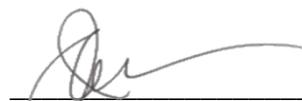


Unless GMCB's consulting actuary explicitly opines that this filing will produce rates that are inadequate or excessive, DFR's opinion is that these rates as filed likely will have the impact of sustaining the current level of solvency, which DFR has determined to be appropriate and necessary. Further, if rates are consistently reduced to the low end of a range of reasonableness, the likelihood of insufficient rates is increased. Therefore, DFR is also of the opinion that downward adjustments to rate components should not be made unless GMCB's consulting actuary explicitly opines that the filed rates, without any modification, are excessive.

In its memorandum, the HCA, once again, dismisses the need for an adequate CTR. HCA Memo, page 4. CTR must be adequate to *avoid* a specific threat to solvency. If BCBSVT were able "to demonstrate there is a specific threat to solvency in the period represented by the filing," it would take more than a 2 % CTR to address the issue. If the threat is known, we would price for it. It is the unknown that puts us at risk. Examples just this year of events that cannot be calculated and priced for in advance are DVHA's Medicaid requalification program and unanticipated market shifts. While the Medicaid requalification is not being directed at large groups, it has an impact on RBC because some of the people being disenrolled from Medicaid will enroll in their employer's plans—additional membership requires additional capital. As another example, *one* of our self-funded groups has recently elected to return to fully insured. This one event, unforeseen at the time of the filing, had an impact of 3 basis points of RBC, thereby requiring additional CTR to return to the current level of RBC. Finally, it also bears repeating that a stable CTR promotes affordability over time by avoiding rate shock that an "all at once" increase in CTR to make up for prior inadequacy would cause.

Blue Cross and Blue Shield of Vermont (BCBSVT) requests the Green Mountain Care Board (GMCB) approve its 3Q2016 large group rating program filing as filed.

Dated at Berlin, Vermont, this 10th day of May, 2016.



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Memorandum in Lieu of Hearing has been duly served upon Judith Henkin, General Counsel to the Green Mountain Care Board, and Lila Richardson and Kaili Kuiper, Office of Vermont Health Advocate, by electronic mail, return receipt requested, this 10th day of May, 2016.



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