



625 State Street, PO Box 2207
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mvphhealthcare.com

June 30, 2021

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

Re: 2022 Vermont Exchange Rate Filing – Small Group
SERFF Tracking #: MVPH-132824927

Dear Ms. Hughes:

This letter is in response to your correspondence received 06/28/21 regarding the above-mentioned rate filing. The responses to your questions are provided below.

1. Please explain why the propose 2022 rates for Small Group differ for Silver HDHP On-Exchange versus Off-Exchange, shown in "Rate Increase Exhibit 2021-2022 SMALL_SERFF_V2.xlsx. Since Small Group does not have CSR, it would be expected that these rates would be the equal. Please reconcile.

Response: MVP is offering the same plan designs for Small Group and Individual for 2022. The on-exchange and off-exchange silver plans were required to have slightly different benefits to allow for silver loading. If the two plans were identical, the premium rates would have to be identical and therefore silver loading could not take place. MVP's internal benefit relativity model rounds actuarial values to 4 decimal places, and the slight difference in benefits for the silver plans doesn't have an impact on the actuarial value at this level for 2 out of the 4 silver plans. As a result, Silver 1 and Silver 3 have the same premium on and off exchange while silver 2 and silver 4 do not.

2. Regarding the response to question #6 of the previous objection – a 2021 admin PMPM of \$33.98 was provided for small group and \$42.19 was provided for individual. We note that the combined weighted average of these two PMPM figures does not match the filed 2021 administrative PMPM of \$43.75. What are the new admin PMPM figures based upon? What is meant by the provided table's label, "Available" Admin PMPM?

Response: This response was provided by MVP's Financial Planning team. To give context to the 2 numbers it is important to understand the timing of their development. More specifically, filed admin rates are estimated well in advance of MVP's administrative budget planning cycle.

Filed admin rates are developed at a very high level and submitted in May of the year preceding the filed rate. On the other hand, MVP's internal administrative expense budgeting and planning cycle work does not begin until August and finishes in February. A draft admin budget is initially approved by the Board in December, but the final admin budget is approved in February of the year in question.

Because rate filing happens so early, there is a lot of volatility in terms of the projects / activities that are anticipated to occur in the subsequent year. Good examples of this for the last few years have been the Abortion Billing federal requirement (later rescinded), Vermont billing (deferred from 01/21 to 01/22), the UVM agreement and the impact that COVID 19 has had.

Note: "Available" in the provided table is mis labelled and should refer to "Budgeted" (Available admin is our terminology for filed admin rates).



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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", written in a cursive style.

Christopher Pontiff, ASA
Leader, Actuarial
MVP Health Care