	4.8%	1.9%	16.0%	82.7%
201608	\$9.43	\$271.47	\$55.17	\$332.49	\$63.81	20,733	3.0%	10.3%	6.6%	9.8%	9.4%	5.7%	82.4%
201609	\$9.02	\$270.52	\$53.89	\$330.89	\$62.57	21,016	2.9%	8.1%	2.7%	8.3%	6.8%	2.6%	82.5%
201610	\$8.57	\$270.18	\$52.78	\$336.53	\$62.31	20,737	2.7%	8.1%	-4.5%	7.1%	8.4%	-2.5%	81.0%

## Summary of Historical Rx Claims Broken Out by Rx Category - HDHP Active Groups Only

LOB	Size	Product Type	Rolling 12 End Date YYYYMM	Rx Category	Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
AR42	Large	HDHP	201412	1 Generic	\$19,985	2,070	\$9.65	N/A
AR42	Large	HDHP	201501	1 Generic	\$23,608	2,479	\$9.52	N/A
AR42	Large	HDHP	201502	1 Generic	\$26,832	2,942	\$9.12	N/A
AR42	Large	HDHP	201503	1 Generic	\$32,285	3,420	\$9.44	N/A
AR42	Large	HDHP	201504	1 Generic	\$37,164	3,890	\$9.55	N/A
AR42	Large	HDHP	201505	1 Generic	\$42,414	4,361	\$9.73	N/A
AR42	Large	HDHP	201506	1 Generic	\$47,559	4,810	\$9.89	N/A
AR42	Large	HDHP	201507	1 Generic	\$52,120	5,243	\$9.94	N/A
AR42	Large	HDHP	201508	1 Generic	\$58,129	5,679	\$10.24	N/A
AR42	Large	HDHP	201509	1 Generic	\$63,725	6,117	\$10.42	N/A
AR42	Large	HDHP	201510	1 Generic	\$67,974	6,533	\$10.40	N/A
AR42	Large	HDHP	201511	1 Generic	\$71,248	6,937	\$10.27	N/A
AR42	Large	HDHP	201512	1 Generic	\$73,911	7,334	\$10.08	4.4%
AR42	Large	HDHP	201601	1 Generic	\$72,185	7,338	\$9.84	3.3%
AR42	Large	HDHP	201602	1 Generic	\$71,795	7,289	\$9.85	8.0%
AR42	Large	HDHP	201603	1 Generic	\$68,974	7,229	\$9.54	1.1%
AR42	Large	HDHP	201604	1 Generic	\$66,488	7,175	\$9.27	-3.0%
AR42	Large	HDHP	201605	1 Generic	\$62,878	7,133	\$8.82	-9.4%
AR42	Large	HDHP	201606	1 Generic	\$61,245	7,109	\$8.62	-12.9%
AR42	Large	HDHP	201607	1 Generic	\$54,208	6,500	\$8.34	-16.1%
AR42	Large	HDHP	201608	1 Generic	\$57,659	7,370	\$7.82	-23.6%
AR42	Large	HDHP	201609	1 Generic	\$55,787	7,526	\$7.41	-28.8%
AR42	Large	HDHP	201610	1 Generic	\$55,765	7,713	\$7.23	-30.5%
AR42	Large	HDHP	201412	2 Brand	\$15,865	2,070	\$7.66	N/A
AR42	Large	HDHP	201501	2 Brand	\$19,157	2,479	\$7.73	N/A
AR42	Large	HDHP	201502	2 Brand	\$20,989	2,942	\$7.13	N/A
AR42	Large	HDHP	201503	2 Brand	\$24,596	3,420	\$7.19	N/A
AR42	Large	HDHP	201504	2 Brand	\$26,736	3,890	\$6.87	N/A
AR42	Large	HDHP	201505	2 Brand	\$28,630	4,361	\$6.57	N/A
AR42	Large	HDHP	201506	2 Brand	\$31,022	4,810	\$6.45	N/A
AR42	Large	HDHP	201507	2 Brand	\$33,281	5,243	\$6.35	N/A
AR42	Large	HDHP	201508	2 Brand	\$35,112	5,679	\$6.18	N/A
AR42	Large	HDHP	201509	2 Brand	\$35,816	6,117	\$5.86	N/A
AR42	Large	HDHP	201510	2 Brand	\$38,750	6,533	\$5.93	N/A
AR42	Large	HDHP	201511	2 Brand	\$41,533	6,937	\$5.99	N/A
AR42	Large	HDHP	201512	2 Brand	\$43,050	7,334	\$5.87	-23.4%
AR42	Large	HDHP	201601	2 Brand	\$41,644	7,338	\$5.68	-26.6%
AR42	Large	HDHP	201602	2 Brand	\$40,250	7,289	\$5.52	-22.6%
AR42	Large	HDHP	201603	2 Brand	\$38,070	7,229	\$5.27	-26.8%
AR42	Large	HDHP	201604	2 Brand	\$37,188	7,175	\$5.18	-24.6%
AR42	Large	HDHP	201605	2 Brand	\$37,017	7,133	\$5.19	-21.0%
AR42	Large	HDHP	201606	2 Brand	\$35,307	7,109	\$4.97	-23.0%
AR42	Large	HDHP	201607	2 Brand	\$32,182	6,500	\$4.95	-22.0%
AR42	Large	HDHP	201608	2 Brand	\$42,229	7,370	\$5.73	-7.3%
AR42	Large	HDHP	201609	2 Brand	\$46,619	7,526	\$6.19	5.8%
AR42	Large	HDHP	201610	2 Brand	\$48,664	7,713	\$6.31	6.4%

