

Green Mountain Care Board
89 Main Street
Montpelier, VT 05620

[phone] 802-828-2177
www.gmcboard.vermont.gov

Alfred Gobeille, Chair
Cornelius Hogan
Jessica Holmes, PhD
Betty Rambur, PhD, RN
Allan Ramsay, MD
Susan Barrett, JD, Executive Director

DELIVERED VIA E-MAIL

July 28, 2016

Paul Schultz
Blue Cross Blue Shield of Vermont
445 Industrial Lane
Berlin, VT

Ruth Greene
Blue Cross Blue Shield of Vermont
445 Industrial Lane
Berlin, VT

Re: Follow-up questions from exchange rate hearing, GMCB-008-16rr

Dear Mr. Schultz and Ms. Greene,

Pursuant to GMCB Rule 2.000, Sec. 2.307(f), the Green Mountain Care Board requests further written information regarding the 2017 exchange rate filing submitted by Blue Cross Blue Shield of Vermont (BCBSVT).

1. Please state the proposed percentage increase in total provider payments, the proposed percentage increase in total payments for providers under the Board's hospital budget review process, and the proposed percentage increase in total payments for providers not under the Board's hospital budget review process. Hearing Transcript (Trans.), p. 48, lines 17-25.
2. BCBSVT's proposed utilization trend was based on a regression analysis of an 18-month experience period. The regression analysis resulted in an age- and benefit-adjusted utilization trend of 1.7%. BCBSVT further adjusted that figure to 1.0%, stating that the company believed 2015 data was producing an artificially inflated utilization trend. Exhibit 1, p. 24. Please explain fully the actuarial methodology behind the further adjustment, including why BCBSVT arrived at 1.0% and not another figure.
3. BCBSVT's proposed pharmacy utilization trend was based on a regression analysis of an 18-month experience period, resulting in an age- and benefit-adjusted utilization trend of 1.4%. BCBSVT then further adjusted this figure to 0.5%. Exhibit 1, p. 26. Is this adjustment a pharmacy-allocated share of the larger utilization trend adjustment identified in Question 4, or is there a separate actuarial justification for



the pharmacy trend adjustment? Please identify and explain any pharmacy-specific actuarial assumptions underlying this adjustment.

4. Please state the expenses BCBSVT is projecting, both in dollars per member per month and as a percentage of total administrative costs, for administering prior authorization requirements. Please also state the benefits, including claim-cost savings PMPM, that BCBSVT attributes to its prior authorization requirements. Trans. pp. 59-64.

Sincerely,



Noel Hudson, Esq.
Hearing Officer

