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October 1, 2021

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

Re: 2022 Large Group HMO Rate Filing
SERFF Tracking #: MVPH-132932250

Dear Ms. Hughes:

This letter is in response to your correspondence received 09/29/21 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Please provide quantitative support for the expected impact of the approved Vermont hospital budget submissions. (Posted here: <https://gmcbboard.vermont.gov/sites/gmcb/files/documents/B22%20Approved%20Budget%20Submissions%20with%20NPR%20and%20wghtd%20ave%20rate%20graphs.pdf>)

Response: The average annual rate increase for the first quarter is 7.64% under the approved hospital budgets on the GMCB website. This is lower than the 8.18% average rate increase that MVP previously proposed. Please see the "Facility Trends" and "Physician Trends" tabs in the attached Excel workbook for a quantitative derivation of these calculations. On the sheet "Question 1 Total", the top two tables are the 2022 and 2023 annual medical trend provided in MVP's rate filing (with the adjustments made in Objection #2), and the bottom two tables are the 2022 and 2023 annual medical trend under the approved budget increases.

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
Leader, Actuarial
MVP Health Care

MVP VT LG Medical Trend Before and After Hospital Budget Approval

2022 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	25.7%	6.3%	1.0%	7.4%
OP	42.6%	6.0%	1.0%	7.0%
PHY	31.7%	4.7%	1.0%	5.7%
Medical Total		5.6%	1.0%	6.7%

2023 Annual Trend

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	25.9%	6.3%	1.0%	7.4%
OP	42.7%	6.0%	1.0%	7.0%
PHY	31.4%	4.7%	1.0%	5.7%
Medical Total		5.7%	1.0%	6.7%

2022 Annual Trend With Approved Budget Increases

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	25.7%	5.7%	1.0%	6.8%
OP	42.6%	5.3%	1.0%	6.3%
PHY	31.7%	4.4%	1.0%	5.5%
Medical Total		5.1%	1.0%	6.2%

2023 Annual Trend With Approved Budget Increases

	% of Allowed Claims	Unit Cost	Utilization	Total
IP	25.8%	5.7%	1.0%	6.8%
OP	42.6%	5.3%	1.0%	6.3%
PHY	31.5%	4.4%	1.0%	5.5%
Medical Total		5.1%	1.0%	6.2%

Derivation of Inpatient Trends for VT LG HMO, 2020-2022, by Provider

Facility Name	Inpatient %	2020 IP Contract	2020 Trended IP %	2021 IP Contract	2021 Trended IP %	2022 IP Contract	Notes
TOTAL, GMCB HOSPITALS	63.6%	4.3%	63.2%	6.4%	63.3%	5.3%	
TOTAL, ALL HOSPITALS	100.0%	5.1%	100.0%	6.2%	100.0%	5.7%	

Derivation of Outpatient Trends for VT LG HMO, 2020-2022, by Provider

Facility Name	Outpatient %	2020 OP Contract	2020 Trended OP %	2021 OP Contract	2021 Trended OP %	2022 OP Contract	Notes
TOTAL, GMCB HOSPITALS	75.5%	4.3%	75.4%	6.4%	75.6%	5.1%	
TOTAL, ALL HOSPITALS	100.0%	4.6%	100.0%	6.1%	100.0%	5.3%	

TOTAL NET OP TREND	4.41%
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Derivation of Physician Trends for VT LG HMO, 2020-2022, by Provider

Facility Name	Physician %	2020 PHY Contract	2020 Trended PHY %	2021 PHY Contract	2021 Trended PHY %	2022 PHY Contract
TOTAL	100.0%	0.6%	100.0%	2.4%	100.0%	3.2%

Derivation of Physican Unit Cost Trend (including MH/SA) for VT LG HMO, 2020

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6) Total Physician Unit Cost Trend, 2020 0.9%

Derivation of Physican Unit Cost Trend (including MH/SA and PT) for VT LG HMO, 2021

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9) Total Physician Unit Cost Trend, 2021 2.4%

Derivation of Physican Unit Cost Trend (including MH/SA and PT) for VT LG HMO, 2022

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9) Total Physician Unit Cost Trend, 2022 4.4%