

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 1Q/2Q 2018
Project Name/Number: /

Filing at a Glance

Company: MVP Health Insurance Company
Product Name: VT SG Grandfathered 1Q/2Q 2018
State: VermontGMCB
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.003A Small Group Only - PPO
Filing Type: GMCB Rate
Date Submitted: 08/07/2017
SERFF Tr Num: MVPH-131146158
SERFF Status: Submitted to State
State Tr Num:
State Status:
Co Tr Num:

Implementation: 01/01/2018
Date Requested:
Author(s): Matt Lombardo, Eric Bachner
Reviewer(s):
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

State: VermontGMCB **Filing Company:** MVP Health Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO
Product Name: VT SG Grandfathered 1Q/2Q 2018
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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: New Submission	Group Market Size: Small
Group Market Type: Employer	Overall Rate Impact: 4.2%
Filing Status Changed: 08/07/2017	
State Status Changed:	Deemer Date:
Created By: Eric Bachner	Submitted By: Eric Bachner
Corresponding Filing Tracking Number:	

PPACA: Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed rates enclosed within this filing are available to Small Group Grandfathered Vermont members with contract effective dates beginning between January 1, 2018 - June 30, 2018.

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-131146158

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

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

Product Name: VT SG Grandfathered 1Q/2Q 2018

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Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 9.000%

Effective Date of Last Rate Revision: 01/01/2017

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	4.200%	4.200%	\$384,493	213	\$9,632,041	4.200%	4.200%

State: VermontGMCB Filing Company: MVP Health Insurance Company
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 Product Name: VT SG Grandfathered 1Q/2Q 2018
 Project Name/Number: /

Rate Review Detail

COMPANY:

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

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Preferred Suite HD EPO			1711

Trend Factors:

FORMS:

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

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 20,743
 Benefit Change: Increase
 Percent Change Requested: Min: 4.2 Max: 4.2 Avg: 4.2

PRIOR RATE:

Total Earned Premium: 9,247,548.00
 Total Incurred Claims: 7,869,663.00
 Annual \$: Min: 383.03 Max: 541.33 Avg: 450.94

REQUESTED RATE:

Projected Earned Premium: 9,632,041.00
 Projected Incurred Claims: 8,167,971.00
 Annual \$: Min: 398.96 Max: 563.84 Avg: 469.69

SERFF Tracking #:

MVPH-131146158

State Tracking #:

Company Tracking #:

State: VermontGMCB

Filing Company:

MVP Health Insurance Company

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

Product Name: VT SG Grandfathered 1Q/2Q 2018

Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	VT SG HIC GF Q1 & Q2 2018 Rate Filing SERFF.xlsx VT SG HIC GF Q1 & Q2 2018 Rate Filing SERFF.pdf Utilization Data VT 1Q 2Q 2018 SERFF.xlsx Utilization Data VT 1Q 2Q 2018 SERFF.pdf Rolling 12 Medical and Rx Data - SG HDHP.xlsx Rolling 12 Medical and Rx Data - SG HDHP.pdf Impact of Membership Growth_Decline on Experience Pd Claims.xlsx Impact of Membership Growth_Decline on Experience Pd Claims.pdf 1Q 2018 ACT MEMO HIC Small Group.pdf
Item Status:	
Status Date:	
Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Civil Union Rating Requirements
Comments:	MVP's certificate of coverage complies with 8 V.S.A. § 4724.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Consumer Disclosure Form
Comments:	
Attachment(s):	Consumer Disclosure Form about Rate Increases - 2018Q1 SG GF.pdf
Item Status:	
Status Date:	
Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Certification of Compliance - VT.pdf
Item Status:	
Status Date:	

SERFF Tracking #:

MVPH-131146158

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

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

Product Name:

VT SG Grandfathered 1Q/2Q 2018

Project Name/Number:

/

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

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

SERFF Tracking #:

MVPH-131146158

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Insurance Company

TOI/Sub-TOI:

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

Product Name:

VT SG Grandfathered 1Q/2Q 2018

Project Name/Number:

/

Attachment VT SG HIC GF Q1 & Q2 2018 Rate Filing SERFF.xlsx is not a PDF document and cannot be reproduced here.

Attachment Utilization Data VT 1Q 2Q 2018 SERFF.xlsx is not a PDF document and cannot be reproduced here.

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

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



MVP Health Care -- Q1 & Q2 2018 SG HIC Grandfathered Rate Filing

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - June 30, 2018
For Effective Dates Beginning Between January 1, 2018 - March 31, 2018
For Effective Dates Beginning Between April 1, 2018 - June 30, 2018

Exhibit 1 -- Summary of Medical Coplans Offered

Exhibit 2a -- Pricing Trend Assumptions Q1 2018

Exhibit 2b -- Rx Trend Projection Q1 2018

Exhibit 2c -- Pricing Trend Assumptions Q2 2018

Exhibit 2d -- Rx Trend Projection Q2 2018

Exhibit 3a -- Claim Projection and Proposed Single Rate Change Q1 2018

Exhibit 3b -- Claim Projection and Proposed Single Rate Change Q2 2018

Exhibit 4 -- Conversion Factor and Tier Ratios

Exhibit 5 -- Retention Loads and Paid Claim Surcharges

Exhibit 6a -- Medical Base Rates

Exhibit 6b -- Medical Riders

Exhibit 1 -- Summary of Medical Coplans Offered

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
 For Effective Dates Beginning Between January 1, 2018 - June 30, 2018

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

Exhibit 2 -- Pricing Trend Assumptions

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - March 31, 2018

Experience Period: January 1, 2016 - December 31, 2016
Rating Period: January 1, 2018 - December 31, 2018

Months of Trend	2017	2018	2019	Total
	12	12	0	24

Medical Trend Summary**2017 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	21.6%	4.2%	0.0%	4.2%
OP and Other Med	53.0%	3.9%	1.0%	5.0%
PHY	25.3%	-2.4%	0.4%	-2.0%
Medical Total		2.4%	0.6%	3.0%

2018 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	21.9%	5.0%	0.0%	5.0%
OP and Other Med	54.0%	4.7%	1.0%	5.7%
PHY	24.1%	-2.6%	0.4%	-2.3%
Medical Total		3.0%	0.6%	3.6%

2019 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	22.1%	5.0%	0.0%	5.0%
OP and Other Med	55.1%	4.7%	1.0%	5.7%
PHY	22.7%	-2.6%	0.4%	-2.3%
Medical Total		3.1%	0.6%	3.7%

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

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$373.72	\$1.11	\$0.00	\$79.14	\$293.47
24 Months of Trend:	1.067	1.067	1.013	1.020	1.080
Projection Period:	\$398.79	\$1.18	\$0.00	\$80.75	\$316.85
Allowed Trend (Annual)	3.3%				
Paid Trend (Annual)	3.9%				
Leveraging (Annual)	0.6%				

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

Rx Trend Summary

	2017 Trend		2018 Trend		2019 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	-4.1%	2.9%	1.3%	3.3%	1.3%	3.3%
Brand	13.9%	1.5%	13.8%	-1.0%	13.8%	-1.0%
Specialty	6.8%	6.7%	8.6%	7.3%	8.6%	7.3%

Exhibit 2b -- Rx Trend Development - HDHP
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - March 31, 2018

Experience Period: January 1, 2016 - December 31, 2016
Member Months: 20,743

Rx Claim Information	Generic	Brand	Specialty	Total
Experience Period Scripts / 1000	7,677	659	82	8,418
Experience Period Allowed Cost per Script	\$17.25	\$213.43	\$3,590.19	\$67.47
Experience Period Allowed PMPM	\$11.03	\$11.72	\$24.58	\$47.33
Experience Period Deductible PMPM	\$5.02	\$3.97	\$1.13	\$10.13
Experience Period Copay PMPM	\$0.80	\$0.44	\$0.01	\$1.26
Experience Period Coinsurance PMPM	\$0.57	\$0.07	\$0.00	\$0.64
Experience Period Cost Sharing PMPM	\$6.40	\$4.48	\$1.14	\$12.03
Experience Period Paid PMPM	\$4.64	\$7.24	\$23.43	\$35.30
Annual Util Trend	1.031	1.003	1.070	1.029
Annual Unit Cost Trend	0.986	1.138	1.077	1.088
Annual Deductible Trend	1.010	1.010	1.010	1.010
Annual Paid Trend	1.020	1.215	1.159	1.153
Months of Trend to Q1 2018	24	24	24	24
Projected Scripts / 1000 as of Q1 2018	8,158	662	94	8,915
Projected Allowed Cost per Script as of Q1 2018	\$16.75	\$276.65	\$4,164.71	\$79.82
Projected Allowed PMPM as of Q1 2018	\$11.39	\$15.27	\$32.64	\$59.30
Projected Deductible PMPM	\$5.13	\$4.05	\$1.15	\$10.33
Projected Copay PMPM	\$0.85	\$0.44	\$0.02	\$1.31
Projected Coinsurance PMPM	\$0.59	\$0.10	\$0.00	\$0.69
Projected Cost Sharing PMPM as of Q1 2018	\$6.57	\$4.59	\$1.17	\$12.33
Projected Paid PMPM as of Q1 2018	\$4.82	\$10.68	\$31.47	\$46.97

Exhibit 2c -- Pricing Trend Assumptions 2Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2018 - June 30, 2018

Experience Period: January 1, 2016 - December 31, 2016
Rating Period[^]: April 1, 2018 - March 31, 2019

Months of Trend	2017	2018	2019	Total
	12	12	3	27

[^] Reflects Q2 2018 rating period

Medical Trend Summary**2017 Annual Trend**

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	21.6%	4.2%	0.0%	4.2%
OP and Other Med	53.0%	3.9%	1.0%	5.0%
PHY	25.3%	-2.4%	0.4%	-2.0%
Medical Total		2.4%	0.6%	3.0%

2018 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	21.9%	5.0%	0.0%	5.0%
OP and Other Med	54.0%	4.7%	1.0%	5.7%
PHY	24.1%	-2.6%	0.4%	-2.3%
Medical Total		3.0%	0.6%	3.5%