Summary of Historical Rx Claims Broken Out by Rx Category - HDHP Active Groups Only

LOB	Size	Product Type	Rolling 12 End Date YYYYMM	Rx Category	Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
AR42	Large	HDHP	201412	3 Specialty	\$31,805	2,070	\$15.36	N/A
AR42	Large	HDHP	201501	3 Specialty	\$32,621	2,479	\$13.16	N/A
AR42	Large	HDHP	201502	3 Specialty	\$32,930	2,942	\$11.19	N/A
AR42	Large	HDHP	201503	3 Specialty	\$36,124	3,420	\$10.56	N/A
AR42	Large	HDHP	201504	3 Specialty	\$37,046	3,890	\$9.52	N/A
AR42	Large	HDHP	201505	3 Specialty	\$43,368	4,361	\$9.94	N/A
AR42	Large	HDHP	201506	3 Specialty	\$41,245	4,810	\$8.57	N/A
AR42	Large	HDHP	201507	3 Specialty	\$44,415	5,243	\$8.47	N/A
AR42	Large	HDHP	201508	3 Specialty	\$44,851	5,679	\$7.90	N/A
AR42	Large	HDHP	201509	3 Specialty	\$42,803	6,117	\$7.00	N/A
AR42	Large	HDHP	201510	3 Specialty	\$43,489	6,533	\$6.66	N/A
AR42	Large	HDHP	201511	3 Specialty	\$46,909	6,937	\$6.76	N/A
AR42	Large	HDHP	201512	3 Specialty	\$50,800	7,334	\$6.93	-54.9%
AR42	Large	HDHP	201601	3 Specialty	\$47,591	7,338	\$6.49	-50.7%
AR42	Large	HDHP	201602	3 Specialty	\$48,483	7,289	\$6.65	-40.6%
AR42	Large	HDHP	201603	3 Specialty	\$53,940	7,229	\$7.46	-29.4%
AR42	Large	HDHP	201604	3 Specialty	\$55,047	6,533	\$8.43	-11.5%
AR42	Large	HDHP	201605	3 Specialty	\$55,848	6,937	\$8.05	-19.0%
AR42	Large	HDHP	201606	3 Specialty	\$59,800	7,334	\$8.15	-4.9%
AR42	Large	HDHP	201607	3 Specialty	\$56,630	7,338	\$7.72	-8.9%
AR42	Large	HDHP	201608	3 Specialty	\$61,684	7,289	\$8.46	7.2%
AR42	Large	HDHP	201609	3 Specialty	\$65,982	7,229	\$9.13	30.4%
AR42	Large	HDHP	201610	3 Specialty	\$69,743	7,175	\$9.72	46.0%



