

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc. 2022 )  
Small Group and Individual Group ) Docket Nos. GMCB-008-21rr  
Vermont Health Connect Rate Filings ) GMCB-007-21rr  
)  
SERFF No. MVPH-132824927 )  
SERFF No. MVPH-132824950 )

**PREFILED TESTIMONY OF MATTHEW LOMBARDO**

**1. WITNESS QUALIFICATIONS AND BACKGROUND**

1 **Q1: Please state your name and employer for the record.**

2 A1: Matthew Lombardo, I work for MVP Health Care.

3

4 **Q2: What is your position at MVP Health Care?**

5 A2: Senior Leader of actuarial services. *See Exhibit 11*, Matthew Lombardo's CV.

6

7 **Q3: The filing was authored by MVP Health Plan, Inc.? What is MVP Health Plan,**  
8 **Inc. and how does it relate to MVP Health Care?**

9 A3: MVP Health Plan, Inc. is MVP's Health Maintenance Organization ("HMO")  
10 subsidiary. It is a legal entity, a non-profit HMO company that falls under the umbrella  
11 company of MVP Health Care.

12

13 **Q4: Are you a member of any professional associations?**

14 A4: Yes. I am a fellow in the Society of Actuaries and a member of the American  
15 Academy of Actuaries.

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**Q5: How long have you been employed in the health insurance industry?**

A5: Approximately 16 years.

**Q6: What are your job duties as Senior Leader of actuarial services?**

A6: In addition to overseeing premium rate setting, I am also responsible for reserving our incurred but not reported amounts (“IBNR”), financial forecasting, financial competitive intelligence, and actuarial functions associated with value-based contracting or risk share arrangements with provider groups.

**2. RATE FILING SUMMARY**

**Q7: What is MVP’s average proposed rate increase for the Vermont Small Group 2022 exchange filing?**

A7: The average proposed rate increase for the Vermont Small Group 2022 market filing on the Vermont Exchange is 4.97%, rounded to 5%. (hereinafter “Small Group Exchange Filing”) See *Exhibit 2*, MVP Small Group VHC 2022 Rate Filing, pps. 4-5.

**Q8: What is MVP’s average proposed rate increase for the Vermont Individual 2022 exchange filing?**

A8: The average proposed rate increase for the Vermont Individual 2022 market filing on the Vermont Exchange is 17.03% rounded to 17%. (hereinafter “Individual Exchange Filing”) See *Exhibit 1*, MVP Individual Group VHC 2022 Rate Filing, pps. 4-5.

1           **Q9: Why did MVP file two separate filings this year for Small Groups and**  
2           **Individuals?**

3           A9: Historically, the State of Vermont has been a merged market, meaning small  
4           employer groups and individual data was combined to derive a single set of premiums that  
5           applied to both small group and individual insured. For 2022, the State of Vermont  
6           unmerged these two types of insureds. Consequently, MVP separated out the data for each,  
7           and has set two different sets of premium rates based on that separate data.

8  
9           **Q10: What is the book of business affected by the Small Group Exchange Filing?**

10          A10: The book of business affected by the Small Group Exchange Filing is 1,500  
11          policyholders, 13,033 subscribers and 21,858 members, based on February 2021  
12          membership. *See Ex. 2*, p. 10.

13  
14          **Q11: What is the book of business affected by the Individual Exchange Filing?**

15          A11: The book of business affected by the Individual Exchange Filing is 11,101  
16          policyholders, 11,101 subscribers and 15,371 members, based on February 2021  
17          membership. *See Ex. 1*, p. 10.

18  
19          **Q12: Can you explain the difference between subscribers, policyholders, and**  
20          **members?**

21          A12: Policyholders are contract holders, such as an employer. Subscribers are the  
22          contract holder for a parent-child or family contract. Members are individual insureds.