2019 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	22.1%	5.0%	0.0%	5.0%
OP and Other Med	55.1%	4.7%	1.0%	5.7%
PHY	22.7%	-2.6%	0.4%	-2.3%
Medical Total		3.0%	0.6%	3.5%

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

	Allowed	Coinsurance	Copay	Deductible	Paid*
Experience Period:	\$373.72	\$1.11	\$0.00	\$79.14	\$293.47
27 Months of Trend:	1.075	1.075	1.014	1.023	1.089
Projection Period:	\$401.85	\$1.19	\$0.00	\$80.98	\$319.67
Allowed Trend (Annual)	3.3%				
Paid Trend (Annual)	3.9%				
Leveraging (Annual)	0.6%				

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

Rx Trend Summary

	2017 Trend		2018 Trend		2019 Trend	
	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost	Utilization
Generic	13.9%	1.5%	13.8%	-1.0%	13.8%	-1.0%
Brand	6.8%	6.7%	8.6%	7.3%	8.6%	7.3%
Specialty	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2018 - June 30, 2018

Experience Period: January 1, 2016 - December 31, 2016
Member Months: 20,743

Rx Claim Information	Generic	Brand	Specialty	Total
Experience Period Scripts / 1000	7,677	659	82	8,418
Experience Period Allowed Cost per Script	\$17.25	\$213.43	\$3,590.19	\$67.47
Experience Period Allowed PMPM	\$11.03	\$11.72	\$24.58	\$47.33
Experience Period Deductible PMPM	\$5.02	\$3.97	\$1.13	\$10.13
Experience Period Copay PMPM	\$0.80	\$0.44	\$0.01	\$1.26
Experience Period Coinsurance PMPM	\$0.57	\$0.07	\$0.00	\$0.64
Experience Period Cost Sharing PMPM	\$6.40	\$4.48	\$1.14	\$12.03
Experience Period Paid PMPM	\$4.64	\$7.24	\$23.43	\$35.30
Annual Util Trend	1.031	1.001	1.070	1.029
Annual Unit Cost Trend	0.989	1.138	1.078	1.089
Annual Deductible Trend	1.010	1.010	1.010	1.010
Annual Paid Trend	1.027	1.211	1.160	1.155
Months of Trend to Q2 2018	27	27	27	27
Projected Scripts / 1000 as of Q2 2018	8,224	661	96	8,980
Projected Allowed Cost per Script as of Q2 2018	\$16.81	\$285.73	\$4,251.24	\$81.73
Projected Allowed PMPM as of Q2 2018	\$11.52	\$15.73	\$33.91	\$61.16
Projected Deductible PMPM	\$5.14	\$4.06	\$1.16	\$10.36
Projected Copay PMPM	\$0.86	\$0.44	\$0.02	\$1.32
Projected Coinsurance PMPM	\$0.60	\$0.10	\$0.00	\$0.70
Projected Cost Sharing PMPM as of Q2 2018	\$6.60	\$4.60	\$1.17	\$12.37
Projected Paid PMPM as of Q2 2018	\$4.92	\$11.13	\$32.74	\$48.79

Exhibit 3a -- Claim Projection & Proposed Rate Change
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Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - March 31, 2018

SG HIC HDHP Projection of Claims and Proposed Rate Change
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January 1, 2016 - December 31,

Experience Period: 2016

Completed Through: 31-May-17

Experience Period Member Months	20,743
1) Experience Period Medical Claims PMPM	\$291.85
1a) Claims in Excess of \$100k over Experience Period	\$28.51
1b) Pooling Charge	1.180
2) IBNR Factor	1.006
3) Experience Period Incurred Medical Claims = [1) - 1a)] * 1b) * 2)	\$312.36
4) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.039
5) Months of Trend to Q1 2018	24
6) NY State HCRA Surcharge	0.25%
7) Trended Incurred Medical Claims PMPM as of Q1 2018 = [3) * [4) ^ 5) / 12] * [1 + 6)]]	\$338.09
8) Experience Period Rx Claims PMPM	\$35.30
8a) Claims in Excess of \$100k over Experience Period	\$3.43
8b) Pooling Charge	1.180
8c) Pharmacy Benefit Carve-in	\$0.35
9) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.153
10) Months of Trend to Q1 2018	24
11) Trended Gross Rx Claims PMPM as of Q1 2018 = [8) - 8a) + 8c)] * 8b) * 9) ^ [10) / 12]	\$50.58
12) Rx Rebates	(\$10.92)
13) Trended Net Rx Claims PMPM as of Q1 2018 = 11) + 12)	\$39.66
14) Total Net Claims PMPM as of Q1 2018 = 7) + 13)	\$377.75
15) Impact of Membership Growth/Decline on Experience Pd Claims	1.000
16) Capitations and Non-FFS Claim Expenses	\$6.40
17) PMPM Taxes/Assessments for Q1 2018 <i>See Exhibit 5</i>	\$0.21
18) % of Paid Claims Taxes/Assessments for Q1 2018 <i>See Exhibit 5</i>	0.999%
19) % of Premium Taxes/Assessments for Q1 2018 <i>See Exhibit 5</i>	4.50%
20) % of Premium Retention Components for Q1 2018 <i>See Exhibit 5</i>	10.65%
21) Impact of Change in Single Conversion Factor for Q1 2018 <i>See Exhibit 4</i>	1.26%
22) Impact of Change in Age Factor for Q1 2018	2.39%
23) Gross Claim Cost for Q1 2018 = [14) * 15) * [1 + 18)] * [1 + 21)] * [1 + 22)] + 16) + 17)] / [1 - 19) - 20)]	\$474.20
24) Projected Revenue Collected at Q4 2017 Rate Level	\$485.68
25) Q1 2018 Required Rate Action = 23) / 24) - 1	-2.4%

Exhibit 3b -- Claim Projection & Proposed Rate Change 4Q

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2018 - June 30, 2018

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

January 1, 2016 -
Experience Period: December 31, 2016
Completed Through: May-17

Experience Period Member Months	20,743
1) Experience Period Medical Claims PMPM	\$291.85
1a) Claims in Excess of \$100k over Experience Period	\$28.51
1b) Pooling Charge	1.180
2) IBNR Factor	1.006
3) Experience Period Incurred Medical Claims = [1) - 1a)] * 1b) * 2)	\$312.36
4) Annual Medical Trend <i>Includes Paid Leveraging</i>	1.039
5) Months of Trend to Q2 2018	27
6) NY State HCRA Surcharge	0.25%
7) Trended Incurred Medical Claims PMPM as of Q2 2018 = [3) * [4) ^ 5) / 12] * [1 + 6)]]	\$341.10
8) Experience Period Rx Claims PMPM	\$35.30
8a) Claims in Excess of \$100k over Experience Period	\$3.43
8b) Pooling Charge	1.180
8c) Pharmacy Benefit Carve-in	\$0.35
9) Annual Rx Trend <i>Includes Paid Leveraging</i>	1.155
10) Months of Trend to Q2 2018	27
11) Trended Gross Rx Claims PMPM as of Q2 2018 = [8) - 8a) + 8c)] * 8b) * 9) ^ [10) / 12]	\$52.54
12) Rx Rebates	(\$11.01)
13) Trended Net Rx Claims PMPM as of Q2 2018 = 11) + 12)	\$41.53
14) Total Net Claims PMPM as of Q2 2018 = 7) + 13)	\$382.63
15) Impact of Membership Growth/Decline on Experience Pd Claims	1.000
16) Capitations and Non-FFS Claim Expenses	\$6.40
17) PMPM Taxes/Assessments for Q2 2018 <i>See Exhibit 5</i>	\$0.21
18) % of Paid Claims Taxes/Assessments for Q2 2018 <i>See Exhibit 5</i>	0.999%
19) % of Premium Taxes/Assessments for Q2 2018 <i>See Exhibit 5</i>	4.50%
20) % of Premium Retention Components for Q2 2018 <i>See Exhibit 5</i>	10.65%
21) Impact of Change in Single Conversion Factor for Q2 2018 <i>See Exhibit 4</i>	1.26%
22) Impact of Change in Age Factor for Q2 2018	2.39%
23) Gross Claim Cost for Q2 2018 = [14) * 15) * [1 + 18)] * [1 + 21)] * [1 + 22)] + 16) + 17)] / [1 - 19) - 20)]	\$480.23
24) Projected Revenue Collected at Q1 2018 Rate Level	\$474.20
25) Q2 2018 Required Rate Action Relative to Proposed Q1 2018 Rates = 23) / 24) - 1	1.3%

Exhibit 4 -- Conversion Factor and Tier Ratios

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - June 30, 2018

VT Small Group AR42 Subscriber and Membership Summary -- May 2017 Membership

HDHP Data

Tier	Contract Type	Subscriber Months	Member Months	Avg Contract Size	Load Factor
2	Single	59	59	1.000	1.000
2	Family	37	144	3.892	2.500
3	Single	527	527	1.000	1.000
3	Double	119	237	1.992	2.000
3	Family	189	724	3.831	2.600
4	Single	9	9	1.000	1.000
4	Double	1	2	2.000	2.000
4	Parent/Child(ren)	3	9	3.000	1.900
4	Family	0	0	n/a	2.800

Proposed Conversion Factor	<u>1.201</u>
Current Conversion Factor	<u>1.186</u>
% Change in Conversion Factor	<u>1.26%</u>

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

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
 For Effective Dates Beginning Between January 1, 2018 - June 30, 2018

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

% of Premium Taxes and Assessments	
	HDHP
Premium Tax	2.00%
VT Vaccine Pilot	0.50%
ACA Insurer Tax	2.00%
Total % of Premium Taxes/Assessments (3Q Renewals)	4.50%

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

PMPM Taxes and Assessments	
Average 1Q Renewal Month:	1.28
Average 2Q Renewal Month:	4.81
Q1 2018 Contract Effective Dates	HDHP
Comparative Eff Research Tax	\$0.21
Total PMPM Taxes/Assessments	\$0.21
Q2 2018 Contract Effective Dates	HDHP
Comparative Eff Research Tax	\$0.21
Total PMPM Taxes/Assessments	\$0.21