**Summary of Historical Rx Claims Broken Out by Rx Category - Non-HDHP Active Groups Only**

LOB	Size	Product Type	Rolling 12		Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
			End Date YYYYMM	Rx Category				
AR42	Large	EPO/PPO	201412	1 Generic	\$225,745	12,669	\$17.82	N/A
AR42	Large	EPO/PPO	201501	1 Generic	\$230,068	12,738	\$18.06	N/A
AR42	Large	EPO/PPO	201502	1 Generic	\$231,210	12,824	\$18.03	N/A
AR42	Large	EPO/PPO	201503	1 Generic	\$241,996	12,798	\$18.91	N/A
AR42	Large	EPO/PPO	201504	1 Generic	\$247,498	12,776	\$19.37	N/A
AR42	Large	EPO/PPO	201505	1 Generic	\$253,936	12,763	\$19.90	N/A
AR42	Large	EPO/PPO	201506	1 Generic	\$259,434	12,726	\$20.39	N/A
AR42	Large	EPO/PPO	201507	1 Generic	\$263,207	12,701	\$20.72	N/A
AR42	Large	EPO/PPO	201508	1 Generic	\$267,145	12,690	\$21.05	N/A
AR42	Large	EPO/PPO	201509	1 Generic	\$270,288	12,686	\$21.31	N/A
AR42	Large	EPO/PPO	201510	1 Generic	\$273,964	12,683	\$21.60	N/A
AR42	Large	EPO/PPO	201511	1 Generic	\$279,131	12,665	\$22.04	N/A
AR42	Large	EPO/PPO	201512	1 Generic	\$280,990	12,651	\$22.21	24.6%
AR42	Large	EPO/PPO	201601	1 Generic	\$281,167	12,699	\$22.14	22.6%
AR42	Large	EPO/PPO	201602	1 Generic	\$285,390	12,729	\$22.42	24.4%
AR42	Large	EPO/PPO	201603	1 Generic	\$281,505	12,802	\$21.99	16.3%
AR42	Large	EPO/PPO	201604	1 Generic	\$283,989	12,884	\$22.04	13.8%
AR42	Large	EPO/PPO	201605	1 Generic	\$283,904	12,967	\$21.89	10.0%
AR42	Large	EPO/PPO	201606	1 Generic	\$284,604	13,081	\$21.76	6.7%
AR42	Large	EPO/PPO	201607	1 Generic	\$260,371	12,038	\$21.63	4.4%
AR42	Large	EPO/PPO	201608	1 Generic	\$287,497	13,363	\$21.51	2.2%
AR42	Large	EPO/PPO	201609	1 Generic	\$282,328	13,490	\$20.93	-1.8%
AR42	Large	EPO/PPO	201610	1 Generic	\$284,984	13,609	\$20.94	-3.1%
AR42	Large	EPO/PPO	201412	2 Brand	\$201,520	12,669	\$15.91	N/A
AR42	Large	EPO/PPO	201501	2 Brand	\$203,177	12,738	\$15.95	N/A
AR42	Large	EPO/PPO	201502	2 Brand	\$199,798	12,824	\$15.58	N/A
AR42	Large	EPO/PPO	201503	2 Brand	\$201,086	12,798	\$15.71	N/A
AR42	Large	EPO/PPO	201504	2 Brand	\$195,586	12,776	\$15.31	N/A
AR42	Large	EPO/PPO	201505	2 Brand	\$197,191	12,763	\$15.45	N/A
AR42	Large	EPO/PPO	201506	2 Brand	\$197,682	12,726	\$15.53	N/A
AR42	Large	EPO/PPO	201507	2 Brand	\$197,842	12,701	\$15.58	N/A
AR42	Large	EPO/PPO	201508	2 Brand	\$199,591	12,690	\$15.73	N/A
AR42	Large	EPO/PPO	201509	2 Brand	\$202,308	12,686	\$15.95	N/A
AR42	Large	EPO/PPO	201510	2 Brand	\$204,526	12,683	\$16.13	N/A
AR42	Large	EPO/PPO	201511	2 Brand	\$209,688	12,665	\$16.56	N/A
AR42	Large	EPO/PPO	201512	2 Brand	\$221,502	12,651	\$17.51	10.1%
AR42	Large	EPO/PPO	201601	2 Brand	\$233,524	12,699	\$18.39	15.3%
AR42	Large	EPO/PPO	201602	2 Brand	\$249,513	12,729	\$19.60	25.8%
AR42	Large	EPO/PPO	201603	2 Brand	\$258,274	12,802	\$20.17	28.4%
AR42	Large	EPO/PPO	201604	2 Brand	\$280,717	12,884	\$21.79	42.3%
AR42	Large	EPO/PPO	201605	2 Brand	\$291,925	12,967	\$22.51	45.7%
AR42	Large	EPO/PPO	201606	2 Brand	\$303,868	13,081	\$23.23	49.5%
AR42	Large	EPO/PPO	201607	2 Brand	\$287,270	12,038	\$23.86	53.2%
AR42	Large	EPO/PPO	201608	2 Brand	\$317,853	13,363	\$23.79	51.2%
AR42	Large	EPO/PPO	201609	2 Brand	\$327,013	13,490	\$24.24	52.0%
AR42	Large	EPO/PPO	201610	2 Brand	\$334,025	13,609	\$24.54	52.2%

