

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: Blue Cross and Blue Shield of Vermont)
2019 Vermont Individual and Small Group Rate Filing) GMCB-009-18-rr
)

HCA ACTUARIAL QUESTIONS FOR BCBSVT

The Office of the Health Care Advocate (HCA) submits the following actuarial questions on the above captioned filing:

1. BCBSVT states, in its Actuarial Memorandum, that it is passing 100 percent of federal income tax savings to consumers. Please provide additional detail, specifically:
 - a. The total amount of alternative minimum tax (AMT) credits accumulated by BCBSVT since 1987;
 - b. The amount of federal income tax BCBSVT has paid in each of the most recent ten years.
2. Please provide support for BCBSVT's membership assumptions, to the extent it exists, as to:
 - a. Projected membership by plan as detailed in Exhibit 2A;
 - b. Projected new membership by coverage category as detailed in Exhibit 2B.
3. Please set forth BCBSVT's assumption as to the impact of population changes on rates before considering risk adjustment receivables, and to the extent it exists, provide support for that assumption.
4. Please provide support, to the extent it exists, for BCBSVT's assumed 0.5 percent increase due to the ongoing aging of the single risk pool.
5. Please set forth BCBSVT's assumptions as to the effect of benefit changes made by the Department of Vermont Health Access (DVHA) for standard plans and by BCBSVT for non-standard plans before considering benefit leveraging and, to the extent it exists, provide support for those assumptions.
6. Please provide BCBSVT's best estimate of the net effect, whether savings or losses, resulting from BCBSVT's shared-risk/shared-savings ACO program with OneCare, and, to the extent it exists, provide support for that estimate.
7. For each of the last four years, 2014-2017, please provide the number and percentage of BCBSVT individual members, who do not receive a premium subsidy,
 - a. Who used their insurance for other than preventive services and who in the prior year either did not use their insurance or used it only for preventive services.

- b. Who did not use their insurance or used it only for preventive services and who did not share a couples, single adult and child(ren), or family plan with at least one individual who used services other than preventative in that same plan year.
8. Please provide support, to the extent it exists, for the assumption that members new to the single risk pool in 2018 would have claims levels similar to members enrolled in the same line of business in 2017.
9. Please provide support, to the extent it exists, for the proposition that professional mental health services and colonoscopy screenings, as discussed on pages 21 and 22 of the rate filing, will not reduce costs in the short run.
10. Please describe any unforeseen adverse events that have impacted BCBSVT's ability to pay claims over the last ten years, and the amount by which any such event caused BCBSVT's surplus to decline.
11. Please provide a recast of the of 2016 experience exhibit (like the 2017 experience exhibit on pg. 18 SERFF) which demonstrates IBNR applied in 2016 was reasonable – please include the assumed IBNR at the time of the filing and the actual run out since that exhibit.
12. Please outline how the 2018 Rx contracting initiative compared to assumptions in the past year's rate filing. What are BCBSVT's intended uses for any extra surplus generated in 2018?
13. Please elaborate on the financial risks involved with “silver loading” including:
 - a. Please provide a table with membership, premium, claims, risk transfer estimate, administrative costs, and anticipated profitability by product scenario;
 - b. The percentage of Vermonters eligible for cost sharing reductions that BCBSVT assumes will purchase silver exchange plans from BCBSVT? What is the potential for member adverse selection? Please identify the financial best case and worst-case membership subsidized product mix scenarios for BCBSVT;
 - c. Given the complexity, how will BCBSVT's customers be guided to select what is within their best interest? Are there any conflicts of interest where BCBSVT benefits from members making less than optimal choices?
14. Please provide evidence that it is not necessary to normalize utilization trend by risk score.
15. Please explain the financial management program for BCBSVT's assets backing BCBSVT's surplus and reserves. Some areas to include in the response are:
 - a. BCBSVT's asset allocation strategy and how BCBSVT arrived at that strategy;
 - b. How much BCBSVT pays for the financial management services and to what service provider those payments are made;
 - c. Actual and expected investment returns for each of the past 5 years;

- d. Performance benchmarks for the financial management services. Please provide benchmarks, if any, that BCBSVT has used to evaluate the financial management program;
- e. Executive variable compensation tied to asset performance.

Dated at Montpelier, Vermont this 11th day of June, 2018.

s/ Kaili Kuiper
Kaili Kuiper, Esq.
Office of the Health Care Advocate
Vermont Legal Aid
56 College Street
Montpelier, VT 05602
Voice (802) 223-6377 ext. 329
kkuiper@vtlegalaid.org
HCAraterreview@vtlegalaid.org

CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Notice of Appearance on Judith Henkin, General Counsel to the Green Mountain Care Board; Sebastian Arduengo, Green Mountain Care Board Staff Attorney; Agatha Kessler, Green Mountain Care Board Health Policy Director; and Jacqueline Hughes, representative of Blue Cross Blue Shield of Vermont, by electronic mail, return receipt requested, this 11th day of June, 2018.

s/ Kaili Kuiper

Kaili Kuiper
Staff Attorney
Office of the Health Care Advocate
Vermont Legal Aid
56 College Street
Montpelier, VT 05602