



American Cancer Society ☞ Children's Defense Fund/New York ☞ Community Service Society of New York ☞  
Make The Road New York ☞ Metro New York Health Care for All Campaign  
New Yorkers for Accessible Health Coverage ☞ New York Immigration Coalition  
Public Policy and Education Fund of New York/Citizen Action of New York ☞ Raising Women's Voices ☞  
Schuyler Center for Analysis and Advocacy

August 8, 2012

Benjamin M. Lawsky  
Superintendent of Financial Services  
One State Street  
New York, NY 10004

Mr. Charles Lovejoy  
Health Bureau  
New York State Insurance Department  
25 Beaver Street  
New York, NY 10004

**Re: Requested Rate Changes – MVP Health Plan, Inc.  
MVP Health Insurance Company**

Dear Superintendent Lawsky and Mr. Lovejoy,

Health Care for All New York ("HCFANY") respectfully seeks to file its objection to the proposed rate increases of up to 19.9% posted for Q1 2013 – Q4 2013 for the following insurance products:

- MVP Health Plan, Inc. (Healthy New York, Individual Direct Pay, and Large Group HMO);
- MVP Health Insurance Company (Small Group EPO and PPO);

(together "MVP") currently pending before the New York State Department of Financial Services.<sup>1</sup>

HCFANY is a coalition of more than 130 consumer and small business health advocacy organizations dedicated to achieving affordable, comprehensive, and high-quality health care for all New York residents. HCFANY joins the objections of MVP plan members who have filed

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<sup>1</sup> These rate increase applications correspond respectively to applications submitted on August 8, 2012, SERFF file numbers: MVPH-128445628, MVPH-128445627, MVPH-128445624, and MVPH-128445615 (hereafter "Rate Applications").



comments on the proposed increases to the Department’s website. Their personal stories amply document the human toll any increase would take.

Before turning to our concerns about these specific rate applications, HCFANY first would like to commend the Department on its effort to restore the process to approve health insurance rate increases prior to their adoption for New York’s individual, small group, and community-rated large group markets. HCFANY believes that a robust prior approval process is a vital protection against staggering health insurance rate increases—which routinely outpace inflation and wage growth in New York—endured by the sole proprietors, small businesses and their employees, whose interests we represent. We are particularly gratified by the Department’s most recent efforts to increase transparency and public disclosure in the rate filing process. As evidenced by our comments below, the posting of actuarial memoranda and other carrier materials affords New Yorkers an enhanced understanding of the basis for the proposed rate increase in question and improves our capacity to provide meaningful commentary on them.

#### *HCFANY’s Objection to MVP’s Proposed Rate Increase*

HCFANY objects to MVP’s Rate Applications based upon its review of information available from the National Association of Insurance Commissioners (“NAIC”) and the additional actuarial memoranda and supporting documentation posted on the Department’s website.

As described in greater detail below, there are two grounds for HCFANY’s objection. First, HCFANY urges the Department to reject MVP’s proposed rate increases because they do not appear to be warranted based on the historically experienced medical trends. Second, we urge the Department to carefully scrutinize MVP’s request to expand the number of geographic rate regions.

#### *Medical Trend Assumptions*

HCFANY urges the Department to reject MVP’s proposed rate increases because they appear to be unsupported by the medical trend data submitted with its Rate Applications.

MVP’s assumed medical trend ranges from 6.70% to 8.30%. However, instead of presenting clear historical data and outlining the method of calculation used to achieve these figures, the Rate Applications simply aver that the factor is comprised of unit cost, utilization, and trend leveraging.<sup>2</sup> Further, according to the historical data contained in the MVP Rate Applications, the medical trend for most of the reviewed products has *decreased* in recent years.<sup>3</sup> This is consistent with multiple

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<sup>2</sup> Rate Applications, supra note 1 (Actuarial Memorandum).

<sup>3</sup> “Per Member Per Month Claim Trend Data”. [Enclosed.] Taken from Rate Applications, supra note 1. (Exhibit 7: Historical Data by Each Policy Form Included in Rate Adjustment Filing.)



studies that have shown diminishing medical trends to be the case throughout the country. PriceWaterhouse Coopers LLP recently issued its annual Behind the Numbers report—based on interviews with insurance carriers—estimating a medical trend no more than 7.5% for 2013. The report concludes that since 2009 “[h]ealthcare spending growth in the United States has slowed considerably.”<sup>4</sup> Further, in its own estimation the Behind the Numbers report has consistently been a conservative predictor of medical trend. In 2010, 2011, and 2012 the predicted rate was actually greater than their current estimations.<sup>5</sup> Data analysis performed by Sibson Consulting and Milliman agrees with the Behind the Numbers report. Sibson found and projected declines in medical trend rates from 2010 to 2012.<sup>6</sup> The 2012 medical index from Milliman shows a cost increase of 6.9% between 2011 and 2012, the second straight year that the rate of increase has gone down.<sup>7</sup>

