

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: MVP Health Plan, Inc. 2022)
Vermont Large Group HMO Rate Filing) DOCKET NO. GMCB-009-21rr
)
SERFF No. MVPH-132932250)
)

MVP HEALTH PLAN, INC.’S MEMORANDUM IN LIEU OF HEARING

MVP Health Plan, Inc. (“MVP”) by and through Primmer Piper Eggleston & Cramer PC, submits this Memorandum requesting that the Green Mountain Care Board (“GMCB”) or (“Board”) approve the rates as requested by MVP and as modified by two of the three recommendations of the Board’s actuary, Lewis and Ellis (“L&E”). MVP and the Health Care Advocate (“HCA”) have agreed to waive the hearing before the GMCB in this proceeding.

MVP initially proposed a quarterly manual rate increase of 1.3% in the first quarter of 2022, and 2.1% for quarters two through four, which translates to an annual increase of 8.5%. MVP accepts L&E’s first recommendation of an additional downward adjustment of 0.3% to reflect a calculation error in the presentation of MVP’s proposed rate increase. It is worth noting that this recommendation is optical and does not result in a reduction to the proposed rates. MVP also accepts L&E’s second recommendation, a reduction of 0.6% to revise the trends to reflect the final orders on FY2022 hospital budgets. The adjustments for L&E’s first recommendation does not impact the rate. The reduction for L&E’s second recommendation reduces the proposed annual increase to 7.6%. MVP disagrees with L&E’s third recommendation to reduce its COVID-19 booster adjustment. MVP’s COVID-19 booster adjustments are reasonable and actuarially sound.

As of May 2021, there were approximately 2,100 members enrolled in Large Group plans in Vermont. Of these members 1,677 have a 1st quarter renewal, 0 have a 2nd quarter renewal, 301 have a 3rd quarter renewal, and 116 have a 4th quarter renewal. The vast majority of these members (approximately 80%) enroll in the first quarter of any given year.

1. L&E Recommendations.

L&E recommends in its October 5, 2021 Actuarial Memorandum that the Board approve the rates with three modifications:

- 1) Adjust the presentation of the filing to correct a 0.3% calculation error;
- 2) Decrease the rate 0.6% to reflect the Board’s final orders regarding FY2022 hospital budgets; and,
- 3) Reduce the rates an additional 0.2% based on the assumption that COVID-19 booster costs will be less than the cost of the initial 2-dose vaccine.

MVP concurs with the first recommendation, which did not actually change the rate. MVP also concurs with the second recommendation, bringing its average requested rate to 7.6%. MVP disagrees with the third L&E recommendation regarding adjustments for COVID-19 boosters.

2. L&E Agreement with MVP.

L&E found the vast majority of MVP's rate filing and conclusions to be reasonable and appropriate:

Rate development methodology: L&E found MVP's assumptions to be reasonable and appropriate. L&E noted that an error was found in the presentation of our proposed rate increase, resulting in L&E's recommendation of a 0.3% reduction to the rate. However, this recommendation has no impact on the average annual rate itself. For example, if a plan design had a proposed manual rate of \$400 PMPM, the proposed rate would still be \$400 PMPM after reflecting this change as this is purely an adjustment to the stated rate change and does not actually impact the proposed rates themselves. The error occurred in the aggregation of all the manual rates. The manual rates are priced independently of the calculation that aggregates them. Each manual rate was priced correctly, but the aggregation into a single proposed increase left out a few riders with decreasing premium. This caused the single overall proposed increase to appear higher than the breakdown of the actual particular manual rate increases proposed for those applicable insureds.

Age and gender factor changes: L&E found that that since the filing utilizes the same experience period as the prior year, there is no impact on rates for age/gender normalization. L&E found the normalization methodology to be reasonable and appropriate.

Medical trend: L&E found MVP's use of a 1.0% utilization trend, based on the results from the L&E analysis and review of the 2020 QHP filing, to be reasonable and appropriate, and consistent with utilization trend used in the 2021 & 2022 QHP filings.

Unit cost trend: L&E recommended that MVP modify the filing to reflect the fact that the unit cost increases in the approved hospital budgets are lower than anticipated at the time of MVP's initial LG HMO filing. MVP has accepted this recommendation and lowered its rate request an additional 0.6%.