23

1           **Q13: Can you explain the CSR subsidy program?**

2           A13: The CSR subsidy program is a feature of the ACA designed to alleviate some of  
3           the pressure of cost sharing for policyholders in the individual market that meet certain  
4           income criteria. Cost sharing refers to deductibles, co-insurance or copays. Both the  
5           federal government and the State of Vermont funded the CSR program initially, but in  
6           2017 the federal government stopped funding the program.

7           MVP is an opt-in class member of the CSR reduction class action captioned  
8           *Common Ground Healthcare Coop. v. United States*, 142 Fed. Cl. 38 (2019). In that case,  
9           MVP seeks monetary damages for amounts due to MVP for the cost-sharing payments  
10          MVP did not receive from the federal government in 2017 and 2018. The United States  
11          Court of Appeals for the Federal Circuit issued a decision finding some amount of payment  
12          to Plans will be issued but that offset reductions for the 2018 amounts will be reduced to  
13          the extent Plans were able to increase premiums for their silver-loaded plans. On June 23,  
14          2021 the United States Supreme Court declined to hear an appeal filed by health insurance  
15          companies. The lower court will now consider evidence to prove or disprove silver-  
16          loading. MVP may receive 2017 and 2018 CSR payments this year but it all depends on  
17          the United States Treasury (and how long it will take each member of the class action to  
18          do calculations for the silver loading offset). For the subsequent years, the CSR amounts  
19          might end up being reduced for any year where a company engaged in silver loading.

20  
21          **Q14: Can you explain the difference between standard and non-standard plans?**

22          A14: Standard plans provide consumers with an apples-to-apples shopping experience  
23          between carriers. Non-standard plans give the carriers the ability to offer different

1 products, such as different cost sharing elements (deductibles or copays), or to offer  
2 additional benefits.

3  
4 **Q15: Do the 2022 MVP Small Group and Individual Non-Standard Plans offer an  
5 additional wellness benefit to members that is not offered in MVP's standard plans?**

6 A15: Yes, members purchasing a non-standard plan will receive MVP's Member Wellness  
7 Incentive. This is an enhancement to the current wellness benefit whereby primary  
8 subscribers can earn up to \$600 in wellness-related rewards and/or be reimbursed for  
9 wellness-related activities. Additionally, MVP is adding a \$500 reimbursement for  
10 acupuncture services to its non-standard plans in 2022, which is another benefit  
11 enhancement provided only in our non-standard plans.

12  
13 **Q16: What is MVP proposing for contribution to reserves in 2022 for the Individual  
14 Exchange and Small Group Exchange Filings?**

15 A16: MVP is building a 1.5% contribution to reserves/risk charge into the VT exchange  
16 premium rates for 2022.

17  
18 **Q17: And what did MVP propose last year?**

19 A17: 1.5%.

20  
21 **Q18: Why did MVP use 2019 data in calculating its proposed Small Group  
22 Exchange Filing and Individual Exchange Filing 2022 rates instead of 2020 data?**

1 A18: 2020 was a once in a lifetime, extraordinary year in health care due to the COVID-  
2 19 pandemic. For an actuarially sound premium rate, MVP used the best data available to  
3 project claim costs for 2022. Per ASOP #26:

4 “premium rates are actuarially sound if, for business in the state for which  
5 the certification is being prepared and for the period covered by the  
6 certification, projected premiums in the aggregate, including expected  
7 reinsurance cash flows, governmental risk adjustment cash flows, and  
8 investment income, are adequate to provide for all expected costs, including  
9 health benefits, health benefit settlement expenses, marketing and  
10 administrative expenses, and the cost of capital.”  
11

12 Here, pre-COVID data and claims experience better aligns with MVP’s expectations for  
13 2022, at which time the impact of the COVID pandemic on health care should have largely  
14 subsided. Consequently, MVP used 2019 data in determining the Small Group and  
15 Individual 2022 rates, with an additional year of trend. The reduction in claims due to the  
16 COVID-19 pandemic would cause premiums developed on 2020 data to not be actuarially  
17 sound unless there were assumptions made about how much COVID-19 impacted claim  
18 costs. Additionally, MVP is concerned that risk adjustment results could be skewed in  
19 2020 due to suppressed utilization and the impact of COVID-19 diagnoses on risk scores.  
20