**Summary of Historical Rx Claims Broken Out by Rx Category - Non-HDHP Active Groups Only**

LOB	Size	Product Type	Rolling 12		Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
			End Date YYYYMM	Rx Category				
AR42	Large	EPO/PPO	201412	3 Specialty	\$438,573	12,669	\$34.62	N/A
AR42	Large	EPO/PPO	201501	3 Specialty	\$408,717	12,738	\$32.09	N/A
AR42	Large	EPO/PPO	201502	3 Specialty	\$386,400	12,824	\$30.13	N/A
AR42	Large	EPO/PPO	201503	3 Specialty	\$361,274	12,798	\$28.23	N/A
AR42	Large	EPO/PPO	201504	3 Specialty	\$392,265	12,776	\$30.70	N/A
AR42	Large	EPO/PPO	201505	3 Specialty	\$404,839	12,763	\$31.72	N/A
AR42	Large	EPO/PPO	201506	3 Specialty	\$414,046	12,726	\$32.54	N/A
AR42	Large	EPO/PPO	201507	3 Specialty	\$437,533	12,701	\$34.45	N/A
AR42	Large	EPO/PPO	201508	3 Specialty	\$504,209	12,690	\$39.73	N/A
AR42	Large	EPO/PPO	201509	3 Specialty	\$532,141	12,686	\$41.95	N/A
AR42	Large	EPO/PPO	201510	3 Specialty	\$599,662	12,683	\$47.28	N/A
AR42	Large	EPO/PPO	201511	3 Specialty	\$595,605	12,665	\$47.03	N/A
AR42	Large	EPO/PPO	201512	3 Specialty	\$609,235	12,651	\$48.16	39.1%
AR42	Large	EPO/PPO	201601	3 Specialty	\$637,861	12,699	\$50.23	56.5%
AR42	Large	EPO/PPO	201602	3 Specialty	\$647,170	12,729	\$50.84	68.7%
AR42	Large	EPO/PPO	201603	3 Specialty	\$674,922	12,802	\$52.72	86.8%
AR42	Large	EPO/PPO	201604	3 Specialty	\$610,777	12,884	\$47.41	54.4%
AR42	Large	EPO/PPO	201605	3 Specialty	\$592,184	12,967	\$45.67	44.0%
AR42	Large	EPO/PPO	201606	3 Specialty	\$593,997	13,081	\$45.41	39.6%
AR42	Large	EPO/PPO	201607	3 Specialty	\$541,572	12,038	\$44.99	30.6%
AR42	Large	EPO/PPO	201608	3 Specialty	\$556,113	13,363	\$41.62	4.7%
AR42	Large	EPO/PPO	201609	3 Specialty	\$537,237	13,490	\$39.82	-5.1%
AR42	Large	EPO/PPO	201610	3 Specialty	\$498,850	13,609	\$36.66	-22.5%

