



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphealthcare.com

June 13, 2022

Ms. Traci Hughes, FSA, MAAA
Lewis & Ellis, Inc.
700 Central Expressway South, Suite 550
Allen, TX 75013

Re: 2023 Vermont Exchange Rate Filing - Individual
SERFF Tracking #: MVPH-133238186

Dear Ms. Hughes:

This letter is in response to your correspondence received 06/06/22 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Please provide the incurred and paid claims PMPM for COVID testing, COVID vaccinations, and COVID treatment costs, separately by incurral month from January 2020 through December 2021. Similarly, please provide the projected incurred and paid claims PMPM for COVID testing, COVID vaccinations, and COVID treatment costs for calendar year 2023.

Response: Please see the tables below for the experienced monthly claims associated with COVID visits, testing, vaccinations, and treatment costs and the projected costs for 2023. Note that the adjustment for waived telehealth cost share is not included here but is included on line 12 of exhibit 3.



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| COVID Incurred Claims PMPM Experience | | | | |
|---------------------------------------|---------|----------|-----------|--------|
| Incurred Month | Testing | Vaccines | Treatment | Visits |
| 202001 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 202002 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 202003 | \$1.24 | \$0.00 | \$12.14 | \$0.24 |
| 202004 | \$1.63 | \$0.00 | \$1.51 | \$0.51 |
| 202005 | \$1.74 | \$0.00 | \$0.22 | \$0.84 |
| 202006 | \$2.80 | \$0.00 | \$0.20 | \$0.90 |
| 202007 | \$4.07 | \$0.00 | \$0.02 | \$0.64 |
| 202008 | \$4.89 | \$0.00 | \$0.19 | \$1.08 |
| 202009 | \$4.28 | \$0.00 | \$0.02 | \$0.78 |
| 202010 | \$5.13 | \$0.00 | \$0.03 | \$1.36 |
| 202011 | \$7.21 | \$0.00 | \$0.18 | \$2.06 |
| 202012 | \$8.68 | \$0.09 | \$2.28 | \$1.91 |
| 202101 | \$7.86 | \$0.70 | \$5.15 | \$2.00 |
| 202102 | \$6.00 | \$0.76 | \$5.02 | \$1.34 |
| 202103 | \$5.80 | \$2.47 | \$9.00 | \$1.39 |
| 202104 | \$4.71 | \$8.45 | \$6.10 | \$1.18 |
| 202105 | \$2.14 | \$5.48 | \$2.46 | \$0.60 |
| 202106 | \$1.83 | \$1.71 | \$0.22 | \$0.65 |
| 202107 | \$2.38 | \$0.59 | \$2.77 | \$1.18 |
| 202108 | \$4.56 | \$0.81 | \$12.72 | \$1.76 |
| 202109 | \$5.59 | \$0.67 | \$5.86 | \$1.72 |
| 202110 | \$5.80 | \$1.81 | \$4.42 | \$1.68 |
| 202111 | \$7.86 | \$4.01 | \$13.44 | \$1.61 |
| 202112 | \$8.85 | \$4.37 | \$5.56 | \$2.21 |

| COVID Projection | | | | |
|---|---------|----------|-----------|---------|
| | Testing | Vaccines | Treatment | Visits |
| Experience Period Incurred PMPM | \$5.27 | \$2.65 | \$6.05 | \$1.44 |
| Adjustment due to Cost Share Changes | -\$0.69 | \$0.00 | -\$0.37 | -\$0.58 |
| Adjustment due to Utilization/Unit Cost Changes | -\$1.58 | \$3.66 | -\$1.81 | -\$0.43 |
| 2023 Projection | \$3.00 | \$6.31 | \$3.86 | \$0.43 |

2. Regarding the response to question #14 of the previous objection - We acknowledge the experience period COVID-19 vaccination costs of \$2.65 PMPM. Please provide the experience period utilization rate, number of vaccines per utilizing member, and unit cost per shot.

Response: The experience period utilization rate is 37.1%, the number of vaccines per utilizing member is 1.73, and the unit cost per shot is \$39.31. When these values are multiplied together and divided by the average member months per member, 9.56, they reconcile to the \$2.65 PMPM.



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3. Please provide a list of claims above 200K in each calendar year from 2018-2021. For each of these claims, please provide the primary diagnosis assigned to the claim.

Response: Please see the sheet “Question #3” in the attached Excel document for the list of high-cost claims and the primary diagnoses. Part of this response has been determined to be confidential and will be provided under separate cover. Note that this response does not fully represent high-cost claimants who may have multiple smaller claims and/or large pharmacy expense which can total more than 200k.

4. Please elaborate on the expected impact on morbidity due to the proposed rule to fix the “Family Glitch” released by the Biden administration on April 5, 2022. If an impact is expected, please provide quantitative and qualitative support for the calculation of the impact.

Response: MVP contemplated the impact of this proposed rule and does not feel a change in morbidity is warranted. MVP doesn’t have access to data that would suggest that the population that may enroll as a result of this is of materially different morbidity than the market as a whole.

5. Please elaborate on the expected impact on morbidity due to Medicaid redetermination as a result of the ending of the Public Health Emergency. If an impact is expected, please provide quantitative and qualitative support for the calculation of the impact.