21 **3. NON-ACTUARIAL STATUTORY CRITERIA (8 V.S.A. §4062):**  
22 **AFFORDABLE, PROMOTES QUALITY CARE, PROMOTES ACCESS TO**  
23 **HEALTH CARE.**  
24

25 **Q19: What steps has MVP taken to lower costs and establish that its proposed rates**  
26 **promote affordability, access to care and quality of care for Vermonters?**

27 A19: MVP has taken multiple steps, including but not limited to:

- 1           1.     MVP strives to put forth the lowest premium possible relative to the benefits  
2                     we are covering, which has resulted in growth in our market share in  
3                     Vermont.
- 4           2.     MVP promotes an affordable rate with a quality product.
- 5           3.     MVP promotes primary care. See Q & A 21-22.
- 6           4.     MVP employs a comprehensive staff of clinicians. See Q & A 23.
- 7           5.     MVP administers over 10 specific care management programs directly with  
8                     our members. See Q & A 24.
- 9           6.     MVP engages in a competitive bidding process. See Q & A 25.
- 10          7.     MVP contracts with a Pharmacy Benefit Manager (“PBM”), to get the best  
11                     prices on prescription pharmaceuticals. See Q & A 26.
- 12          8.     MVP has sought to increase member engagement and cost transparency via  
13                     its website. See Q & A 27.
- 14          9.     MVP supports the use of telemedicine. See Q & A 20.
- 15          10.    MVP maintains a nationwide network of providers. See Q & A 25.
- 16          11.    MVP offers both standard and non-standard plans, See Q & A 14-15.
- 17          12.    MVP has robust evidence-based guidelines such as MVP’s Medical Policies  
18                     and Utilization Management Program designed to decrease unwarranted  
19                     variations in care and support appropriate utilization. These medical  
20                     policies undergo continuous review and are vetted by community  
21                     physicians throughout our service area. Vermont physicians serve as  
22                     representatives on MVP’s Medical Management Committee, Pharmacy and

1 Therapeutics Committee, Credentialing Committee, and Quality  
2 Improvement Committee.

3 13. MVP supports and guides taxpayers who may be eligible for premium  
4 assistance, cost-sharing incentives or subsidies. See Q & A 28.

5 14. MVP reduces out-of-pocket costs for enrollees earning from 100% to 300%  
6 of the federal poverty level through cost sharing reductions. See Q & A 28.

7 15. MVP's New York and Vermont business is accredited by The National  
8 Committee for Quality Assurance (NCQA), which employs a large set of  
9 robust quality standards and requires reporting in more than 40 areas. MVP  
10 believes that it offers quality services and that the providers with which it  
11 has contracted are high performing.

12 16. MVP participates in a shared savings arrangement with OneCare for its  
13 Vermont Exchange business effective January 1, 2020 which is continuing  
14 through 2021.

15  
16 **Q20: How has telehealth affected access to healthcare?**

17 A20: MVP supports the use of telemedicine, which continues to climb steeply across all  
18 of MVP membership. Vermont members, using their phone, tablet or computer can have  
19 an online doctor's visit 24/7, and even be able to get a prescription. MVP provides  
20 welcome packets to help members understand benefits, to increase utilization and to help  
21 make members healthier. Information about telemedicine is part of a new member's  
22 welcome packet and is included periodically in our member newsletters to remind members  
23 of the availability of this benefit.



1           The continued use of telehealth provides access to healthcare to those less able to  
2 travel to their provider. MVP is currently paying providers the same rate for telehealth as  
3 for in person visits, thus incentivizing providers to continue making this service readily  
4 available to MVP members. Consequently, providers are able to see more patients and  
5 improve access to healthcare.