Exhibit 6a -- Medical Base Rates (Q1 2018)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - March 31, 2018

Coplan	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Annual Rate Change
VEHD-01S	HDEPOagg	\$677.17	\$1,354.34	\$1,286.62	\$1,692.93	\$1,760.64	\$1,896.08	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-02S	HDEPOagg	\$571.39	\$1,142.78	\$1,085.64	\$1,428.48	\$1,485.61	\$1,599.89	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-07S	HDEPOagg	\$609.58	\$1,219.16	\$1,158.20	\$1,523.95	\$1,584.91	\$1,706.82	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-08S	HDEPOagg	\$545.71	\$1,091.42	\$1,036.85	\$1,364.28	\$1,418.85	\$1,527.99	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-12S	HDEPOagg	\$517.53	\$1,035.06	\$983.31	\$1,293.83	\$1,345.58	\$1,449.08	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-14S	HDEPOagg	\$537.98	\$1,075.96	\$1,022.16	\$1,344.95	\$1,398.75	\$1,506.34	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-15S	HDEPOagg	\$496.84	\$993.68	\$944.00	\$1,242.10	\$1,291.78	\$1,391.15	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-17S	HDEPOagg	\$524.03	\$1,048.06	\$995.66	\$1,310.08	\$1,362.48	\$1,467.28	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-19	HDEPO	\$479.15	\$958.30	\$910.39	\$1,197.88	\$1,245.79	\$1,341.62	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VEHD-49	HDEPO	\$602.32	\$1,204.64	\$1,144.41	\$1,505.80	\$1,566.03	\$1,686.50	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VPHD-03S	HDEPOagg	\$481.45	\$962.90	\$914.76	\$1,203.63	\$1,251.77	\$1,348.06	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VPHD-04S	HDEPOagg	\$657.51	\$1,315.02	\$1,249.27	\$1,643.78	\$1,709.53	\$1,841.03	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VPHD-06S	HDEPOagg	\$536.54	\$1,073.08	\$1,019.43	\$1,341.35	\$1,395.00	\$1,502.31	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%

Exhibit 6a -- Medical Base Rates (Q2 2018)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between April 1, 2018 - June 30, 2018

Coplan	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD-01S	HDEPOagg	\$685.78	\$1,371.56	\$1,302.98	\$1,714.45	\$1,783.03	\$1,920.18	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-02S	HDEPOagg	\$578.65	\$1,157.30	\$1,099.44	\$1,446.63	\$1,504.49	\$1,620.22	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-07S	HDEPOagg	\$617.33	\$1,234.66	\$1,172.93	\$1,543.33	\$1,605.06	\$1,728.52	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-08S	HDEPOagg	\$552.65	\$1,105.30	\$1,050.04	\$1,381.63	\$1,436.89	\$1,547.42	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-12S	HDEPOagg	\$524.11	\$1,048.22	\$995.81	\$1,310.28	\$1,362.69	\$1,467.51	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-14S	HDEPOagg	\$544.82	\$1,089.64	\$1,035.16	\$1,362.05	\$1,416.53	\$1,525.50	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-15S	HDEPOagg	\$503.15	\$1,006.30	\$955.99	\$1,257.88	\$1,308.19	\$1,408.82	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-17S	HDEPOagg	\$530.69	\$1,061.38	\$1,008.31	\$1,326.73	\$1,379.79	\$1,485.93	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-19	HDEPO	\$485.24	\$970.48	\$921.96	\$1,213.10	\$1,261.62	\$1,358.67	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VEHD-49	HDEPO	\$609.97	\$1,219.94	\$1,158.94	\$1,524.93	\$1,585.92	\$1,707.92	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VPHD-03S	HDEPOagg	\$487.57	\$975.14	\$926.38	\$1,218.93	\$1,267.68	\$1,365.20	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VPHD-04S	HDEPOagg	\$665.87	\$1,331.74	\$1,265.15	\$1,664.68	\$1,731.26	\$1,864.44	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VPHD-06S	HDEPOagg	\$543.36	\$1,086.72	\$1,032.38	\$1,358.40	\$1,412.74	\$1,521.41	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%

Exhibit 6b -- Medical Riders (Q1 2018)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
For Effective Dates Beginning Between January 1, 2018 - March 31, 2018

Rider	Description	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDEPO	\$4.75	\$9.50	\$9.03	\$11.88	\$12.35	\$13.30	-2.5%	-2.5%	-2.4%	-2.5%	-2.4%	-2.5%	4.2%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$3.93	\$7.86	\$7.47	\$9.83	\$10.22	\$11.00	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	4.0%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$3.32	\$6.64	\$6.31	\$8.30	\$8.63	\$9.30	-2.4%	-2.4%	-2.3%	-2.4%	-2.4%	-2.3%	4.1%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.76	\$3.52	\$3.34	\$4.40	\$4.58	\$4.93	-2.2%	-2.2%	-2.3%	-2.2%	-2.1%	-2.2%	4.1%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$4.75	\$9.50	\$9.03	\$11.88	\$12.35	\$13.30	-2.5%	-2.5%	-2.4%	-2.5%	-2.4%	-2.5%	4.2%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$3.32	\$6.64	\$6.31	\$8.30	\$8.63	\$9.30	-2.4%	-2.4%	-2.3%	-2.4%	-2.4%	-2.3%	4.1%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.76	\$3.52	\$3.34	\$4.40	\$4.58	\$4.93	-2.2%	-2.2%	-2.3%	-2.2%	-2.1%	-2.2%	4.1%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network Combined)	HDHP	\$6.81	\$13.62	\$12.94	\$17.03	\$17.71	\$19.07	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	4.1%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.23)	(\$0.46)	(\$0.44)	(\$0.58)	(\$0.60)	(\$0.64)	-4.2%	-4.2%	-4.3%	-3.3%	-3.2%	-4.5%	4.5%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	\$3.35	\$6.70	\$6.37	\$8.38	\$8.71	\$9.38	-2.3%	-2.3%	-2.3%	-2.3%	-2.4%	-2.3%	4.4%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$6.50	\$13.00	\$12.35	\$16.25	\$16.90	\$18.20	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$6.99	\$13.98	\$13.28	\$17.48	\$18.17	\$19.57	-2.4%	-2.4%	-2.4%	-2.3%	-2.4%	-2.4%	4.3%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	\$3.14	\$6.28	\$5.97	\$7.85	\$8.16	\$8.79	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	4.0%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	\$4.50	\$9.00	\$8.55	\$11.25	\$11.70	\$12.60	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	\$2.89	\$5.78	\$5.49	\$7.23	\$7.51	\$8.09	-2.4%	-2.4%	-2.3%	-2.3%	-2.5%	-2.4%	4.0%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$4.34	\$8.68	\$8.25	\$10.85	\$11.28	\$12.15	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	4.1%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	\$4.34	\$8.68	\$8.25	\$10.85	\$11.28	\$12.15	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	4.3%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	\$3.30	\$6.60	\$6.27	\$8.25	\$8.58	\$9.24	-2.4%	-2.4%	-2.3%	-2.4%	-2.4%	-2.3%	4.1%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	\$3.93	\$7.86	\$7.47	\$9.83	\$10.22	\$11.00	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	4.0%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.47	\$8.94	\$8.49	\$11.18	\$11.62	\$12.52	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.3%	4.2%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$6.48	\$12.96	\$12.31	\$16.20	\$16.85	\$18.14	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	4.2%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	\$7.23	\$14.46	\$13.74	\$18.08	\$18.80	\$20.24	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	-2.3%	4.2%
VHD316	Disposable Medical Supplies	HDHP	\$0.96	\$1.92	\$1.82	\$2.40	\$2.50	\$2.69	-2.0%	-2.0%	-2.2%	-2.0%	-2.0%	-1.8%	4.3%
VHDC317	Changes Contract Yr To Calendar Year	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHDC343	Gym Membership Reimbursement - \$300 Maximum per Subscriber	HDHP	\$3.83	\$7.66	\$7.28	\$9.58	\$9.96	\$10.72	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - \$300 Maximum per Subscriber	HDHP	\$0.98	\$1.96	\$1.86	\$2.45	\$2.55	\$2.74	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	HDHP	\$0.31	\$0.62	\$0.59	\$0.78	\$0.81	\$0.87	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Exhibit 6b -- Medical Riders (Q2 2018)

Small Group VT HIC AR42 Rate Filing - Grandfathered Business
 For Effective Dates Beginning Between April 1, 2018 - June 30, 2018

