

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: Blue Cross and Blue Shield Vermont )  
4Q 2014-3Q 2015 Administrative Expense ) GMCB-16-14-rr  
And Contribution to Reserve Filing )

In re: The Vermont Health Plan, LLC )  
4Q 2014-3Q 2015 Administrative Expense ) GMCB-15-14-rr  
And Contribution to Reserve Filing )

**MOTION FOR RECONSIDERATION**

Blue Cross and Blue Shield of Vermont and The Vermont Health Plan, LLC (Companies) move for reconsideration of the Board decisions in the above captioned dockets (Dockets) with respect to contribution to reserve (CTR).

In reviewing the Board's decisions, the Companies are concerned that the Board did not give the Department of Financial Regulation's (DFR) Solvency Analysis appropriate weight. In addition to its role as the Companies' solvency regulator generally, the Vermont Legislature has tasked DFR with providing the Board with an analysis and opinion on the impact on the insurer's solvency and reserves of each proposed rate filed with the Board. 8 V.S.A. § 4062 (a)(2)(B). This analysis is performed so that the Board can meet its obligation to protect the Companies' solvency in accordance with the rate review law, § 4062 (a)(3).

In both Dockets, the Commissioner performed that analysis and the DFR opinions explained that:

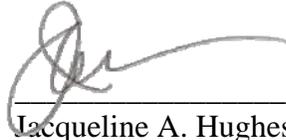
*Because of the many threats to solvency, the strength of a company's surplus may erode even when its rates are adequate. Consequently, analysis of a contribution to surplus is equally as important as rate analysis when determining solvency. BCBSVT's current surplus level is appropriate and necessary. This filing includes a contribution of 2% of premium for insured plans, and .5% of equivalent premium for cost plus plans, to BCBSVT's surplus. DFR has reviewed and analyzed the filing's proposed contribution to surplus, and is of the opinion that it would support and maintain the surplus targets of BCBSVT within the range that DFR deems reasonable and necessary for the protection of policyholders. If GMCB reduces the proposed contribution to surplus, the reduction will contribute to an erosion of the sufficiency of BCBSVT's surplus, which could threaten BCBSVT's solvency.*

DFR April 30, 2014 Opinions, p. 4 (emphasis supplied).

The Board's own actuary (L&E) found that a large group CTR of 1 % was supported by the filing and advised the Board to consider the results of DFR's Solvency Analysis, which the Board's actuary did not have when it wrote its opinions. L&E did not review or suggest that the Board's selection of a CTR of .5 % for insured large groups would provide an adequate rate. In these Dockets, however, the Board selected a large group CTR without evidence in the record for its decision and without supporting its decisions with adequate findings of fact.

We ask that the Board reconsider and revise its decisions to approve a CTR of 2 % for insured large groups and .5 % for cost plus groups, consistent with DFR's recommendation and opinion.

Dated at Montpelier, Vermont, this 11<sup>TH</sup> day of July, 2014.



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### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the Motion for Reconsideration has been duly served upon Michael Donofrio, General Counsel to the Green Mountain Care Board, and Lila Richardson, Office of Vermont Health Advocate, by electronic mail, return receipt requested, this 11<sup>th</sup> day of July, 2014.



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