6           Prior to the pandemic, telehealth costs were approximately \$0.10 PMPM. In 2020,  
7 3Q and 4Q telehealth costs exceeded \$17 PMPM in MVP's exchange block of business  
8 because of increased telehealth visits. While the initial increase in telehealth visits in 2Q  
9 2020 and decrease of in-person visits led to an overall reduction in cost, MVP's 3Q/4Q  
10 2020 data indicates an overall net increase to cost as in-person visits are approaching pre-  
11 pandemic levels and telehealth visits have not subsided enough to offset the increase to in-  
12 person costs. Consequently, MVP accounted for an overall cost of \$1.89 PMPM for the  
13 increase in telehealth utilization.

14  
15       **Q21: How does MVP promote affordability, quality and access in primary care?**

16       A21: The following response was prepared with the help of our Clinical team. MVP  
17 incentivizes and supports Vermont providers to achieve quality for its members through  
18 the Marketplace Primary Care Improvement Program in which Vermont providers are  
19 eligible to receive a dollar amount based on their overall score for specific quality  
20 measures. Providers are eligible for the incentive if their performance exceeded the 50<sup>th</sup>  
21 percentile for a specific quality measure. The quality incentive amount increases if they  
22 achieve the 75<sup>th</sup> or 90<sup>th</sup> percentile. Providers must earn a minimum of \$1,000 to be eligible  
23 to receive payment. For measurement year 2020, MVP offered quality performance

1 incentives for the following measures: Cervical Cancer Screening, Colorectal Cancer  
2 Screening, Diabetic Eye Exam, and Diabetic Nephropathy. For this program, three  
3 Vermont providers received quality incentive payments totaling \$5,520. MVP's quality  
4 improvement initiative is designed to ensure that members are receiving the necessary  
5 preventive screenings and that they are monitoring their chronic conditions. MVP's quality  
6 improvement initiative reduces costs, reduces inpatient readmissions, reduces medical  
7 errors, and includes health and wellness initiatives.

8  
9 **Q22: How does MVP promote affordability by encouraging strong relationships**  
10 **with PCPs?**

11 A22: The following response was prepared with the help of our Clinical team. MVP is  
12 a strong believer that primary care should be central to a patient's medical experience  
13 because having a consistent relationship with a PCP can avoid future higher costs. Regular  
14 contact with a PCP helps establish a relationship where efficiencies are created because the  
15 PCP knows your medical history, and the PCP can delegate or refer care in the most  
16 efficient way possible. MVP aligns fees to increase access to primary care physicians in  
17 the community and makes efforts to incentivize members to seek care from primary care  
18 physicians.

19  
20 **Q23: How does MVP's hiring and use of clinician staff improve affordability,**  
21 **quality and access to care?**

22 A23: The following response was prepared with the help of our Clinical team. MVP  
23 offers medical and behavioral health care management programs to members tailored to

1 their needs. Drawing on the combined strengths of our registered nurses, social workers,  
2 respiratory therapists, behavioral health professionals, wellness teams, physicians,  
3 pharmacists and community providers, MVP provides a highly focused, integrated  
4 approach to management that promotes quality, cost-effective health care throughout the  
5 care continuum.

6  
7 **Q24: How do MVP's case management programs help create efficiencies that**  
8 **improve affordability, quality and access to care?**

9 A24: The following response was prepared with the help of our Clinical team. The goal  
10 of MVP's case management programs is to help members regain optimum health or  
11 improved functional capability, in the right setting and in a safe, cost-effective manner. It  
12 includes comprehensive assessment of the member's condition, determination of available  
13 benefits and resources, and development and implementation of a case management plan  
14 with self-management goals, monitoring, assessing for barriers and follow-up. The Case  
15 Manager will ensure that members have access to information to support the selection of  
16 providers and facilities that will move members into systems in which standards of care  
17 are utilized effectively and will provide cost-effective outcomes. Throughout the case  
18 management process, the Case Manager acts as a guide, helping members and families  
19 navigate the health care system. When necessary, the Case Manager will assist in  
20 performing discharge-planning activities, initiating appropriate referrals (including  
21 necessary standing referrals, specialists as PCP's and referrals to specialty care centers),  
22 and identifying alternate care options to facilitate appropriate delivery of care and services.  
23 All of these services are intended to help the member regain optimal health or improved

