MVP HEALTH CARE
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September 7, 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 08/31/21 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Regarding the response to question #5 of the previous objection – The 2022 trends provided in the response do not appear to match the submitted charge requests from Appendix 2 of the budget submissions. We believe the response should be updated as follows. Please reconcile.

Response: MVP has updated the medical trends to agree with Appendix 2 of the budget submissions. For the hospitals listed, MVP was reflecting the overall charge request for IP, OP, and PHY since that was the only information available online at the time of rate derivation. MVP agrees the trends listed in the question are more accurate. Please see the attached Excel document for updated tables in response to question #5 of the previous objection. These changes have no impact on our proposed rate change due to the changes having a combined impact of <0.1% on the quarterly rate change and our rate filing is rounded at that level.

2. Regarding the response to question #8 of the previous objection – what are the drivers of the large pharmacy trend observed in 2020? Are these drivers expected to continue in the future? If so, why?

Response: The main driver of the large pharmacy trend in 2020 was specialty drugs. Of the $38.74 PMPM increase in RX allowed dollars from 2019 to 2020, $30.01 was due to specialty drugs. [redacted] The increase in utilization is not necessarily more members utilizing the drugs, but each member receiving a higher day's supply of the drug over the course of the year. This is a result of the member either being diagnosed with the condition and starting to receive treatment at some point in 2019 or the member newly enrolling with MVP during 2019, both scenarios result in MVP not incurring the full amount in 2019 and when the member was active for all of 2020 it led the exceptionally high trend.

The conditions above generally require continued RX use, so MVP does not expect to reduce spending for these drugs in the coming years. MVP expects the utilization of these drugs to stay at a level similar to 2020 and not continue to increase at the rate seen from 2019 to 2020, since we expect these members to continue to receive the maintenance medications, but not necessarily add new members with these conditions. MVPs adjustment for these assumptions are further explained in the responses to questions 3 and 4.

3. Exhibit 2a indicates an assumed 2020/2019 trend of 22.9%, how was this assumption adjusted and chosen given the actual observed 2020/2019 trend of 53.9%?

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Response: This assumption was derived from our PBM provided trends. Since the PBM provides trends for MVP's whole VT block of business, large group trends can vary from the total. MVP's Vermont large group population is too small to be credible on its own and therefore needs to be included with the small and individual population for trending purposes. The value of 22.9% was used to assume a regression to the mean from 2019 to 2022. This is discussed further in the response to question 4.

4. The actual 2020/2019 Rx trend was an outlier compared to the prior three years of Rx trend. The Rx trend assumptions for 2021-2023 are more than double the average observed Rx trend from 2017-2019. Based on the correspondence to date, there is not enough justification and support for the projected trend that is higher than the levels that have been observed historically. Please provide justification for the Rx assumption and why it is expected that the trends will not return to normal levels. Please note that reliance on the PBM is not sufficient, especially given the historical over-estimation that has been presented.

Response: As described in the responses to questions 2 and 3, MVP is reflecting a regression to the mean in RX trends from 2019-2022 due to the drivers of the trend from 2019-2020. MVP does not expect the 2021 or 2022 RX allowed amounts to be lower than 2020 since the drivers of the high claims cost in 2020 are mostly maintenance medications, but also does not expect the exceptionally high trends to continue. While MVP's annual allowed trend from 2019-2022 is 15.3%, the implied trend from 2020-2022 is 1.5% annually. In MVP's response to question 19 of objection 1, it can be seen that the actual 2020 RX allowed PMPM was $110.67, while cell I41 on tab "Exh 2b. Rx Trend" of the rate filing shows the 2022 projected RX trend of $114.00, which is a 1.5% annual trend from 2020. MVP believes that the RX projection for 2022 of $114.00 is appropriate given emerging data.

5. Regarding the response to question #13 of the previous objection – Please provide a similar table to the 2020 flu vaccine table provided but for the actual 2020 COVID vaccine. Please only include the utilization and cost information that was borne by MVP, outside of the VT Vaccine Pilot.

Response: Please see the table below that shows MVP's VT large group COVID-19 vaccine costs from December 2020 through May 2021. Please note that costs below represent only the administration cost of the vaccine as the drug cost was paid by the federal government. MVP does not assume that the federal government will continue to pay for the drug cost for COVID-19 booster shots.

MVP VT Large Group Dec 2020 - May 2021 COVID-19 Vaccine Utilization				
Member Months	Vaccines	Claim Expense	PMPM Cost	Per Vaccine Cost
12,302	764	$17,051	$1.39	$22.32

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

Sincerely,

Christopher Pontiff, ASA
Leader, Actuarial
MVP Health Care

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
[redacted]							
TOTAL, GMCB HOSPITALS	63.6%	**4.3%**	63.2%	**6.4%**	63.3%	**6.2%**	
TOTAL, ALL HOSPITALS	100.0%	**5.1%**	100.0%	**6.2%**	100.0%	**6.3%**	

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 IP %	2022 IP Contract	Notes
[redacted]							
TOTAL, GMCB HOSPITALS	75.5%	**4.3%**	75.4%	**6.4%**	75.6%	**6.1%**	
TOTAL, ALL HOSPITALS	100.0%	**4.6%**	100.0%	**6.1%**	100.0%	**6.0%**	

[redacted]	
TOTAL NET OP TREND	4.41%

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
[redacted]						
TOTAL	100.0%	**0.6%**	100.0%	**2.4%**	100.0%	**3.5%**

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

[redacted]

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

[redacted]

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

[redacted]

9) Total Physician Unit Cost Trend, 2022 4.7%