

May 26, 2020

Mr. Kevin Rugeberg, A.S.A., M.A.A.A.  
Consulting Actuary  
Lewis & Ellis, Inc.

**Subject: Your 05/19/2020 Questions re:  
Blue Cross and Blue Shield of Vermont  
2021 Vermont Individual and Small Group Rate Filing  
(SERFF Tracking #: BCVT-131936226)**

Dear Mr. Rugeberg:

In response to your requests dated May 19, 2020, here are *your questions* and our answers:

- 1. Exhibit 9B shows the VT standard plans, as well as plans denoted "Vermont Preferred" and "Vermont Select." This appears to agree with the actuarial memorandum which describes the "Rewards" plans as replaced by these. The URRT shows projected enrollment for all of these plans, as well as projected renewals for "Rewards". Please clarify whether there will be renewals for "Rewards" plans and if so which premiums from Exhibit 9B are applicable.*

For plan year 2020, BCBSVT removed the incentive rewards from its non-standard plans. The name "Blue Rewards" is causing confusion in the marketplace and BCBSVT decided to rename the non-standard plans for plan year 2021.

The Blue Rewards CDHPs are the same plans as the Vermont Select CDHPs, other than changes to cost sharing to meet metal AV levels. These plans are "renewing" for the purpose of the URRT and show experience and projected enrollment. We noticed that the Individual Vermont Select CDHP plans still include the old "Blue Rewards" names and will correct the URRT at the end of the review process.

The Blue Rewards Deductible plans were enhanced in 2021 with the addition of value-added benefits for members with diabetes and heart disease. These enhancements did not qualify as a uniform modification as described in 45 CFR 147.106. Therefore, BCBSVT is replacing the current Blue Rewards Deductible plans with the Vermont Preferred plans. The Blue Rewards Deductible plans are showing as "terminating" in the URRT and do not have projected enrollment. The Vermont Preferred plans are "new" and do not have experience enrollment.

For the purpose of Exhibit 9B, we assumed that all members currently enrolled in the Blue Rewards Deductible plans would enroll in the enhanced Vermont Preferred plans.

- 2. This question involves confidential and proprietary information. BCBSVT's response will be provided under separate cover.*

3. *Please clarify the statement in section 3.3 of the memorandum which states that the allowed charges are \$703.28 PMPM in the experience period. Both sections 3.1 and 3.3 appear to describe this value as \$665.15.*

The “703.28” is a typo. The correct value is \$655.15.

4. *Please reconcile the c1 factor as described in the memorandum (0.9961) to the value shown in Exhibit 5 (0.9963).*

The “0.9961” is a typo. The correct value is 0.9963 as shown in Exhibit 2C and 5.

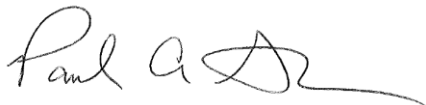
5. *The description of the GMCB billback amount appears to assume that the portion of the BCBSVT invoice attributable to VISG enrollment is unchanged between FY2019 and FY2020. In light of the substantial enrollment changes that have occurred during that period, please clarify if that is the intention.*

Yes, that is the intention. We allocate GMCB billbacks between lines of business using earned premium. The projected portion of total BCBSVT insured premium attributed to VISG in 2021 is nearly identical to the actual observed 2019 proportion.

Market	Actual CY 2019 Premium	Projected CY 2021 Premium
VISG	\$322,747,284	\$311,284,496
BCBSVT Large Group Insured	\$73,504,950	\$70,661,970
VISG percent of total BCBSVT premium for products reviewed by GMCB	81.4%	81.5%

Please let us know if you have any further questions, or if we can provide additional clarity on any of the items above.

Sincerely,



Paul Schultz, F.S.A., M.A.A.A.  
Chief Actuary