1 functional capacity in the right setting, and in a safe and cost-effective manner. Clinical  
2 goals include navigation of the health system, assuring medical compliance, improving and  
3 maintaining safety, quality of life, continuity and coordination of care. The Case Manager  
4 performs six essential case management activities throughout the health care event:  
5 assessment, planning, implementation, coordination, monitoring, and evaluation.

6 The Case Manager also works collaboratively with members, caregivers, providers,  
7 and others to support complicated medical and psychosocial needs and to create a case  
8 management plan. In developing the plan, the goals, preferences and desired level of  
9 involvement of the member and caregiver are taken into consideration to design a person-  
10 centered plan. The case management plan includes prioritized goals, resources, services  
11 and collaborative approaches to be utilized, plans to ensure continuity of care, development  
12 and communication of self-management plans as well as timeframes for reevaluation.  
13 Barriers to care are also identified and addressed in the case management plan. If no  
14 barriers exist, the assessment with no findings is documented. While actively working with  
15 members, the Case Manager optimizes opportunities to educate the member on preventive  
16 care screening in addition to closing identified gaps in care. The member's progress in  
17 meeting their individualized goals and overcoming barriers to care is continually assessed  
18 and documented and care plans are adjusted and communicated as needed.

19  
20 **Q25: What steps does MVP take to manage costs and contracts to improve**  
21 **affordability?**

22 A25: MVP engages in a competitive bidding process to obtain the best terms possible as  
23 a way of keeping administrative costs down when contracting out for a vendor or a service.

1 MVP negotiates rates that reflect appropriate reimbursement levels across all provider  
2 types in MVP's network. MVP keeps indirect costs down through contract negotiations  
3 with doctors, hospitals, and pharmacies.

4 MVP constantly reviews and regularly updates its information technology  
5 infrastructure to increase efficiency and reduce administrative expenses and overhead.  
6 Administrative cost includes credentialing and accreditations. MVP also maintains a  
7 nationwide network of providers contracted with CIGNA, reducing costs paid for services  
8 rendered outside of MVP's service area.

9 MVP has been undertaking a Lean Initiative to identify areas where it can replace  
10 manual intervention with a computer. For example, instead of someone in the claims  
11 processing area physically taking copies to fax them or print them, we are working towards  
12 automating those types of tasks to reduce admin costs in the future. We have also been  
13 reviewing any contracts we have and finding areas to improve them.

14  
15 **Q26: How does MVP managing prescription drug utilization improve affordability,**  
16 **access and quality of care?**

17 A26: MVP has contracted with the same highly regarded and competitive Pharmacy  
18 Benefit Manager ("PBM") for several years, to obtain the best prices on prescription  
19 pharmaceuticals. Cost containment estimates in the MVP filings are based on our PBM's  
20 proven track record. MVP's pharmacy team works with the PBM through negotiating unit  
21 cost reductions and/or increasing rebates from the manufacturer. MVP continuously  
22 analyzes its formulary to make sure the most cost efficient medications are on it.

1 MVP incentivizes members to use lower cost generic drugs where possible.  
2 Generic prescriptions account for 93.6% of all prescriptions to MVP members in 2019.  
3 We project that generic prescriptions will stay nearly the same at 93.4% of all prescriptions  
4 by 2022. *See Ex. I*, p. 12. MVP’s pharmacy benefit provides consumers with a high  
5 quality product. In recent years, there have been a number of high cost specialty drugs that  
6 have been approved by the FDA. While these drugs are costly, they are expected to provide  
7 better outcomes for members.

