

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Insurance Company First) GMCB-022-14rr
Quarter 2015 and Second Quarter 2015)
Large Group EPO/PPO New Policy Forms)
Rate Filing) SERFF No.: MVPH-129681821
)

DECISION & ORDER

Introduction

Vermont law requires that health insurers submit major medical rate filings to the Green Mountain Care Board which shall approve, modify, or disapprove the filing within 90 calendar days of its receipt. 8 V.S.A. § 4062(a)(2)(B). On review, the Board must determine whether the proposed rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(3).

Procedural History

On August 14, 2014, MVP Health Insurance Company (MVPHIC) submitted its First Quarter 2015 (1Q15) and Second Quarter 2015 (2Q15) Large Group EPO/PPO New Policy Forms Rate Filing to the Board via the System for Electronic Rate and Form Filing (SERFF). http://ratereview.vermont.gov/sites/dfr/files/GMCB_022_14rr_SERFF_10_16_14.pdf. The Office of the Health Care Advocate (HCA), representing the interests of Vermont consumers of health insurance, entered an appearance as a party to this rate filing.

On October 18, 2014, the Board posted to the web an actuarial memorandum provided by its contract actuaries, Lewis & Ellis (L&E), and the Vermont Department of Financial Regulation's (Department) analysis and opinion regarding the impact of the proposed filing on the insurer's solvency. See http://ratereview.vermont.gov/sites/dfr/files/GMCB_022_14rr_Actuarial_Memo.pdf (L&E Memo); http://ratereview.vermont.gov/sites/dfr/files/GMCB_022_14rr_Solvency_Analysis.pdf (DFR Solvency Analysis). The Board received no comments during the public comment period that ran from August 14 through October 27, 2014.

The parties have waived a hearing pursuant to GMCB Rule 2.000 and each has filed a memorandum in lieu of hearing.

Findings of Fact

Nature of the Filing

1. MVPHIC is a for-profit New York health insurer that provides PPO and EPO products to individuals and employers in the small and large group markets in New York and Vermont. MVPHIC is owned by MVP Health Care, Inc. (MVP), a New York corporation that transacts health insurance business in New York and Vermont through a variety of for-profit and non-profit subsidiaries.

2. This filing covers manual pure premium rate development for nine new EPO/PPO products that MVPHIC is introducing in 2015. The manual rates here are derived by applying benefit factors¹ relative to the carrier's 1Q15 and 2Q15 Large Group EPO/PPO Manual Rate, which the Board approved with modification on November 10, 2014. *See* Docket no. GMCB 021-14rr, *available at* http://ratereview.vermont.gov/sites/dfr/files/GMB_021_14rr_DecisionFinal.pdf (hereafter "Docket 021-14rr").

Summary of the Data and Analysis

3. MVPHIC utilized the updated benefit pricing tool proposed in Docket 021-14rr to derive benefit relativity factors for the proposed new plans. The updated benefit pricing model reflects calendar year 2012 allowed medical and Rx claims from its entire New York and Vermont commercial membership and includes adjustments for induced utilization based on plan richness.

4. Noting that MVPHIC used credible experience from its own block of business in creating the pricing model, L&E found the carrier's pricing methodology to be "reasonable and appropriate." L&E Memo at 3.

5. Further, because the rates proposed in this filing are derived from multiplying the benchmark rate found in Docket 021-14rr, L&E concluded that any modification ordered to the rate proposed in that docket would require a corresponding modification of rates in this filing. In Docket 021-14rr, we accepted L&E's recommendation to revise the prescription drug trend, see Docket 021-14rr at 3, and reduced the contribution to surplus from 2.0% to 1.0%.

6. The Department of Financial Regulation, noting that it is not the carrier's primary regulator, determined that its Vermont operations pose very little risk to MVPHIC's solvency, or to the solvency of MVP Holding Company. Solvency Analysis at 2.

¹ Benefit relativity factors are ratios that measure the richness of a plan's benefits relative to a base plan. Plans that have a richer set of benefits and cost sharing features (lower deductible, lower co-pays, etc.) will have a higher benefit relativity factor.

Standard of Review

1. The Board reviews rate filings to ensure that rates are affordable, promote quality care and access to health care, protect insurer solvency, and are not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(2); GMCB Rule 2.000, *Rate Review*, §§ 2.301(b), 2.401. In addition, the Board takes into consideration changes in health care delivery, changes in payment methods and amounts, and other issues at its discretion. 18 V.S.A. § 9375(b)(6).

2. As part of its review, the Board will consider the Department's analysis and opinion on the impact of the proposed rate on the insurer's solvency and reserves. 8 V.S.A. § 4062(a)(2), (3). In addition, the Board shall consider any public comments received on a rate filing. Rule 2.000, § 2.201.

3. The burden falls on the insurer proposing a rate change to justify the requested rate. *Id.* § 2.104(c)

Conclusions of Law

1. The filing at hand is directly related to MVPHIC's 1Q15 and 2Q15 Large Group EPO/PPO Manual Rate Filing (Docket no. GMCB-021-14rr), which determines the benchmark manual rate to be multiplied by the different benefit relativities proposed for the 9 new products being offered in this current filing. L&E has recommended that, to the extent that the manual rate for the base plan is modified, the proposed rates for the new plans will need to be modified. L&E Memo at 3.

2. On November 10, 2014 the Board ordered MVPHIC to modify its 1Q15 and 2Q15 Large Group EPO/PPO Manual Rate Filing, see http://ratereview.vermont.gov/sites/dfr/files/GMB_021_14rr_DecisionFinal.pdf page 4, to reflect the prescription drug trend that was approved in the MVP Health Plan Inc. 2015 Vermont Health Connect Rate Filing, docket no. GMCB-017-14rr available at http://ratereview.vermont.gov/sites/dfr/files/GMCB_017_14_rr_Decision.pdf. The Board also ordered MVPHIC to reduce its contribution to surplus from 2% to 1% as consistent with previous filings, see GMCB-020-14rr available at http://ratereview.vermont.gov/sites/dfr/files/GMCB_020_14rr_Decision.pdf

3. Because of the direct relationship between this filing and the 1Q15 and 2Q15 Large Group EPO/PPO Manual Rate Filing, we make the same two modifications with respect to this filing.

4. L&E believes that the application of proposed benefit relativity factors updated to the manual rate (as approved in GMCB-021-14rr) to reasonable and appropriate. L&E Memo at 3.

5. L&E reviewed the pricing methodology for the vision rider and safe harbor riders and consider it to be reasonable and appropriate. L&E Memo at 3.

Order

For the reasons discussed above, the Board modifies the benchmark manual rate to be consistent with the final rate as ordered in Docket no. GMCB-021-14rr, *available at* http://ratereview.vermont.gov/sites/dfr/files/GMB_021_14rr_DecisionFinal.pdf, and, with those modifications, approves the filing.

So ordered.

Dated: November 12, 2014 at Montpelier, Vermont

s/ Alfred Gobeille _____)
_____)
s/ Allan Ramsay _____)
_____)
s/ Betty Rambur _____)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Cornelius Hogan and Jessica Holmes did not participate in this Decision.

Filed: November 12, 2014

Attest: s/ Janet Richard _____
Green Mountain Care Board, Administrative Services Coordinator

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (E-mail address: Janet.Richard@state.vt.us).
Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.