

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Care 2022 )  
Small Group and Individual Group ) DOCKET NOS. GMCB-008-21rr  
Vermont Health Connect Rate Filing ) GMCB-007-21rr  
)  
SERFF Nos. MVPH-132824927 )  
MVPH-132824950 )

**MVP'S JULY 12, 2021 SUPPLEMENTAL PREFILED**  
**TESTIMONY OF MATT LOMBARDO**

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*, Matt Lombardo's CV.

6

7 **Q3: Please refer to page 20 of Exhibit 17, Lewis & Ellis's July 6, 2021 Merged**  
8 **Actuarial Memorandum, and the seven recommendation bullets on that page, and**  
9 **indicate whether MVP agrees or disagrees with the recommendations?**

10 A3: As to Bullet #1, MVP will comment on any updated hospital budget information at  
11 the July 19th hearing.

12 As to Bullet #6 (Update to Bronze CDHP Cost Sharing), MVP agrees with L&E's  
13 recommendation, and will discuss at the July 19th hearing.

14 As to Bullets #2-5, and 7, MVP disagrees with L&E's recommendations, and will  
15 discuss this disagreement at the July 19th hearing.

16

1 **Q4: In light of MVP’s acceptance of L&E’s recommendations for Bullet #6**  
2 **(Update to Bronze CDHP Cost Sharing), what is the average rate increase MVP now**  
3 **requests for its Individual and Small Group Filings?**

4 A4: MVP agrees with L&E that this agreed upon change referenced in Bullet #6 is  
5 small, and immaterial to overall rates. Consequently, MVP rate increase request of 17.03%  
6 overall average premium rate change for the 2022 Individual Group, and 4.97% rate  
7 increase for its 2022 Small Group filing remain unchanged.

8  
9 **Q5: Please explain concerns MVP has regarding the pharmacy trend adjustment**  
10 **recommended by L&E in its July 6, 2021 Actuarial Memorandum?**

11 A5: The pharmacy trend adjustment recommended by L&E based on the URRT does  
12 not impact rates in the same way as if they were calculated based on MVP’s rate filing.  
13 *Exhibit 17, July 6, 2021 Lewis & Ellis’s Merged Actuarial Memorandum, pages 8-9.*

14 First, let me explain MVP’s approach. The MVP rate filing applies *three* years of  
15 trend to 2019 data, with the 2020/2019 trend being the highest. The URRT is populated  
16 with 2020 claim data which is then trended for *two* years to 2022. MVP populated the  
17 URRT with uniform pharmacy trends which represent the three year average trend for  
18 2020-2022 even though the URRT is only trending data for 2021 and 2022. MVP took this  
19 approach because the rate filing does not show separate pharmacy trends for each year, and  
20 the trends shown in the URRT reconcile back to Exhibit 2b of the rate filing.

21 In contrast, the calculation used by L&E to quantify the premium impact of  
22 reducing pharmacy trend down to 9.8% includes the 2020/2019 trend. L&E should have  
23 excluded the 2020/2019 trend from its calculation so that it was applying “two apples to

1 two apples". Had the URRT excluded 2020 pharmacy trend, the average pharmacy trend  
2 in the Individual URRT would have been 11.7%. If MVP's pharmacy trend were reduced  
3 from 11.7% to 9.8%, the rate impact of L&E's proposal would be a reduction of  
4 approximately 0.5%, not the 1.3% quoted in L&E's actuarial opinion. The average  
5 pharmacy trend in the Small Group URRT would have been 12.1% excluding 2020  
6 pharmacy trend. If MVP's pharmacy trend were reduced from 12.1% to 9.8%, the rate  
7 impact of L&E's proposal would be a reduction of approximately 0.7%, not the 1.3%  
8 quoted in L&E's actuarial opinion. We respectfully disagree with L&E's decision to use  
9 the URRT as a rate setting tool this year.

10 I will discuss this pharmacy trend adjustment issue further at the July 19th hearing.

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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 Supplemental Prefiled Testimony of Matt Lombardo* via e-mail only upon the following:

Michael Barber, Esq.  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602  
[Michael.Barber@vermont.gov](mailto:Michael.Barber@vermont.gov)

Laura Beliveau, Esq.  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602  
[Laura.Beliveau@vermont.gov](mailto:Laura.Beliveau@vermont.gov)

Kaili Kuiper, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
[HCARateReview@vtlegalaid.org](mailto:HCARateReview@vtlegalaid.org)

Eric Schultheis, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
[HCARateReview@vtlegalaid.org](mailto:HCARateReview@vtlegalaid.org)

Jay Angoff, Esq.  
Mehri & Skalet, PLLC  
1250 Connecticut Avenue  
Washington, D.C. 20036  
[HCARateReview@vtlegalaid.org](mailto:HCARateReview@vtlegalaid.org)

Dated at Burlington, Vermont, this 12<sup>th</sup> day of July, 2021.

PRIMMER PIPER EGGLESTON & CRAMER PC

By: /s/ Michelle T. Bennett

Michelle T. Bennett, Esq.  
Gary F. Karnedy, Esq.  
Ryan M. Long, Esq.  
30 Main Street, Suite 500  
P.O. Box 1489  
Burlington, VT 05402-1489  
(802) 864-0880  
[rlong@primmer.com](mailto:rlong@primmer.com)  
[gkarnedy@primmer.com](mailto:gkarnedy@primmer.com)  
[mbennett@primmer.com](mailto:mbennett@primmer.com)

*Attorneys for MVP Health Plan, Inc.*