A close examination of the Rate Applications shows that MVP’s own trend data follows this national trend. Though MVP’s assumed trends for 2012 and 2013 of 6.70-8.30% are not disproportionate to the trends predicted by Price Waterhouse Coopers and Milliman, they represent an *increase* in trend, which conflicts with these studies predictions and also with MVP’s own recent trend experience. In addition to the illustrated decrease in rate of cost growth, the products analyzed show a medical trend in the most recent experience year significantly below MVP’s 6.70% to 8.30% trend projection.

HCFANY analyzed the percent change between years 2009/2010 and 2010/2011 in per member/per month adjusted incurred claims throughout the MVP Rate Applications. As described below, for three of the four products reviewed, the trend was a decrease in the percent change.<sup>8</sup> The product that experienced a positive trend in recent years did so only after experiencing a trend of -5.18% in 2010, and realized a still very small trend of 2.58% the following year.<sup>9</sup> Our review of the trend data in the following products indicates that the proposed rate increases require close scrutiny by the Department.

#### Healthy New York, MVPH-128445628

The Rate Application indicates that this product experienced an 11.26% medical trend in 2010, but only a 4.76% medical trend in 2011. Despite this apparent decrease in growth rate of medical trend and absent any other justification (such as a change in benefits), MVP seeks a rate increase of 10.33%. Instead of being consistent with this downward trend, MVP’s assumed trends of 8.3% for 2012 and 6.70% for 2013 exceed the experienced trend in 2011 of 4.76%. The requested

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<sup>4</sup> PwC Health Research Institute, “Medical Cost Trend: Behind the Numbers 2013,” 2013 at 2.

<sup>5</sup> *Id.* at 5.

<sup>6</sup> Sibson Consulting, “2012 Segal Health Plan Cost Trend Survey.” 2011.

<sup>7</sup> Milliman, “2012 Milliman Medical Index,” May 2012.

<sup>8</sup> The MVP Small Group EPO/PPO experienced a positive trend growth.

<sup>9</sup> MVP Small Group EPO/PPO.



rate increase of 10.33% exceeds the assumed trend further still, and represents more than double the medical trend for the most recent experience period.

<b>MVPH-128445628 - Healthy New York</b>						
Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase: 10.33%		
1/1/2011	12/31/2011	\$399.80	4.76%	<u>Assumed Trend Data</u>		
1/1/2010	12/31/2010	\$381.64	11.26%	8.30%	2012	
1/1/2009	12/31/2009	\$343.03		6.70%	2013	

Individual Direct Pay, MVPH-128445627

This product experienced an 8.71% medical trend in 2010 and only a 4.56% medical trend in 2011. Again, this indicates a decrease in growth rate. However, MVP seeks a rate increase of 9.30%, which exceeds both the trend from the last two years and the trend assumed for 2012 and 2013. The requested increase is approximately double the trend from the most recent experience period.

<b>MVPH-128445627 - Individual Direct Pay</b>						
Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase: 9.30%		
1/1/2011	12/31/2011	\$1,095.25	4.56%	<u>Assumed Trend Data</u>		
1/1/2010	12/31/2010	\$1,047.45	8.71%	8.30%	2012	
1/1/2009	12/31/2009	\$963.49		7.00%	2013	

Large Group HMO, MVPH-128445624

The experienced medical trend for this product was 9.92% in 2010, and only 1.88% in 2011. Despite this decrease in growth rate, and the very low medical trend for the most recent experience period, MVP still requested a 7.40% rate increase.

<b>MVPH-128445624 - Large Group HMO</b>						
Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase: 7.40%		
1/1/2011	12/31/2011	\$376.87	1.88%	<u>Assumed Trend Data</u>		
1/1/2010	12/31/2010	\$369.90	9.92%	7.90%	2012	
1/1/2009	12/31/2009	\$336.52		6.70%	2013	

Small Group EPO and PPO



This product experiences a negative trend in 2010 and a very small medical trend of 2.58% in 2011. Despite this, MVP has requested a rate increase of 11.34%. This appears to be significantly out of proportion with the experienced trends, and well exceeds the assumed 2013 trend.