Rider	Description	Product Type	Single	Double	Parent/Child	2T Family	3T Family	4T Family	Single Quarterly Change	Double Quarterly Change	Parent/Child Quarterly Change	2T Family Quarterly Change	3T Family Quarterly Change	4T Family Quarterly Change	Single Rate Annual Change
VEHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDEPO	\$4.81	\$9.62	\$9.14	\$12.03	\$12.51	\$13.47	1.3%	1.3%	1.2%	1.3%	1.3%	1.3%	3.0%
VEHD 312c	Exam & Hardware, attaches to \$2000 INN Ded	HDEPO	\$3.98	\$7.96	\$7.56	\$9.95	\$10.35	\$11.14	1.3%	1.3%	1.2%	1.2%	1.3%	1.3%	2.8%
VEHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDEPO	\$3.36	\$6.72	\$6.38	\$8.40	\$8.74	\$9.41	1.2%	1.2%	1.1%	1.2%	1.3%	1.2%	3.1%
VEHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDEPO	\$1.78	\$3.56	\$3.38	\$4.45	\$4.63	\$4.98	1.1%	1.1%	1.2%	1.1%	1.1%	1.0%	2.9%
VPHD 312b	Exam & Hardware, attaches to \$1500 INN Ded	HDPPPO	\$4.81	\$9.62	\$9.14	\$12.03	\$12.51	\$13.47	1.3%	1.3%	1.2%	1.3%	1.3%	1.3%	3.0%
VPHD 312d	Exam & Hardware, attaches to \$2500 INN Ded	HDPPPO	\$3.36	\$6.72	\$6.38	\$8.40	\$8.74	\$9.41	1.2%	1.2%	1.1%	1.2%	1.3%	1.2%	3.1%
VPHD 312g	Exam & Hardware, attaches to \$5000 INN Ded	HDPPPO	\$1.78	\$3.56	\$3.38	\$4.45	\$4.63	\$4.98	1.1%	1.1%	1.2%	1.1%	1.1%	1.0%	2.9%
VHD306	60 Visits Outpatient Physical/Speech/Occupational Therapy (In/Out Of Network C)	HDHP	\$6.90	\$13.80	\$13.11	\$17.25	\$17.94	\$19.32	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.1%
VHD307	Exclusion For Elective Abortions	HDHP	(\$0.23)	(\$0.46)	(\$0.44)	(\$0.58)	(\$0.60)	(\$0.64)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHD700	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD702	Domestic Partners (Same And Opp Sex)	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHD510-a	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-01)	HDHP	\$3.39	\$6.78	\$6.44	\$8.48	\$8.81	\$9.49	1.2%	1.2%	1.1%	1.2%	1.1%	1.2%	3.0%
VHD510-b	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-02)	HDHP	\$6.58	\$13.16	\$12.50	\$16.45	\$17.11	\$18.42	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	3.0%
VHD510-c	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-03)	HDHP	\$7.08	\$14.16	\$13.45	\$17.70	\$18.41	\$19.82	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	3.2%
VHD510-d	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-04)	HDHP	\$3.18	\$6.36	\$6.04	\$7.95	\$8.27	\$8.90	1.3%	1.3%	1.2%	1.3%	1.3%	1.3%	2.9%
VHD510-f	Safe Harbor preventative Rx list for qualified HDHP's (VPHD-06)	HDHP	\$4.56	\$9.12	\$8.66	\$11.40	\$11.86	\$12.77	1.3%	1.3%	1.3%	1.3%	1.4%	1.3%	3.2%
VHD510-g	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-07)	HDHP	\$2.93	\$5.86	\$5.57	\$7.33	\$7.62	\$8.20	1.4%	1.4%	1.5%	1.4%	1.5%	1.4%	3.2%
VHD510-h	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-08)	HDHP	\$4.40	\$8.80	\$8.36	\$11.00	\$11.44	\$12.32	1.4%	1.4%	1.3%	1.4%	1.4%	1.4%	3.0%
VHD510-l	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-12)	HDHP	\$4.40	\$8.80	\$8.36	\$11.00	\$11.44	\$12.32	1.4%	1.4%	1.3%	1.4%	1.4%	1.4%	3.3%
VHD510-n	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-14)	HDHP	\$3.34	\$6.68	\$6.35	\$8.35	\$8.68	\$9.35	1.2%	1.2%	1.3%	1.2%	1.2%	1.2%	3.1%
VHD510-o	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-15)	HDHP	\$3.98	\$7.96	\$7.56	\$9.95	\$10.35	\$11.14	1.3%	1.3%	1.2%	1.2%	1.3%	1.3%	2.8%
VHD510-q	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-17)	HDHP	\$4.53	\$9.06	\$8.61	\$11.33	\$11.78	\$12.68	1.3%	1.3%	1.4%	1.3%	1.4%	1.3%	3.2%
VHD510-s	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-19)	HDHP	\$6.56	\$13.12	\$12.46	\$16.40	\$17.06	\$18.37	1.2%	1.2%	1.2%	1.2%	1.2%	1.3%	3.0%
VHD510-aj	Safe Harbor preventative Rx list for qualified HDHP's (VEHD-49)	HDHP	\$7.32	\$14.64	\$13.91	\$18.30	\$19.03	\$20.50	1.2%	1.2%	1.2%	1.2%	1.2%	1.3%	3.1%
VHD316	Disposable Medical Supplies	HDHP	\$0.97	\$1.94	\$1.84	\$2.43	\$2.52	\$2.72	1.0%	1.0%	1.1%	1.3%	0.8%	1.1%	3.2%
VHDC317	Changes Contract Yr To Calendar Year	HDHP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VHDC343	Gym Membership Reimbursement - \$300 Maximum per Subscriber	HDHP	\$3.83	\$7.66	\$7.28	\$9.58	\$9.96	\$10.72	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC344	Youth Sports Reimbursement - \$300 Maximum per Subscriber	HDHP	\$0.98	\$1.96	\$1.86	\$2.45	\$2.55	\$2.74	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VHDC345	Weight Loss Program Reimbursement - \$100 Maximum per Subscriber	HDHP	\$0.31	\$0.62	\$0.59	\$0.78	\$0.81	\$0.87	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

MVP Historical Utilization / 1000 Data, January 2014 - December 2016, all lines of business (excluding Individual Indemnity)

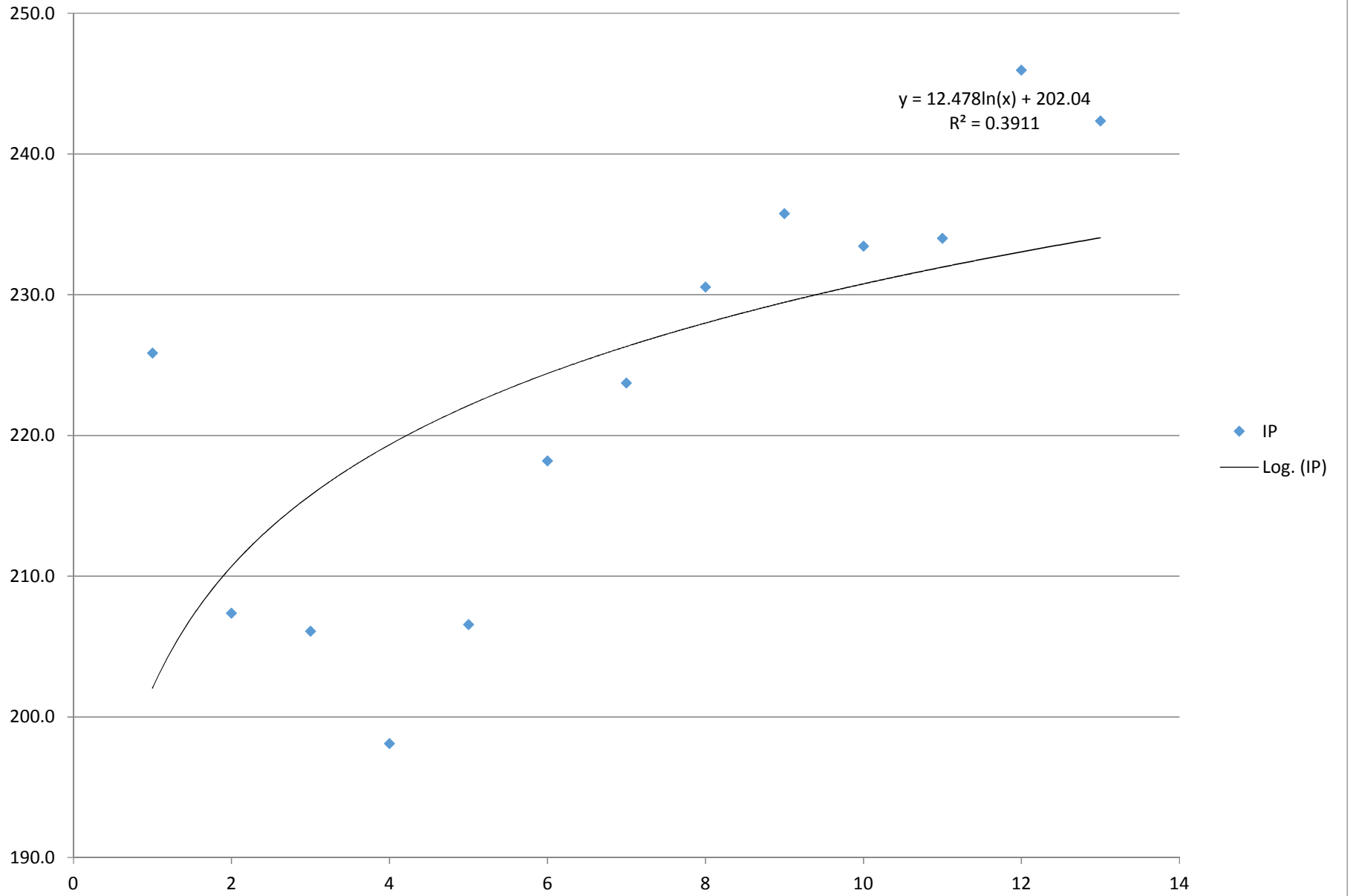
Raw Utilization Data					
Month	IP	OP	PHY	Members	Age Fx
201401	399.0	1955.0	10755.0	20,906	1.586
201402	469.0	1813.0	9027.0	20,552	1.586
201403	470.0	1931.0	9714.0	20,049	1.587
201404	446.0	1950.0	9872.0	19,738	1.587
201405	448.0	2023.0	10202.0	20,029	1.585
201406	334.0	1951.0	9341.0	19,677	1.590
201407	432.0	1996.0	9438.0	19,047	1.593
201408	556.0	1738.0	8497.0	18,828	1.596
201409	512.0	1911.0	8852.0	18,036	1.595
201410	446.0	1967.0	9393.0	17,515	1.599
201411	355.0	1542.0	7495.0	17,133	1.601
201412	324.0	1707.0	7903.0	16,361	1.602
201501	443.0	1334.0	7010.0	14,127	1.614
201502	281.0	1317.0	5949.0	14,069	1.613
201503	303.0	1450.0	6997.0	13,942	1.615
201504	167.0	1260.0	6490.0	13,747	1.620
201505	159.0	1189.0	6142.0	13,640	1.620
201506	196.0	1192.0	6405.0	13,368	1.622
201507	292.0	1236.0	6318.0	13,339	1.624
201508	251.0	1288.0	5871.0	13,279	1.624
201509	283.0	1308.0	6400.0	13,153	1.624
201510	235.0	1366.0	6478.0	13,060	1.625
201511	228.0	1313.0	5587.0	12,596	1.626
201512	244.0	1379.0	6030.0	12,474	1.628
201601	145.0	1017.0	5267.1	11,364	1.636
201602	221.0	1039.1	5466.6	11,455	1.635
201603	165.0	1224.3	6150.4	11,852	1.636
201604	246.1	1235.5	5716.2	11,806	1.640
201605	280.2	1214.7	5967.6	11,916	1.642
201606	245.2	1224.2	5931.7	12,082	1.643
201607	358.5	1238.9	5221.9	12,171	1.644
201608	297.8	1427.8	6067.2	12,168	1.647
201609	240.2	1207.9	5875.7	12,262	1.649
201610	229.8	1215.5	5984.5	12,241	1.653
201611	374.4	1217.2	6106.6	12,293	1.656
201612	191.8	1184.8	5924.7	11,883	1.659