## Summary of Historical Rx Claims Broken Out by Rx Category - AR42 Total Active Groups Only

LOB	Size	Product Type	Rolling 12		Allowed	Member Months	Allowed PMPM	Rolling 12
			End Date YYYYMM	Rx Category				Allowed Trend
AR42	Large	All	201412	1 Generic	\$245,730	14,739	\$16.67	N/A
AR42	Large	All	201501	1 Generic	\$253,676	15,217	\$16.67	N/A
AR42	Large	All	201502	1 Generic	\$258,042	15,766	\$16.37	N/A
AR42	Large	All	201503	1 Generic	\$274,281	16,218	\$16.91	N/A
AR42	Large	All	201504	1 Generic	\$284,662	16,666	\$17.08	N/A
AR42	Large	All	201505	1 Generic	\$296,350	17,124	\$17.31	N/A
AR42	Large	All	201506	1 Generic	\$306,992	17,536	\$17.51	N/A
AR42	Large	All	201507	1 Generic	\$315,327	17,944	\$17.57	N/A
AR42	Large	All	201508	1 Generic	\$325,273	18,369	\$17.71	N/A
AR42	Large	All	201509	1 Generic	\$334,013	18,803	\$17.76	N/A
AR42	Large	All	201510	1 Generic	\$341,939	19,216	\$17.79	N/A
AR42	Large	All	201511	1 Generic	\$350,379	19,602	\$17.87	N/A
AR42	Large	All	201512	1 Generic	\$354,901	19,985	\$17.76	6.5%
AR42	Large	All	201601	1 Generic	\$353,351	20,037	\$17.63	5.8%
AR42	Large	All	201602	1 Generic	\$357,185	20,018	\$17.84	9.0%
AR42	Large	All	201603	1 Generic	\$350,479	20,031	\$17.50	3.5%
AR42	Large	All	201604	1 Generic	\$350,478	20,059	\$17.47	2.3%
AR42	Large	All	201605	1 Generic	\$346,782	20,100	\$17.25	-0.3%
AR42	Large	All	201606	1 Generic	\$345,849	20,190	\$17.13	-2.2%
AR42	Large	All	201607	1 Generic	\$314,579	18,538	\$16.97	-3.4%
AR42	Large	All	201608	1 Generic	\$345,156	20,733	\$16.65	-6.0%
AR42	Large	All	201609	1 Generic	\$338,115	21,016	\$16.09	-9.4%
AR42	Large	All	201610	1 Generic	\$340,748	21,322	\$15.98	-10.2%
AR42	Large	All	201412	2 Brand	\$217,384	14,739	\$14.75	N/A
AR42	Large	All	201501	2 Brand	\$222,334	15,217	\$14.61	N/A
AR42	Large	All	201502	2 Brand	\$220,788	15,766	\$14.00	N/A
AR42	Large	All	201503	2 Brand	\$225,682	16,218	\$13.92	N/A
AR42	Large	All	201504	2 Brand	\$222,321	16,666	\$13.34	N/A
AR42	Large	All	201505	2 Brand	\$225,821	17,124	\$13.19	N/A
AR42	Large	All	201506	2 Brand	\$228,704	17,536	\$13.04	N/A
AR42	Large	All	201507	2 Brand	\$231,123	17,944	\$12.88	N/A
AR42	Large	All	201508	2 Brand	\$234,703	18,369	\$12.78	N/A
AR42	Large	All	201509	2 Brand	\$238,124	18,803	\$12.66	N/A
AR42	Large	All	201510	2 Brand	\$243,277	19,216	\$12.66	N/A
AR42	Large	All	201511	2 Brand	\$251,221	19,602	\$12.82	N/A
AR42	Large	All	201512	2 Brand	\$264,552	19,985	\$13.24	-10.2%
AR42	Large	All	201601	2 Brand	\$275,168	20,037	\$13.73	-6.0%
AR42	Large	All	201602	2 Brand	\$289,762	20,018	\$14.48	3.4%
AR42	Large	All	201603	2 Brand	\$296,343	20,031	\$14.79	6.3%
AR42	Large	All	201604	2 Brand	\$317,905	20,059	\$15.85	18.8%
AR42	Large	All	201605	2 Brand	\$328,943	20,100	\$16.37	24.1%
AR42	Large	All	201606	2 Brand	\$339,175	20,190	\$16.80	28.8%
AR42	Large	All	201607	2 Brand	\$319,452	18,538	\$17.23	33.8%
AR42	Large	All	201608	2 Brand	\$360,081	20,733	\$17.37	35.9%
AR42	Large	All	201609	2 Brand	\$373,632	21,016	\$17.78	40.4%
AR42	Large	All	201610	2 Brand	\$382,689	21,322	\$17.95	41.8%