8  
9 **Q27: How does MVP use current technology to manage costs and improve**  
10 **affordability, access to care and quality of care?**

11 A27: The following answer was authored with support from our Marketing team. MVP  
12 has sought to increase member engagement and cost transparency via its website. MVP  
13 aims to increase member engagement on our website, which had approximately 1.3  
14 million users logging 3.8 million sessions in 2020. This reflects an 18% increase in  
15 overall users from 2019. Web sessions in 2020 remained flat from 2019. Additionally,  
16 MVP’s “Shop for a Plan” tool had approximately 134,000 visitors shopping for individual  
17 and family plans in 2020, an increase of approximately 8% from 2019. Of those visitors,  
18 approximately 64,000 used the subsidy calculator to check eligibility for financial  
19 assistance to help lower premium costs. MVP’s dedicated VT webpage,  
20 **[mvphealthcare.com/welcome/vermont](https://mvphealthcare.com/welcome/vermont)** had 7,578 visitors in 2020.

21 MVP also has various online cost transparency tools for our members to help steer  
22 members toward affordable and quality care. Our online cost calculator tool allows  
23 Vermont members to enter their location and the procedure or test to be performed and

1 the tool will estimate the cost of the procedure, MVP's contractual arrangement with  
2 providers in the location selected, and whether the member has satisfied their deductible  
3 and how much they will pay out of pocket. This also allows members to compare prices  
4 across different providers. In addition, our prescription drug search in partnership with  
5 CVS Caremark allows Vermont members to view the prices of prescription drugs at  
6 different pharmacies and compare their out-of-pocket costs.

7 MVP promotes an online cost calculator tool where members can enter their  
8 location in Vermont and the procedure or test to be performed and the tool will tell  
9 members the cost of the procedure, MVP's contractual arrangement with providers in the  
10 location selected, and whether the member has satisfied their deductible and how much  
11 they will pay out of pocket. This also allows members to compare prices between different  
12 providers.

13 MVP has an online tool where members can see the prices of prescription drugs at  
14 different pharmacies and compare their out of pocket costs, also in an effort to move  
15 members toward the most affordable and effective solutions possible. MVP has online  
16 tools to help members with a number of health and well-being activities, such as quitting  
17 smoking and eating healthier.

18  
19 **Q28: How does MVP increase affordability by helping lower the cost of premiums**  
20 **for subscribers?**

21 A28: MVP works with its members to help members take advantage of federal and state  
22 cost-sharing incentives or subsidies in the individual market to help members maximize  
23 their benefit and pick the right cost plan. MVP supports and guides taxpayers who may be

1 eligible for premium assistance through federal Advanced Premium Tax Credits in the  
2 individual market, which further increases affordability. Recently, MVP has contacted all  
3 of its directly enrolled individual subscribers to make them aware of changes to Advanced  
4 Premium Tax Credits under the American Rescue Plan Act (ARPA) that are available  
5 through Vermont Health Connect.

6 MVP reduces out-of-pocket costs for enrollees earning from 100% to 250% of the  
7 Federal Poverty Level through cost sharing reductions. Vermont cost-sharing assistance  
8 further reduces enrollees' deductibles and copayments. Vermonters at or below 300% of  
9 the Federal Poverty Level may be eligible for Vermont premium assistance that reduces  
10 their premium contribution by 1.5% below the amount available under the federal law. The  
11 Federal government has cancelled reimbursement of incurred claims under the CSR  
12 program effective October 2017. However, members are still eligible for the reduced cost  
13 sharing plans in the program, which will have to be covered by increasing premiums.

14 The State of Vermont's solution to this problem was to create two sets of Silver  
15 plans: one set for non-CSR members with premiums that do not reflect the CSR defunding  
16 and one set for CSR members that do reflect the CSR defunding in the premium. This was  
17 done so that the second-lowest cost Silver plan on the exchange would have an increased  
18 premium, which is the plan used to determine how much lower-income members will  
19 receive in premium subsidies through the federal Advance Premium Tax Credits (APTC)  
20 program. That way, premium increases for CSR defunding will be met with corresponding  
21 increases in APTC subsidies and the net policyholder premium increase will be minimized.