Rolling 12 End Date	Utilization/1000 Member Months			Normalized Age Factor	Age Normalized Util/1000		
	IP	OP	PHY		IP	OP	PHY
201412	273.4	1184.0	5818.5	1.000	273.4	1184.0	5818.5
201501	284.1	1186.6	5793.6	1.001	283.8	1185.2	5786.6
201502	282.2	1194.7	5796.6	1.002	281.5	1191.8	5782.2
201503	280.9	1202.1	5810.0	1.004	279.8	1197.5	5787.8
201504	272.6	1196.7	5781.4	1.005	271.2	1190.3	5760.1
201505	263.8	1184.7	5721.4	1.007	261.9	1176.1	5679.8
201506	263.9	1176.1	5725.9	1.009	261.5	1165.6	5674.9
201507	262.9	1163.0	5700.1	1.011	260.2	1150.8	5640.1
201508	250.6	1168.9	5700.7	1.012	247.6	1154.8	5632.0
201509	241.8	1160.1	5691.6	1.014	238.5	1144.2	5613.8
201510	233.2	1148.0	5634.7	1.015	229.7	1130.6	5549.3
201511	230.4	1163.0	5650.9	1.017	226.6	1143.7	5557.4
201512	230.0	1166.6	5647.7	1.018	225.9	1145.6	5545.8
201601	211.4	1162.9	5614.1	1.019	207.4	1140.7	5507.0
201602	210.3	1161.0	5671.3	1.021	206.1	1137.6	5556.8
201603	202.4	1159.2	5682.4	1.022	198.1	1134.6	5561.5
201604	211.3	1172.1	5693.9	1.023	206.6	1146.0	5567.1
201605	223.4	1187.7	5745.5	1.024	218.2	1159.9	5611.2
201606	229.3	1200.6	5757.0	1.025	223.7	1171.3	5616.4
201607	236.6	1210.3	5713.3	1.026	230.6	1179.5	5567.9
201608	242.2	1231.0	5772.9	1.027	235.8	1198.2	5619.1
201609	240.2	1230.3	5765.0	1.029	233.5	1195.9	5603.9
201610	241.1	1224.8	5756.7	1.030	234.0	1188.8	5587.6
201611	253.8	1219.4	5812.1	1.032	246.0	1181.7	5632.6
201612	250.5	1208.2	5827.2	1.034	242.3	1169.0	5638.2

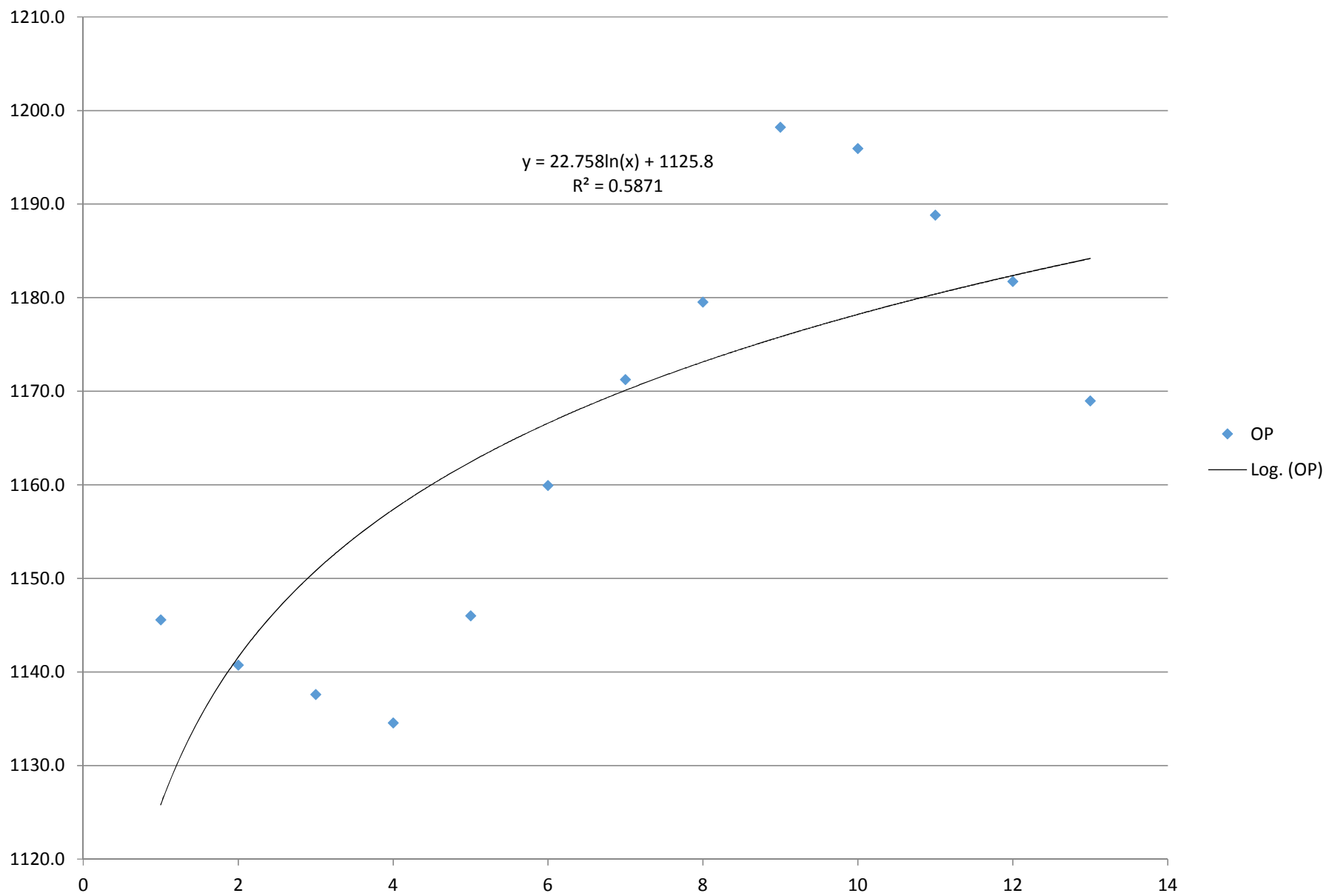
Calculation of MVP Best Estimate Utilization Trend, 2016 - 2018

	IP	OP	PHY
Value of Best Fit Line, Experience Period	234.0	1184.2	5619.8
Value of Best Fit Line, Rating Period	247.1	1208.0	5662.7
Total Utilization Trend	1.056	1.020	1.008
Annualized Utilization Trend	1.028	1.010	1.004

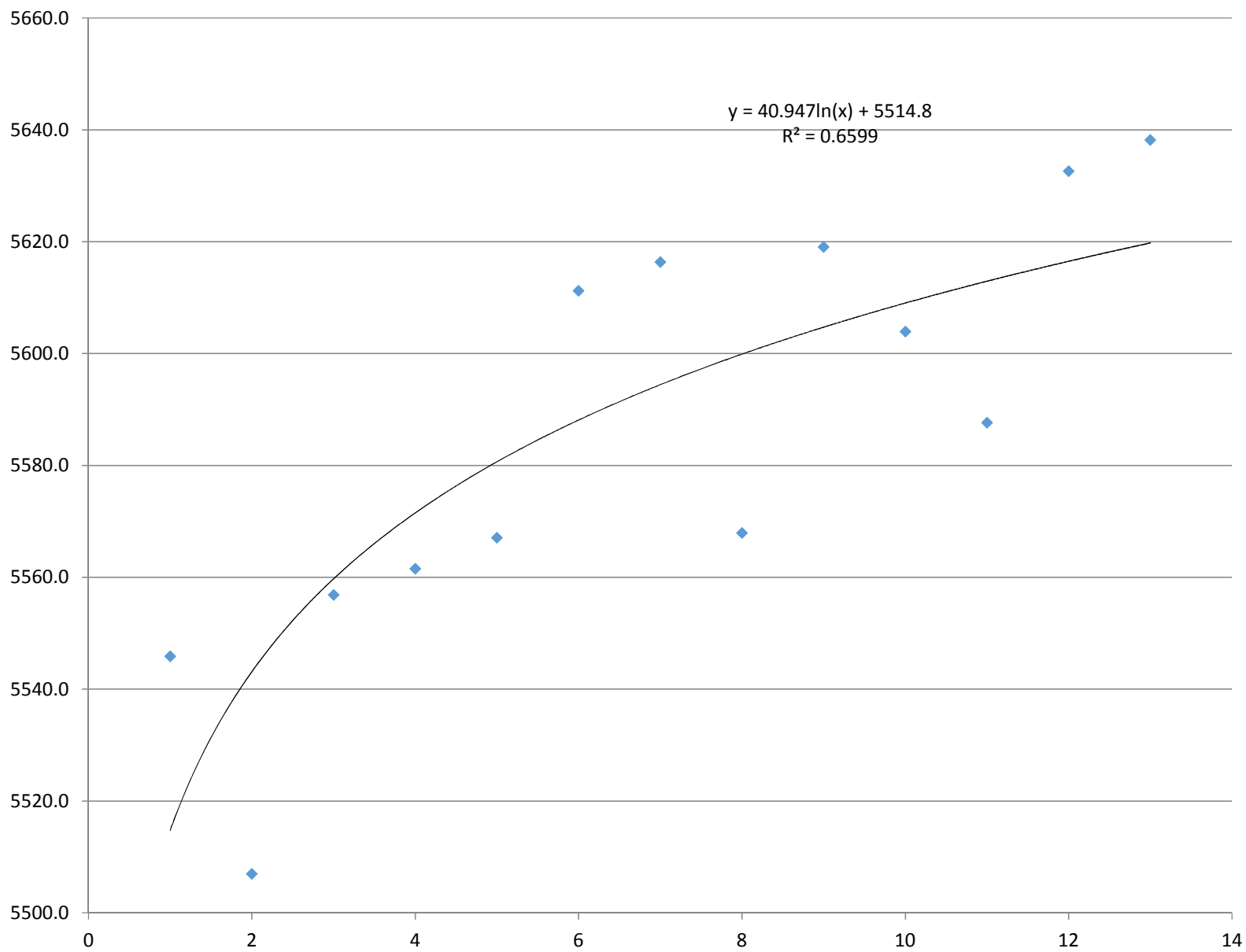
IP



OP



PHY



◆ PHY
— Log. (PHY)

