



## Exhibit 3: Narrative Summary

Company Name:	<u>MVP Health Plan, Inc.</u>
NAIC Code:	<u>95521</u>
SERFF Tracking #:	<u>MVPH-131095759</u>
Market Segment:	<u>Large Group</u>

MVP Health Care offers a full range of HMO products to large employer groups and will continue to do so in 2018 through MVP Health Plan, Inc. MVP has filed a request to change the current premium rates it charges for these products for policy effective dates between January 1, 2018 and December 31, 2018 with the New York State Department of Financial Services.

Generally, once a year MVP Health Care files for a change to the current premium rates on file for their products based on a review of the adequacy of the rate level. Premiums need to be sufficient to cover all medical and pharmacy claims submitted from the covered members, as well as cover the cost of operations and New York state statutory reserve requirements. We are requesting rate increases due to various factors, including: rising prices for medical services and prescription drugs, rising usage of medical services and prescription drugs, advances in medical technology, increases in taxes charged to MVP and a generally aging insured population.

Claim costs are difficult to predict with certainty due to the changing composition of the insured population and the uncertainty of how the utilization of health care services will change from year to year. As a result, these estimates change over time as more information becomes available. When MVP Health Care updated its best estimate projection of the 2017 premium rates using current information, it was determined that claim costs have increased at a slower rate than anticipated. As a result, the proposed rate increase is being mitigated by 1.2% to reflect this updated claim information.

To project the expected claim expense for 2018 policy effective dates, MVP starts with calendar year 2016 historical claim data and makes assumptions regarding the anticipated rise in the unit cost and use of medical and prescription pharmacy services. The expected increase in the unit cost of services is generally known and based on MVP's contract negotiations with the hospitals and providers in our network. MVP expects an average annual increase in the unit cost of medical services to equal 4.4%. For the anticipated increase in the use and intensity of services, MVP expects an average annual increase of 2.0%. MVP expects the average unit cost of prescription drugs to increase by 5.1% annually, and the average utilization of prescription drugs to increase by 2.9% annually from 2016 to 2018.

MVP has reviewed the relative cost of the benefits being offered and determined that an adjustment is required to account for pharmacy cost increases outpacing medical cost increases as well as the impact of fixed cost sharing on MVP's claim liability. MVP is also modifying its regional premium relativities to more appropriately align the cost of delivering health care across its service area with

the premiums being charged. Because of these modifications, the proposed premium changes for 2018 will vary based on a group's benefit design and location. On average, the annual proposed premium rate change for each of MVP's rate regions is summarized below for 1Q 2018:

<b>Region</b>	<b>Average Annual Premium Change</b>
Central I	7.4%
Central II	8.1%
Central III	9.8%
East I	6.8%
East II	7.6%
Mid-Hudson East	8.9%
Mid-Hudson West	9.1%
New York Metro	6.1%
North Country	7.0%
Rochester	6.8%

There are 138 groups and 30,080 members impacted by this rate adjustment filing.