<b>MVPH-128445615 - Small Group EPO and PPO</b>					
Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase: 11.34%	
1/1/2011	12/31/2011	\$306.10	2.58%	<u>Assumed Trend Data</u>	
1/1/2010	12/31/2010	\$298.39	-5.18%	8.20%	2012
1/1/2009	12/31/2009	\$314.68		7.40%	2013

Accordingly, HCFANY urges the Department to closely scrutinize the reported MVP medical trend data which appears to not support the proposed rate increases of up to 19.9% in its Rate Applications.

#### *Rating Region Changes*

In addition to requested rate increases, “MVP is also requesting an expansion in the number of geographic rate regions.”<sup>10</sup> As the Department is well aware, Community Rating is an essential protection for the New York State health insurance consumer. The prohibition of tailoring rates based on characteristics like age, gender, and health status prevents those individuals who most need coverage from being driven out of the health insurance market by discriminatory premium rates. We encourage the department, therefore, to be wary of expanding the number of geographic rate regions. As we understand it, the more geographic rate regions a health insurance company creates, the smaller risk pools become, and the potential to base premium rates on characteristics of populations as prohibited by Community Rating increases.

MVP states that an expansion in the number of geographic rate regions “is expected to be revenue neutral for MVP,” but that it will result in “higher rate increases” for certain of the new regions.<sup>11</sup> We ask that the Department ensure that these “higher rate increases” are not tailored to prohibited factors disguised as geographic allocation.

MVP states that they charge “different premium rates by rating regions to reflect differences in the physician and facility reimbursement rates across [their] service area.”<sup>12</sup> Absent convincing

<sup>10</sup> MVP Health Insurance Company Exhibit #3, Narrative Summary *and* MVP Health Plan Exhibit #3, Narrative Summary

<sup>11</sup> Id.

<sup>12</sup> Id.



demonstration of significant reimbursement rate variance by the geography of the affected areas, HCFANY encourages the Department to reject MVP's request to split existing geographic regions into smaller parcels.

*Conclusion*

HCFANY's review of the voluminous submission of MVP in support of its Rate Applications for its products does not reveal adequate evidence supporting the proposed rate increases of up to 19.9%. HCFANY urges the Department to closely review the relationship of MVP's submissions relating to projected trend. Further, we encourage the Department to examine MVP's request for expansion in the number of rating regions with a critical eye. Absent any additional information in support of their proposals, HCFANY urges the Department to reject MVP's proposed rate increases and expansion of the number of rating regions.

Very truly yours,

Elisabeth R. Benjamin, MSPH, JD  
Health Care For All New York

cc: Troy Oechsner  
John Powell

Attachment: "Per Member Per Month Claim Trend Data"

**Per Member Per Month (PM/PM) Claim Trend Data**

MVPH-128445628 - Healthy New York					MVPH-128445624 - Small Group HMO					MVPH-128445615 - Small Group EPO and PPO							
Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase:	10.33%	Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase:	8.00%	Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase:	11.34%
1/1/2011 12/31/2011		\$399.80	4.76%	Assumed Trend Data		1/1/2011 12/31/2011		\$389.05	11.42%	Assumed Trend Data		1/1/2011 12/31/2011		\$306.10	2.58%	Assumed Trend Data	
1/1/2010 12/31/2010		\$381.64	11.26%	8.30%	2012	1/1/2010 12/31/2010		\$349.17	0.36%	7.60%	2012	1/1/2010 12/31/2010		\$298.39	-5.18%	8.20%	2012
1/1/2009 12/31/2009		\$343.03		6.70%	2013	1/1/2009 12/31/2009		\$347.92		6.90%	2013	1/1/2009 12/31/2009		\$314.68		7.40%	2013
MVPH-128445627 - Individual Direct Pay					MVPH-128445624 - Large Group HMO												
Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase:	9.30%	Experience Period		Adj. Incurred Claims PM/PM	Trend (Percent Change)	Requested Increase:	7.40%						
1/1/2011 12/31/2011		\$1,095.25	4.56%	Assumed Trend Data		1/1/2011 12/31/2011		\$376.87	1.88%	Assumed Trend Data							
1/1/2010 12/31/2010		\$1,047.45	8.71%	8.30%	2012	1/1/2010 12/31/2010		\$369.90	9.92%	7.90%	2012						
1/1/2009 12/31/2009		\$963.49		7.00%	2013	1/1/2009 12/31/2009		\$336.52		6.70%	2013						