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

Rolling 12 End Date	Medical + Rx Claim						Claims > \$100k as % of Claims < \$100k	Rolling 12 Medical		Rolling 12 Paid Trend			Rolling 12 Membership Change	Paid To Allowed Ratio
	Expense > \$100k PMPM	Medical Claim Expense PMPM	Rx Claim Expense PMPM	Medical Allowed - COB PMPM	Rx Allowed - COB PMPM	Member Months		Claim Expense Trend	Rolling 12 Rx Claim Expense Trend	Removing High Cost Claims	Rolling 12 Medical Allowed - COB Trend	Rolling 12 Rx Allowed Trend		
201412	\$52.90	\$288.82	\$22.56	\$365.59	\$35.25	19,822	20.5%	N/A	N/A	N/A	N/A	N/A	N/A	77.7%
201501	\$54.10	\$300.03	\$22.70	\$378.42	\$35.48	19,860	20.1%	N/A	N/A	N/A	N/A	N/A	N/A	78.0%
201502	\$52.46	\$307.43	\$23.12	\$386.80	\$35.84	19,899	18.9%	N/A	N/A	N/A	N/A	N/A	N/A	78.2%
201503	\$54.96	\$307.49	\$23.43	\$388.06	\$35.99	19,944	19.9%	N/A	N/A	N/A	N/A	N/A	N/A	78.0%
201504	\$64.78	\$314.55	\$23.69	\$394.40	\$36.18	19,971	23.7%	N/A	N/A	N/A	N/A	N/A	N/A	78.6%
201505	\$61.00	\$310.38	\$23.71	\$390.14	\$36.04	20,011	22.3%	N/A	N/A	N/A	N/A	N/A	N/A	78.4%
201506	\$58.58	\$309.59	\$24.59	\$389.85	\$36.71	20,037	21.3%	N/A	N/A	N/A	N/A	N/A	N/A	78.3%
201507	\$62.03	\$312.55	\$26.35	\$392.22	\$38.29	20,057	22.4%	N/A	N/A	N/A	N/A	N/A	N/A	78.7%
201508	\$58.26	\$315.34	\$28.60	\$395.57	\$40.69	20,054	20.4%	N/A	N/A	N/A	N/A	N/A	N/A	78.8%
201509	\$48.84	\$317.11	\$30.44	\$398.08	\$42.30	20,061	16.4%	N/A	N/A	N/A	N/A	N/A	N/A	78.9%
201510	\$47.35	\$314.30	\$31.99	\$394.53	\$43.79	20,087	15.8%	N/A	N/A	N/A	N/A	N/A	N/A	79.0%
201511	\$51.89	\$320.13	\$33.90	\$402.01	\$45.77	20,127	17.2%	N/A	N/A	N/A	N/A	N/A	N/A	79.1%
201512	\$55.89	\$315.58	\$35.83	\$396.84	\$47.42	20,142	18.9%	9.3%	58.8%	14.3%	8.5%	34.5%	1.6%	79.1%
201601	\$57.85	\$305.68	\$35.94	\$384.89	\$47.41	20,169	20.4%	1.9%	58.3%	5.6%	1.7%	33.6%	1.6%	79.0%
201602	\$57.69	\$303.21	\$35.82	\$383.34	\$47.68	20,218	20.5%	-1.4%	54.9%	1.2%	-0.9%	33.1%	1.6%	78.7%
201603	\$59.14	\$303.72	\$38.04	\$384.06	\$50.10	20,277	20.9%	-1.2%	62.4%	2.4%	-1.0%	39.2%	1.7%	78.7%
201604	\$52.37	\$297.11	\$39.65	\$377.60	\$51.83	20,338	18.4%	-5.5%	67.4%	4.0%	-4.3%	43.3%	1.8%	78.4%
201605	\$51.48	\$303.52	\$40.24	\$382.60	\$52.39	20,376	17.6%	-2.2%	69.7%	7.0%	-1.9%	45.4%	1.8%	79.0%
201606	\$45.17	\$300.09	\$41.20	\$379.90	\$53.36	20,427	15.3%	-3.1%	67.5%	7.4%	-2.6%	45.3%	1.9%	78.8%
201607	\$42.81	\$294.89	\$41.04	\$375.64	\$53.47	18,747	14.6%	-5.7%	55.7%	5.9%	-4.2%	39.6%	-6.5%	78.3%
201608	\$42.76	\$291.90	\$39.55	\$371.11	\$51.69	20,504	14.8%	-7.4%	38.3%	1.1%	-6.2%	27.0%	2.2%	78.4%
201609	\$38.57	\$286.47	\$38.14	\$365.84	\$50.24	20,569	13.5%	-9.7%	25.3%	-4.2%	-8.1%	18.8%	2.5%	78.0%
201610	\$37.73	\$295.69	\$37.70	\$376.06	\$49.73	20,627	12.8%	-5.9%	17.8%	-1.1%	-4.7%	13.6%	2.7%	78.3%
201611	\$34.55	\$292.35	\$36.82	\$371.61	\$48.85	20,676	11.7%	-8.7%	8.6%	-2.5%	-7.6%	6.7%	2.7%	78.3%
201612	\$32.10	\$293.47	\$35.30	\$373.72	\$47.33	20,743	10.8%	-7.0%	-1.5%	0.4%	-5.8%	-0.2%	3.0%	78.1%

Summary of Historical Rx Claims Broken Out by Rx Category

LOB	Size	Product Type	Rolling 12 End Date YYYYMM	Rx Category	Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
AR42	Small	HDHP	201412	1 Generic	\$230,295	19,822	\$11.62	N/A
AR42	Small	HDHP	201501	1 Generic	\$234,807	19,860	\$11.82	N/A
AR42	Small	HDHP	201502	1 Generic	\$241,119	19,899	\$12.12	N/A
AR42	Small	HDHP	201503	1 Generic	\$246,526	19,944	\$12.36	N/A
AR42	Small	HDHP	201504	1 Generic	\$248,986	19,971	\$12.47	N/A
AR42	Small	HDHP	201505	1 Generic	\$251,442	20,011	\$12.57	N/A
AR42	Small	HDHP	201506	1 Generic	\$253,477	20,037	\$12.65	N/A
AR42	Small	HDHP	201507	1 Generic	\$255,171	20,057	\$12.72	N/A
AR42	Small	HDHP	201508	1 Generic	\$262,321	20,054	\$13.08	N/A
AR42	Small	HDHP	201509	1 Generic	\$272,188	20,061	\$13.57	N/A
AR42	Small	HDHP	201510	1 Generic	\$272,916	20,087	\$13.59	N/A
AR42	Small	HDHP	201511	1 Generic	\$273,303	20,127	\$13.58	N/A
AR42	Small	HDHP	201512	1 Generic	\$265,439	20,142	\$13.18	13.4%
AR42	Small	HDHP	201601	1 Generic	\$259,655	20,169	\$12.87	8.9%
AR42	Small	HDHP	201602	1 Generic	\$257,035	20,218	\$12.71	4.9%
AR42	Small	HDHP	201603	1 Generic	\$254,766	20,277	\$12.56	1.6%
AR42	Small	HDHP	201604	1 Generic	\$250,007	20,338	\$12.29	-1.4%
AR42	Small	HDHP	201605	1 Generic	\$244,813	20,376	\$12.01	-4.4%
AR42	Small	HDHP	201606	1 Generic	\$242,389	20,427	\$11.87	-6.2%
AR42	Small	HDHP	201607	1 Generic	\$222,356	18,747	\$11.86	-6.8%
AR42	Small	HDHP	201608	1 Generic	\$236,891	20,504	\$11.55	-11.7%
AR42	Small	HDHP	201609	1 Generic	\$228,864	20,569	\$11.13	-18.0%
AR42	Small	HDHP	201610	1 Generic	\$226,941	20,627	\$11.00	-19.0%
AR42	Small	HDHP	201611	1 Generic	\$227,664	20,676	\$11.01	-18.9%
AR42	Small	HDHP	201612	1 Generic	\$228,868	20,743	\$11.03	-16.3%
AR42	Small	HDHP	201412	2 Brand	\$208,806	19,822	\$10.53	N/A
AR42	Small	HDHP	201501	2 Brand	\$208,264	19,860	\$10.49	N/A
AR42	Small	HDHP	201502	2 Brand	\$208,263	19,899	\$10.47	N/A
AR42	Small	HDHP	201503	2 Brand	\$207,901	19,944	\$10.42	N/A
AR42	Small	HDHP	201504	2 Brand	\$208,552	19,971	\$10.44	N/A
AR42	Small	HDHP	201505	2 Brand	\$206,718	20,011	\$10.33	N/A
AR42	Small	HDHP	201506	2 Brand	\$205,536	20,037	\$10.26	N/A
AR42	Small	HDHP	201507	2 Brand	\$201,627	20,057	\$10.05	N/A
AR42	Small	HDHP	201508	2 Brand	\$198,724	20,054	\$9.91	N/A
AR42	Small	HDHP	201509	2 Brand	\$192,883	20,061	\$9.61	N/A
AR42	Small	HDHP	201510	2 Brand	\$194,376	20,087	\$9.68	N/A
AR42	Small	HDHP	201511	2 Brand	\$197,387	20,127	\$9.81	N/A
AR42	Small	HDHP	201512	2 Brand	\$192,618	20,142	\$9.56	-9.2%
AR42	Small	HDHP	201601	2 Brand	\$189,433	20,169	\$9.39	-10.4%
AR42	Small	HDHP	201602	2 Brand	\$194,305	20,218	\$9.61	-8.2%
AR42	Small	HDHP	201603	2 Brand	\$198,421	20,277	\$9.79	-6.1%
AR42	Small	HDHP	201604	2 Brand	\$205,483	20,338	\$10.10	-3.2%
AR42	Small	HDHP	201605	2 Brand	\$207,946	20,376	\$10.21	-1.2%
AR42	Small	HDHP	201606	2 Brand	\$214,718	20,427	\$10.51	2.5%
AR42	Small	HDHP	201607	2 Brand	\$201,963	18,747	\$10.77	7.2%
AR42	Small	HDHP	201608	2 Brand	\$226,619	20,504	\$11.05	11.5%
AR42	Small	HDHP	201609	2 Brand	\$230,736	20,569	\$11.22	16.7%
AR42	Small	HDHP	201610	2 Brand	\$238,513	20,627	\$11.56	19.5%
AR42	Small	HDHP	201611	2 Brand	\$239,500	20,676	\$11.58	18.1%
AR42	Small	HDHP	201612	2 Brand	\$243,099	20,743	\$11.72	22.6%