**Summary of Historical Rx Claims Broken Out by Rx Category - AR42 Total Active Groups Only**

LOB	Size	Product Type	Rolling 12		Allowed	Member Months	Allowed PMPM	Rolling 12
			End Date YYYYMM	Rx Category				Allowed Trend
AR42	Large	All	201412	3 Specialty	\$470,377	14,739	\$31.91	N/A
AR42	Large	All	201501	3 Specialty	\$441,337	15,217	\$29.00	N/A
AR42	Large	All	201502	3 Specialty	\$419,330	15,766	\$26.60	N/A
AR42	Large	All	201503	3 Specialty	\$397,398	16,218	\$24.50	N/A
AR42	Large	All	201504	3 Specialty	\$429,311	16,666	\$25.76	N/A
AR42	Large	All	201505	3 Specialty	\$448,207	17,124	\$26.17	N/A
AR42	Large	All	201506	3 Specialty	\$455,291	17,536	\$25.96	N/A
AR42	Large	All	201507	3 Specialty	\$481,948	17,944	\$26.86	N/A
AR42	Large	All	201508	3 Specialty	\$549,060	18,369	\$29.89	N/A
AR42	Large	All	201509	3 Specialty	\$574,944	18,803	\$30.58	N/A
AR42	Large	All	201510	3 Specialty	\$643,151	19,216	\$33.47	N/A
AR42	Large	All	201511	3 Specialty	\$642,515	19,602	\$32.78	N/A
AR42	Large	All	201512	3 Specialty	\$660,035	19,985	\$33.03	3.5%
AR42	Large	All	201601	3 Specialty	\$685,452	20,037	\$34.21	18.0%
AR42	Large	All	201602	3 Specialty	\$695,653	20,018	\$34.75	30.7%
AR42	Large	All	201603	3 Specialty	\$728,862	20,031	\$36.39	48.5%
AR42	Large	All	201604	3 Specialty	\$665,825	20,059	\$33.19	28.9%
AR42	Large	All	201605	3 Specialty	\$648,031	20,100	\$32.24	23.2%
AR42	Large	All	201606	3 Specialty	\$653,797	20,190	\$32.38	24.7%
AR42	Large	All	201607	3 Specialty	\$598,202	18,538	\$32.27	20.1%
AR42	Large	All	201608	3 Specialty	\$617,797	20,733	\$29.80	-0.3%
AR42	Large	All	201609	3 Specialty	\$603,219	21,016	\$28.70	-6.1%
AR42	Large	All	201610	3 Specialty	\$568,593	21,322	\$26.67	-20.3%

**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:** 02/07/17



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March 3, 2017

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

Re: 2017 3Q/4Q Vermont Large Group HIC Rate Filing  
SERFF Tracking #: MVPH-130913726

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 02/22/17 regarding the above mentioned rate filing. The responses to your questions are provided below.

*1. 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.

*2. Please explain the dramatic differences between Rx trend assumptions in the prior filing and this filing. For example, 2016 unit cost trend for specialty drugs changed from 8.2% to 32.8%.*

Response: The Rx trends used in the previous filing were based on calendar year 2015 data provided by MVP's PBM. The trends in the current filing include data for 2015 and the first three quarters of 2016. Therefore, the revised 2016 trends reflect both known unit cost/utilization increases (in the form of actual 2016 MVP claims) as well as projections for the remainder of 2016. Changes to the 2017 and 2018 trends reflect updated unit cost and utilization data provided by the PBM.