22



1 **Q29: Do MVP plans cover providers that are not under the Green Mountain Care**  
2 **Board’s jurisdiction to improve access to health care and quality of care?**

3 A29: Yes, MVP’s benefits and products offered in this filing cover a nationwide network  
4 of providers, facilities and pharmacies. MVP contracts directly with providers and  
5 facilities in upstate New York and with Dartmouth Hitchcock in New Hampshire. After  
6 that, we rely on a national carrier and use their network. If a Vermonter is vacationing far  
7 from home or their child is attending college out of state and they need medical care, they  
8 can access a provider facility with an in-network provider with no additional cost sharing  
9 above what is in their benefits if they saw a local provider.

10  
11 **4. IMPACT OF UNMERGING THE INDIVIDUAL**  
12 **AND SMALL GROUP MARKETS**  
13

14  
15 **Q30: How has the unmerging of the individual and small group markets affected**  
16 **MVP’s 2022 proposed rates for each filing?**

17 A30: Historically the State of Vermont has been a merged market, meaning small  
18 employer group and individual data was used to derive a single set of premiums that applied  
19 to both markets. In 2022, the market is being unmerged. This results in two set of premium  
20 rates derived from small group and individual data separately. The unmerging of markets  
21 allowed MVP to make rates more affordable for both the Individual and Small Group  
22 markets.

23 Pooling the markets leads to a lower rate increase for the small group market and a  
24 higher rate increase for the individual market because the small group market is healthier  
25 on average than the individual market. However, because of the availability of federal

1 American Rescue Plan Act (ARPA) subsidies for individual market enrollees, the increase  
2 for individuals caused by the unmerging of the markets is mitigated for the majority of  
3 members. ARPA expands who is eligible for subsidies so some individual policyholders  
4 will actually pay less in premium than previous years, even though the rates are increasing.

5 Prior to ARPA, premium subsidies were capped at 400% of the Federal Poverty  
6 Level. Under ARPA, premium subsidies are not capped by the Federal Poverty Level, and  
7 policyholders earning up to six figures will receive premium subsidies, in an exact amount  
8 to be determined after the rates are approved and set.

9  
10 **Q31: What concerns do you have about the unmerging of the individual and small**  
11 **group markets?**

12 A31: The vast majority of individual policyholders will be protected against experiencing  
13 the full rate increase because of the increased subsidies available under ARPA. However,  
14 at this time, these subsidies are available only through 2022. MVP is concerned that if the  
15 subsidy expansion is not approved on a permanent basis, individual market enrollees will  
16 face higher premium costs than they would otherwise incur absent the unmerging of the  
17 markets. Unless the Federal Government extends the increased premium subsidies under  
18 ARPA beyond 2022, Vermont will be in the position of either passing higher premium  
19 rates on to small group policyholders if the market is re-merged or passing on higher  
20 premium rates to individual policyholders that are benefiting from expanded premium  
21 subsidies under ARPA.

22  
23 **Q32: Why is a Contribution to Reserves necessary in 2021?**

1 A32: MVP is building a 1.5% contribution to reserves/risk charge into the Small Group  
2 Exchange and Individual Exchange premium rates for 2022. This charge is added to  
3 premium rates to meet statutory reserve requirements for MVP's Vermont block of  
4 business and protect against adverse experience relative to pricing assumptions.

5

6 **Q33: Why did MVP add the cost of COVID booster shots as part of its rate filings?**

7 A33: MVP anticipates COVID booster shots will be available by the end of 2021 and  
8 administered in 2022. It would not have been actuarially sound for MVP to cover the cost  
9 of booster shots without reflecting that cost in the proposed rates.

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**CERTIFICATE OF SERVICE**

I, Michelle T. Bennett, Esq., hereby certify that I have served a copy of *MVP Health Plan, Inc's Prefiled Testimony of Matt Lombardo* via e-mail only upon the following:

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