Summary of Historical Rx Claims Broken Out by Rx Category

LOB	Size	Product Type	Rolling 12 End Date YYYYMM	Rx Category	Allowed	Member Months	Allowed PMPM	Rolling 12 Allowed Trend
AR42	Small	HDHP	201412	3 Specialty	\$259,528	19,822	\$13.09	N/A
AR42	Small	HDHP	201501	3 Specialty	\$261,536	19,860	\$13.17	N/A
AR42	Small	HDHP	201502	3 Specialty	\$263,716	19,899	\$13.25	N/A
AR42	Small	HDHP	201503	3 Specialty	\$263,391	19,944	\$13.21	N/A
AR42	Small	HDHP	201504	3 Specialty	\$264,982	19,971	\$13.27	N/A
AR42	Small	HDHP	201505	3 Specialty	\$263,026	20,011	\$13.14	N/A
AR42	Small	HDHP	201506	3 Specialty	\$276,569	20,037	\$13.80	N/A
AR42	Small	HDHP	201507	3 Specialty	\$311,168	20,057	\$15.51	N/A
AR42	Small	HDHP	201508	3 Specialty	\$354,918	20,054	\$17.70	N/A
AR42	Small	HDHP	201509	3 Specialty	\$383,535	20,061	\$19.12	N/A
AR42	Small	HDHP	201510	3 Specialty	\$412,278	20,087	\$20.52	N/A
AR42	Small	HDHP	201511	3 Specialty	\$450,446	20,127	\$22.38	N/A
AR42	Small	HDHP	201512	3 Specialty	\$496,979	20,142	\$24.67	88.5%
AR42	Small	HDHP	201601	3 Specialty	\$507,217	20,169	\$25.15	91.0%
AR42	Small	HDHP	201602	3 Specialty	\$512,733	20,218	\$25.36	91.4%
AR42	Small	HDHP	201603	3 Specialty	\$562,672	20,277	\$27.75	110.1%
AR42	Small	HDHP	201604	3 Specialty	\$598,707	20,338	\$29.44	121.9%
AR42	Small	HDHP	201605	3 Specialty	\$614,801	20,376	\$30.17	129.6%
AR42	Small	HDHP	201606	3 Specialty	\$632,836	20,427	\$30.98	124.4%
AR42	Small	HDHP	201607	3 Specialty	\$578,022	18,747	\$30.83	98.7%
AR42	Small	HDHP	201608	3 Specialty	\$596,272	20,504	\$29.08	64.3%
AR42	Small	HDHP	201609	3 Specialty	\$573,688	20,569	\$27.89	45.9%
AR42	Small	HDHP	201610	3 Specialty	\$560,329	20,627	\$27.16	32.4%
AR42	Small	HDHP	201611	3 Specialty	\$542,949	20,676	\$26.26	17.3%
AR42	Small	HDHP	201612	3 Specialty	\$509,808	20,743	\$24.58	-0.4%

Small Group HDHP - Active Only

Adjustment Factors by Deductible Level

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

Percent of Total Member Months

Deductible Level	Coverage Month											
	1	2	3	4	5	6	7	8	9	10	11	12
\$1,500	0.15%	0.15%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.13%
\$2,000	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
\$2,500	6.90%	6.98%	6.97%	6.98%	6.96%	6.93%	6.90%	6.96%	7.00%	7.01%	6.92%	6.92%
\$2,600	0.51%	0.51%	0.50%	0.50%	0.51%	0.54%	0.55%	0.48%	0.47%	0.48%	0.48%	0.51%
\$5,000	0.68%	0.72%	0.70%	0.71%	0.70%	0.68%	0.68%	0.68%	0.67%	0.67%	0.65%	0.68%

Avg Policy Duration Factor 0.9996
 Inverse of Factor 1.0004



ACTUARIAL MEMORANDUM

1Q and 2Q 2018 Small Group Grandfathered AR42 Filing

Purpose and Scope of Filing

The purpose of this filing is to demonstrate the development of premium rates in support of MVP Health Insurance Company's Small Group High Deductible EPO/PPO grandfathered product portfolio and seek approval of the premium rates. The premium rates included in this filing are for group effective dates between 1/1/2018 and 6/30/2018. The rates are effective for 12 months. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

This is a closed block of business and as of May 2017, there were 1,711 members enrolled in plans impacted by this rate filing. Of those 1,711 members, 1,125 members have 1Q contract effective dates and 238 have 2Q contract effective dates. MVP is proposing a quarterly rate decrease of -2.4% over the approved 4Q 2017 rates which translates to annual rate increases of 4.2% and 3.1% for 1Q and 2Q 2018 renewals, respectively.

Derivation of Annual Rate Increases Based on Quarterly Rate Changes

	2Q '17 / 1Q '17	3Q '17 / 2Q '17	4Q '17 / 3Q '17	1Q '18 / 4Q '17	2Q '18 / 1Q '18	1Q '18 Annual Increase	2Q '18 Annual Increase
HDHP	2.3%	1.8%	2.4%	-2.4%	1.3%	4.2%	3.1%

Experience Period Claims

Small group grandfathered AR42 high deductible claims incurred between January 2016 and December 2016, paid through May 2017 were the basis of MVP's rate analysis. Fee-for-service (FFS) medical and pharmacy claims were projected to the 1Q 2018 rating period by applying 24 months of trend to the experience period data. The capitation and non-FFS costs included in the rate development represent MVP's best estimate of these costs during the rating period.

MVP has chosen to only use claims for groups which are currently active as of May 2017 as their base for rating. Because this is a closed block, it is prudent to only rate the block based on the groups that are currently eligible to renew in the rating period. This is consistent with prior versions of this filing.

IBNR Factor

As previously stated, MVP has used claim data with five months of paid claim runout. We have completed the claims using an IBNR factor of 0.6% which also reflects five months of runout. MVP uses a combined trended PMPM and completion factor method to value its ultimate claim liabilities. Please see the following table comparing incurred and paid claim amounts by month for the experience period. Please note that this IBNR model is not exclusive to this block of business, so the paid and incurred claim amounts will not tie out to the experience in the filing.

Incurred Month	Paid Claims	Incurred Claims	IBNR Factor
201612	\$1,150,853	\$1,176,415	1.022
201611	\$1,662,981	\$1,688,418	1.015
201610	\$1,580,336	\$1,597,066	1.011
201609	\$1,523,147	\$1,534,341	1.007
201608	\$1,614,656	\$1,622,550	1.005
201607	\$1,403,624	\$1,407,605	1.003
201606	\$1,580,654	\$1,583,110	1.002
201605	\$1,463,304	\$1,464,778	1.001
201604	\$1,405,911	\$1,406,728	1.001
201603	\$1,509,683	\$1,510,239	1.000
201602	\$1,158,722	\$1,158,964	1.000
201601	\$1,342,814	\$1,342,951	1.000
Total	\$17,396,685	\$17,493,165	1.006

Pooling Charge

To account for volatility in high cost claims, medical and Rx claims in excess of \$100,000 are being removed from the claim projection and being replaced by a pooling charge. The pooling charge of 18.0% represents the arithmetic average cost of claims in excess of \$100,000 for the grandfathered small group high deductible (active-only) block over rolling 12 month time periods with ending dates between December 2014 and December 2016. A summary of the high cost claim ratio can be found in the attached file, "Rolling 12 Medical and Rx Data - SG HDHP".

Development of Base Premium Rates

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

Summary of Capitations and Non-FRDM Claim Expenses	
Other Medical Expense not in warehouse	\$2.27
ASH Cap	\$0.27
ACRH Payments	\$0.45
Net Reinsurance Expense	\$0.21
Medical Home and PCP Incentive	\$2.06
18 V.S.A § 9374(h) Billback	\$1.14
Total	\$6.40

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.

Experience period Rx claims are adjusted for pooling and projected to the rating period. MVP has received 2018 forecasted Rx rebate information from its PBM which is reflected in the projected Rx rebate calculation. Separate rebate per script information has been provided 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 \$10.92 PMPM for 1Q 2018 renewals \$11.01 PMPM for 2Q 2018 renewals.