However, in this year's exchange filings, (GMCB Docket #007-21rr and 008-21rr), the Board cut MVP's proposed rate based on historical data regarding the Board reductions to proposed hospital budgets in previous years. The Board's required reduction in this year's exchange filings was ultimately higher than the actual modifications the Board made in its final decisions on hospital budgets. As a result, MVP's trends associated with these hospitals was ultimately deficient by 0.23%. To ensure an actuarially sound rate filing for 2023, MVP will need to "catch-up", and account for this 2022 deficiency, by increasing the proposed rates accordingly. MVP will continue to advocate for a more conservative

forecasting of proposed hospital budget cuts, to prevent “kicking the cost can down the road” to rate payers in subsequent years.

Rx trend: L&E found MVP’s use of Vermont specific credible data from its Pharmacy Benefit Manager (“PBM”) vendor, its methodology, and MVP’s proposed Rx trend to be reasonable and appropriate.

Administrative expenses: L&E found MVP’s assumed general administrative load of 8.2% of premium was consistent with the average of the last two years, and was therefore reasonable and appropriate.

Contribution to Reserves: Based on the evidence, the Board should approve MVP’s proposed 2% Contribution to Reserves (“CTR”). L&E agrees that MVP’s 2% CTR is reasonable and appropriate. L&E also cautions the Board against making any reductions to the CTR without consideration of the Vermont Department of Financial Regulation (“DFR”) solvency analysis. Since DFR’s October 1, 2021 Solvency Opinion finding that the proposed rate is not inadequate considered only the 2% CTR, there is no evidence that the rate would be adequate if the Board reduced the CTR. Reducing MVP’s already low proposed CTR without actuarial justification or evidence is not sustainable, jeopardizes the adequacy of the proposed rates, and would amount to reversible error. The “. . . adequacy of rates and contribution to surplus are necessary for all health insurers to maintain strength of capital that keeps pace with claims trends.” *October 1, 2021 DFR Solvency Opinion*. Finally, each rate filing should be self-supporting and a lower CTR in 2022 at the expense of a higher CTR in 2023 is not actuarially sound.

3. L&E Considers Only One Cost Factor In Disagreeing With MVP COVID-19 Boosters Assumptions.

L&E considers only one cost factor as the basis for its disagreement with MVP’s inclusion of an impact for COVID-19 booster shots. It agrees that boosters will likely be offered to all Americans before end of 2021, but disagrees with the allowed cost for COVID-19 boosters. L&E recommends cutting MVP’s assumed cost of \$1.45 PMPM to \$0.70 PMPM because it concludes that only one dose of the booster is anticipated, compared with two doses of the initial vaccine.

However, there are several other factors that L&E failed to consider, which justify MVP’s COVID-19-related increase. First, there is no evidence to suggest that the federal government will continue to pay for booster ingredient costs or will do so in perpetuity. To date, the cost of COVID-19 vaccines for MVP is \$1.39 PMPM and accounts only for administration costs of the booster, not ingredient costs. *MVP’s Response to L&E Objection Letter No. 2* (September 7, 2021).

Second, L&E does not account for the fact that mass vaccination site data is not included in the data it reviewed. Many Vermonters elected to obtain vaccinations at mass vaccination sites, including a large proportion of MVP’s membership, but precise data from these sites is not available which results in a suppressed picture of vaccine utilization. For example, the data available would suggest that only 18.6% of members were fully vaccinated. The data L&E

reviewed is at odds with Vermont's well-known high vaccination rate. As most of Vermont's mass vaccination sites closed over the summer in 2021, and Vermonters increasingly receive their vaccination and boosters at the pharmacy down the block with little to no wait time, those costs will flow to MVP. MVP's resulting increase in costs is more accurately expressed, if not potentially understated, in the proposed \$1.45 PMPM.

Third, use of boosters may be expanded in 2022. L&E acknowledges that, as of the date of L&E's Actuarial Memorandum, "the CDC recommends an additional dose of the COVID-19 vaccine for moderately to severely immunocompromised adults." However the CDC's interim guidance should not be understated and provides for millions of Americans to receive a booster.¹ CDC's Director, Dr. Rochelle Walensky, described the CDC's interim guidance as an initial step related to booster shots.²

Finally, in this year's exchange filings, the Board completely eliminated MVP's \$1.27 PMPM charge for COVID-19 boosters, finding that despite evidence on the record that costs for COVID-19 boosters were too uncertain to include any adjustment in the 2022 exchange rates. The Board's assumptions now appear to be incorrect. MVP's adjustment for boosters was eliminated in its exchange filings, but boosters have since been authorized and MVP will incur costs in the exchange not adjusted for in the rate as modified by the Board. If MVP's adjustment for boosters in this filing is cut in half, and boosters are ultimately required beyond 2022, then, as with the hospital budgets in the exchange filings, MVP will need to compensate in future rate filings in order to maintain an adequate rate.