Response: MVP does not have Medicaid business in the state of Vermont and is not aware of the morbidity of this population. Due to a lack of data, we believe it is reasonable to assume that the members entering the market have the same morbidity as the current market.

6. Please provide the average age factor for MVP’s individual market over the last five years (2018-2022).

Response: Please see the table below for the average HHS age factor for this market in each year. Note that 2022 membership data only includes through February.

| Age Factors for MVP's Individual Market | |
|---|--------------------|
| Year | Average Age Factor |
| 2018 | 1.705 |
| 2019 | 1.727 |
| 2020 | 1.750 |
| 2021 | 1.780 |
| 2022 | 1.792 |

7. Please provide a breakdown of the assumed general administrative load of \$51.46 by expense category. Please provide a similar breakdown for the individual market load as filed for 2022 of \$47.10, and the 2021 actual individual market administrative expenses PMPM of \$51.71.

Response: Please see the table below which provides a breakout of the administrative expense by major category. Note that 2022 is what MVP built into rates and does not necessarily reflect our best estimate of 2022 costs currently.



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| VT Individual Administrative Expense by Category | | | |
|---|------------------------|------------------------|-------------------------------|
| | 2023 Admin PMPM | 2022 Admin PMPM | 2021 Actual Admin PMPM |
| Personnel Expenses | \$29.01 | \$26.17 | \$30.30 |
| Software | \$4.39 | \$3.60 | \$4.10 |
| Consulting/Project Expenses | \$5.15 | \$4.90 | \$6.53 |
| All Other Administrative Expenses | \$12.91 | \$12.42 | \$10.78 |
| Total | \$51.46 | \$47.10 | \$51.71 |

8. Regarding the response to question #17 of the previous objection – the individual market administrative expenses materially increased in 2021 compared to prior years, please elaborate on the cause of this increase.

Response: This response was prepared by our Financial Planning and Analysis team. MVP Health Care has a mission of creating innovative solutions that greatly impact the lives of our members and the communities we serve. Stemming from that was a significant amount of activity (and expense) involved in a new partnership with The University of Vermont Health Network (UVM Health Network) to co-create a unique doctor-influenced plan to meet the specific health care needs of members in Vermont. This new partnership is aimed at offering products that will be collaboratively designed to support stronger relationships between members and physicians, while providing a more seamless patient experience that will make health insurance more convenient, more supportive, and more personal. The first of these plans became available to Vermont members beginning January 1, 2022.

MVP, like others in the economy is currently struggling with filling open positions due to a severe talent shortage and the ongoing impact of the Great Resignation. In the U.S., the Bureau of Labor Statistics (BLS) recently reported a 7.9% increase in the Consumer Price Index (CPI) before seasonal adjustment over the last 12 months. BLS also reported the U.S. national unemployment rate dropped in April to 3.6%, nearing pre-pandemic levels. All these factors together resulted in the average hourly earnings increasing by 5.5% over the past 12 months.

9. Please provide the company’s historical RBC ratio for a minimum of 3 years.

Response: Please see the table below.

| MVPHP RBC Ratio | |
|------------------------|---------------|
| Year | Actual |
| 2019 | 433.6% |
| 2020 | 429.4% |
| 2021 | 354.0% |

10. Please provide the historical actual to expected profit margin for a minimum of three years.

Response: See the table below for the historical actual to expected profit margin in the individual market. The actual margin was calculated on a run rate basis instead of a financial statement basis to best represent our premiums and claims in each period.



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| VT Individual Actual to Expected Profit Margin | | |
|--|--------|---------------------|
| Year | Actual | Expected (Approved) |
| 2019 | -1.0% | 1.5% |
| 2020 | 4.4% | 1.0% |
| 2021 | -11.1% | 0.5% |

If you have any questions or require any additional information, please contact me at cpontiff@mvphealthcare.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Pontiff".

Christopher Pontiff, ASA, MAAA
Director, Commercial Market Actuary
MVP Health Care, Inc.

| Claim | Year | Diagnosis Description | Claim Expense |
|-------|------|-----------------------|---------------|
| 1 | 2018 | | \$209,938.90 |
| 2 | 2019 | | \$399,119.37 |
| 3 | 2020 | | \$242,124.62 |
| 4 | 2020 | | \$225,043.36 |
| 5 | 2020 | | \$448,689.07 |
| 6 | 2020 | | \$257,681.74 |
| 7 | 2020 | | \$259,862.26 |
| 8 | 2020 | | \$863,701.35 |
| 9 | 2020 | | \$296,187.16 |
| 10 | 2020 | | \$233,575.75 |
| 11 | 2021 | | \$203,178.18 |
| 12 | 2021 | | \$238,879.70 |
| 13 | 2021 | | \$723,731.97 |
| 14 | 2021 | | \$301,620.74 |
| 15 | 2021 | | \$343,623.79 |
| 16 | 2021 | | \$215,508.22 |
| 17 | 2021 | | \$604,786.42 |
| 18 | 2021 | | \$331,418.38 |
| 19 | 2021 | | \$221,358.97 |
| 20 | 2021 | | \$276,124.19 |
| 21 | 2021 | | \$258,809.71 |
| 22 | 2021 | | \$232,165.83 |
| 23 | 2021 | | \$286,629.14 |