Between the 2018 VT Exchange filing submitted by MVP and the current filing, we were made aware that a new regulation regarding the use of statins for the prevention of cardiovascular disease (CVD) in adults which will go into effect in November 2017. The United States Preventive Service Task Force has given low- and moderate-dose statins a grade of “B” when prescribed to adults aged 40 to 75 with no prior history of CVD but evidence of risk factors. This means that it will become mandatory that carriers cover these drugs in full with no member cost sharing. Because these drugs were previously covered by MVP but with the applicable member cost sharing applied, an adjustment needs to be made to the experience period data to reflect the removal of cost sharing. MVP has estimated the cost sharing during the experience period based on member’s age and a lack of a CVD diagnosis, and the result was a \$0.35 PMPM increase to the experience period pharmacy incurred claims. This has been reflected in line 8c of Exhibit 3a in the rate filing.

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

To determine the adjustment factor for the experience period claims cost, MVP used deductible suppression factors which were developed by analyzing commercial claims for members with 12 months of medical and Rx benefit coverage. MVP assumed that allowed claims were uniformly distributed by month and determined the expected paid claim cost for a given month relative to the average paid amount for 12 months. Factors were developed for a number of different deductible levels, and MVP split its experience period membership by these deductible levels to compute the appropriate adjustment factors. This adjustment factor equals 1.000 and can be found in Exhibit 3a. A quantitative derivation of this factor can be found in the file, “Impact of Membership Growth_Decline on Experience Pd Claims”.

To arrive at the required rate change for 1Q 2018, projected net claims are converted to a gross claims cost. This is achieved by accounting for taxes/assessments being charged in 1Q 2018, making an adjustment for changes to the single conversion factor, age/gender factor and other retention items. Other retention items include administrative costs, contribution to reserves, and bad debt. The projected rating period required gross premium is compared to the prior rating period gross premium to indicate the suggested quarterly rate change.

MVP used May 2017 membership to determine the single conversion factor for the rating period. MVP also has made an adjustment for the age and gender of the expected population as compared to the experience period population.

Age/Gender Factor Change- Exp. Pd. To Rating Pd.			
Block	Time Period	Average Age	Age/Gender Factor
Active Only	Experience Period	38.4	1.072
Active Only	Current Snapshot	39.7	1.098
Change in Factor			2.39%

MVP has also developed 2Q 2018 premium rates for this rate filing. Please see Exhibit 3b which is identical to Exhibit 3a except for the fact that one more quarter of trend has been applied to the experience period claims and changes in taxes/fees between 1Q and 2Q 2018 contract effective dates is also being captured. The required quarterly rate change for 2Q 2018 is calculated by comparing the required rate change for 2Q 2018 to the proposed 1Q 2018 gross premium rates.

Medical Trend Factors

The development of annual medical paid claim trend factors for 1Q 2018 is illustrated in Exhibit 2a. MVP has performed regression analysis on its historical data which indicates that a positive utilization trend is justified and necessary to reflect an increase in the number of services being performed over time. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network as of the filing date.

As stated previously, MVP analyzed historical utilization patterns to determine whether a utilization trend is justifiable. Claims were aggregated from MVP's historical business in Vermont, including ACA Compliant Small Group and Individual and non-ACA Compliant Large Group and Small Group business, for the time period January 2014 to December 2016. For purposes of this analysis, a service is counted as a unique member plus date of service combination (with the exception of Inpatient services, which are measured in length of stay in days). Services are bucketed into Inpatient, Outpatient, or Physician based on the place of service. Raw Utilization data was completed with IBNR factors and normalized for changes in age over time.

The data was then aggregated by rolling twelve-month time periods over the 36 months (providing 25 rolling twelve month periods to analyze). MVP has seen flat to negative utilization trends over the course of earlier time periods, however there is an increase in utilization over the recent time period (rolling twelve-month ending dates of December 2015 and forward). Therefore, MVP made the December 2015 end date as its starting period for its regression analysis.

MVP plotted utilization against a numeric indicator (with rolling twelve ending December 2015 as 1 and increasing by 1 each month) and fit these points with a logarithmic line of best fit. MVP chose a logarithmic curve because of its tendency to have a reduced slope over time. The curves were tested using R-squared analysis. After performing this analysis, MVP determined that the R-squared of the Inpatient data was not high enough to justify that utilization was increasing over time, but the Outpatient and Physician lines did justify the use of a trend.

MVP calculated the Outpatient and Physician utilization trends by comparing the output of the logarithmic curve at time period 13 (the experience period) to the output at time period 37 (the rating period). This trend was then annualized and appears in Exhibit 2A (1.0% annually for Outpatient and 0.4% annually for Physician). Please see the attached file, "Utilization Data VT 1Q 2Q 2018 SERFF.xlsx", for this utilization data and a detail of the calculations used to determine these trends.

The assumed unit cost trends reflect known and assumed price increases from MVP's provider network. The 2018 unit cost trends for VT hospitals reflect the budgets proposed by each hospital back to the Green Mountain Care Board. Please see Exhibit 2A for the unit cost trends by claim category by year. MVP has assumed that the 2019 annual trend applied to 2Q 2018 renewals is equal to the 2018 annual trend.

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

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

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

Rx Trend Factors

Annual Rx trend factors split by generic, brand and specialty drugs are illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy benefit manager (PBM) and reflect their best estimate of expected changes to pharmacy costs and drug utilization, given MVP's data as a starting point. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends for 1Q 2018 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 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 3Q 2017 MVP VT Small Group Grandfathered Filing

	2017 Trend		2018 Trend	
	Unit Cost	Unit Cost	Unit Cost	Utilization
Generic	-1.9%	2.5%	0.1%	3.2%
Brand	13.7%	-0.4%	13.8%	0.1%
Specialty	15.4%	6.7%	12.3%	7.3%

Rx Trends Used in 1Q 2018 MVP VT Small Group Grandfathered Filing

	2017 Trend		2018 Trend		2019 Trend	
	Unit Cost	Utilization	Unit Cost	Unit Cost	Unit Cost	Utilization
Generic	-4.1%	2.9%	1.3%	3.3%	1.3%	3.3%
Brand	13.9%	1.5%	13.8%	-1.0%	13.8%	-1.0%
Specialty	6.8%	6.7%	8.6%	7.3%	8.6%	7.3%

Please see the attached file, "Rolling 12 Medical and Rx Data – SG HDHP" which contains a rolling 12 month summary of total Rx claim costs as well as Rx data broken out by Generic, Brand, and Specialty.

Also included in this filing is an Rx paid trend development exhibit for 2Q 2018. Please see Exhibit 2d which is identical to Exhibit 2b except there is one additional quarter of 2019 Rx trend (assumed to be equal to the 2018 trend) reflected in the calculation.

Retention Expenses

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

The proposed premium rates reflect an administrative charge equal 8.4% of premium for this filing. This is unchanged from the previous SG AR42 filing. Please see the following table for a summary of MVP's administrative expenses from 2013 – 2016 for Small Group business in Vermont:

Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit

	Small Group - AR42 & AR44			
	Member Months	Premium PMPM	Admin PMPM	Expense Ratio
2013	178,794	\$394.67	\$46.56	11.8%
2014	87,545	\$410.60	\$38.11	9.3%
2015	53,993	\$416.49	\$34.04	8.2%
2016	60,883	\$431.29	\$38.07	8.8%

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

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

ACA Insurer Tax

Since 2014, carriers have been taxed based on earned premium. After a one year moratorium, the fee has been reinstated for 2018 and beyond. The tax is based on MVP's share of 2017 nationwide revenue relative to the total tax liability collected by the Federal Government. Using this information, MVP estimates the tax will be 2.0% of premium.

Paid Claim Taxes

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

Comparative Effectiveness Research Fee

This is a prescribed Federal fee equal to \$0.21 PMPM to fund the Federal Research Fund. This fee is increased by \$0.01 PMPM to reflect updated medical cost inflation information from the Internal Revenue Service.

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 2Q 2017 assessments from the State of Vermont for the Kids Vax program.

Contribution to Reserves/Risk Charge

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

Bad Debt Expense

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

Loss Ratio Information

The traditional target loss ratio (claims cost / premium) for the rates proposed in this rate filing is 84.8%. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal target loss ratio for the rates proposed in this filing is 89.7%. Please see the following table for more detail:

Target Loss Ratio for SG HDHP in 1Q 2018	
	Small Group AR42 HDHP
A) Claims Expense	\$401.89
B) Taxes/Assessments	\$21.54
C) Quality Improvement	\$3.98
D) Premium	\$473.89
E) Traditional Loss Ratio = A) / D)	84.8%
F) Federal Loss Ratio = [A) + C)] / [D) - B)]	89.7%

Please note that the traditional target loss ratio has decreased from 85.6% in the 3Q 2017 filing to 84.8% for this filing. This is due to an increase in the ACA Insurer Tax to reflect additional contract months in 2018.

Over the experience period, the actual loss ratio for this block of business is 89.3%. MVP did not rebate customers for its Small Group AR42 VT block in 2015 or 2016. After making adjustments for taxes/assessments and expenses associated with quality improvements, the three-year Federal loss ratio used to determine if this block is in a rebating situation for 2016 is 101.9%.

Supplemental Exhibits

Also included with this filing is a historical claim and membership summary for the past 36 months grouped into rolling 12 month periods. Incurred claims from January 2014 – December 2016 completed through May 2017 are reflected in the data.

Actuarial Certification

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



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

08/02/2017
Date



Consumer Disclosure about Proposed Health Insurance Rate Increases VT 2018 1Q/2Q SG Grandfathered Rate Filing

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

MVP must obtain approval from the Green Mountain Care Board for the health insurance premium rates charged. MVP files semi-annual premium rates for this block of business which are guaranteed for 12 months. This rate filing seeks approval of MVP's 2018 Small Group Grandfathered rates (effective dates of coverage beginning between January 1, 2018 and June 30, 2018).

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

The proposed rates reflect an average rate adjustment to prior rates of 4.1% for policies renewing in the first quarter of 2018 and 3.0% for policies renewing in the second quarter of 2018. There are 213 policyholders, 944 subscribers and 1,711 members impacted by this rate filing.

Certification of Compliance

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

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

Signature: 

Date: 08/07/17