4. MVP is Lowering Costs, Promoting Quality Care and Access, and Affordability in this Rate Filing.

The Board shall modify or disapprove a rate request only if it is unjust, unfair, inequitable, misleading or contrary to law, or . . . fails to meet the standards of affordability, promoting quality of care and promotion of access. 8 V.S.A. §§ 5104(a) and 4062(a)(2)-(3).

MVP has taken a number of actions in this filing to keep rates as low as possible: 1) agreeing to accept L&E's recommendation to incorporate the actual hospital budget orders from the Board which will lower the rate; and 2) working over the past several years to manage its administrative expenses, and in this filing the projected administrative expenses of 8.2% of premium is consistent with the projected administrative expenses approved by the Board last year.

The Board may take judicial notice of the facts detailed in MVP's 2022 QHP Rate Filings and at the July 19, 2021 Rate Review Hearing (GMCB Docket #007-21rr and 008-21rr), showing that MVP has taken the following significant steps to contain costs and address affordability, access, and quality of care:

MVP's broad suite of initiatives and programs include, among other things, access to a nationwide network of providers, promotion of primary care, member guidance towards high

¹ *CDC Statement on ACIP Booster Recommendations*, available at: <https://www.cdc.gov/media/releases/2021/p0924-booster-recommendations-.html> (September 24, 2021).

² *Id.*

quality and lower cost options as well as available subsidies, and telehealth and telemedicine support. *Testimony of Matthew Lombardo, GMCB Docket #007-21rr and 008-21rr, pp. 85-6.* Particular steps include:

1. MVP strives to put forth the lowest premium possible relative to the benefits we are covering, which has resulted in growth in our market share in Vermont.
2. MVP promotes an affordable rate with a quality product.
3. MVP promotes primary care.
4. MVP employs a comprehensive staff of clinicians.
5. MVP administers over 10 specific care management programs directly with our members.
6. MVP engages in a competitive bidding process.
7. MVP contracts with a Pharmacy Benefit Manager (“PBM”), to get the best prices on prescription pharmaceuticals.
8. MVP has sought to increase member engagement and cost transparency via its website.
9. MVP supports the use of telemedicine.
10. MVP maintains a nationwide network of providers.
11. MVP offers both standard and non-standard plans.
12. MVP has robust evidence-based guidelines such as MVP’s Medical Policies and Utilization Management Program designed to decrease unwarranted variations in care and support appropriate utilization. These medical policies undergo continuous review and are vetted by community physicians throughout our service area. Vermont physicians serve as representatives on MVP’s Medical Management Committee, Pharmacy and Therapeutics Committee, Credentialing Committee, and Quality Improvement Committee.
13. MVP supports and guides taxpayers who may be eligible for premium assistance, cost-sharing incentives or subsidies.
14. MVP reduces out-of-pocket costs for enrollees earning from 100% to 300% of the federal poverty level through cost sharing reductions.
15. MVP’s New York and Vermont business is accredited by The National Committee for Quality Assurance (NCQA), which employs a large set of robust quality standards and requires reporting in more than 40 areas. MVP believes that

it offers quality services and that the providers with which it has contracted are high performing.

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

Matthew Lombardo's Pre-filed Testimony, GMCB Docket #007-21rr and 008-21rr, Hr'g Ex. 16, pp. 7-17.

5. Conclusion

MVP requests that the Board approve a quarterly manual rate increase of 0.8% in the first quarter of 2022, and 2.0% for quarters two through four, which translates to a total average rate increase of 7.6%. MVP accepts L&E's first recommendation of an additional downward adjustment of 0.3% to reflect a calculation error in the presentation of MVP's proposed rate increase, which does not result in a reduction to the proposed rates. MVP also accepts L&E's second recommendation, a reduction of 0.6% to revise the trends to reflect the final orders on FY2022 hospital budgets, which reduces the proposed annual increase to 7.6%. MVP disagrees with L&E's third recommendation to reduce its COVID-19 booster adjustment. MVP requests that the Board accept MVP's reasonable assumptions on COVID-19 boosters, reflected in the adjusted 7.6% rate increase.

Dated: October 15, 2020

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