The severe increase in specialty unit cost drug trend for 2016 is driven primarily by three drug classes: drugs used to treat HIV, drugs used to treat Rheumatoid Arthritis, and oncology drugs. These unit cost trends are due to a combination of actual price increases and a change in MVP's mix of drugs within the class (substituting a lower-unit cost drug for a higher-unit cost drug).

*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.



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*4. Please support this assumed 2018 health insurer tax of 2.0% of premium.*

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 every 12-month period since the one ending in December 2014, the percentage of claims exceeding \$100k annually has been lower than the 9.16% assumed in this filing. Please support the continued use of this assumption in this filing.*

Response: The 9.16% pooling charge for this filing has been calculated using multiple years of large group data for MVP's business in New York as well as Vermont because of the small nature of MVP's large group block in Vermont. Both historical data in Vermont (when the data was more credible) as well as data from much larger blocks in New York suggest that the pooling charge is adequate. Note that it is expected for the high cost claim ratio to fluctuate over time due to the volatility in these claims.

As an example, just one member incurring \$500,000 of total medical and Rx spend in the experience period or four members incurring \$200,000 would push the percentage of claims over \$100,000 from the 2.7% presented to the assumed value of 9.16%.

*7. In Item 16 of Exhibit 3, the revenue at the prior rate level appears to be based on the age distribution in the experience. This would seem to eliminate the need for normalizing the age/gender factors. Please clarify whether this revenue amount is calculated using the prior age/gender factors or the renormalized factors, and explain why a normalization of these factors is necessary.*

Response: Item 16 of Exhibit 3 is the experience period member-weighted manual rate (net revenue) and does not reflect any age/gender adjustments applied to the manual rate to calculate a group-specific manual rate. MVP needs to account for any changes in the average age/gender factor over time in order to normalize the claim cost for this change.

Instead of performing this change inside of the manual rate calculation and leaving the age/gender factors alone, MVP has chosen to leave the claim cost alone and normalize the age/gender table back to a 1.0 basis every filing. This is done because of the new business discount that MVP provides (see the Experience Rated Addendum). MVP normalizes the age/gender table so that discount applies to only new groups with better than average risk compared to MVP's book of business (as opposed to just any group that has a demographic factor below 1.10, per the Addendum).



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Said a different way, line 16 of Exhibit 3 represents Section II, line 1 “Manual Pure Premium” of the Experience Rating Formula Exhibit A. This is multiplied by line 3 “Demographic Factor” (along with other factor changes) to determine line 6 “Adjusted Manual Pure Premium”. MVP is choosing to normalize line 3 for the average demographic factor change over time as opposed to normalizing line 1, but either change is mathematically equivalent.

*8. We note that the proposed rate increase is again being applied uniformly to all medical co-plans and base Rx riders. Please confirm that the current relativities between plan rates are based on 2012 data, and explain why they are not being changed. In your response, address the substantial difference between medical trend and Rx trend.*

Response: MVP last updated its plan relativities in the first quarter of 2015 based on 2012 data. MVP considers updating plan relativities during each rate filing cycle, but has not in the recent past for this block of business in order to minimize disruption for groups upon renewal. We are currently aiming to re-slope benefits for the 1Q 2018 filing.

*9. How many groups have been quoted using the manual rate cap? Did the cap increase or decrease the manual rate for the affected groups? Did any of them purchase coverage quoted with a manual rate cap?*

Response: MVP has not quoted any groups using the manual rate cap since January 2016.

*10. Please complete the following summary of the quarterly rate changes.*

Response: Please see the following table.

Reason for Change	4Q16 / 3Q16	1Q17 / 4Q16	2Q17 / 1Q17	3Q17 / 2Q17	4Q17 / 3Q17
Manual Rate Change	1.3%	-4.0%	1.6%	4.6%	1.8%
Age/Gender Factor Changes	0.0%	0.9%	0.0%	-1.3%	0.0%
Change in Target Loss Ratio	-0.7%	1.9%	0.9%	0.3%	0.9%
Revenue Change (Product of Above)	0.6%	-1.3%	2.5%	3.6%	2.7%





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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