



NovaRest
ACTUARIAL CONSULTING

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In Re: BlueCross BlueShield of Vermont

Rates Filed May 15, 2015 in Vermont BCVT-130082559
Docket number GMCB-008-15rr

REPORT OF DONNA NOVAK ASA, MAAA

July 19, 2015



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ATTACHMENTS

- Attachment A Donna Novak Curriculum Vitae
- Attachment B Materials Reviewed
- Attachment C Five-Year Historical Exhibit from BCBSVT 2014 Annual Statement



I. Nature and Purpose of Report

The purpose of this report is to provide the results of the review and analysis of the premium rate filing of BlueCross BlueShield of Vermont (BCBSVT) and to provide the Office of the Health Care Advocate recommendations and approximate changes in BCBSVT's requested rates. The contents of this report are intended for the use of the Office of the Health Care Advocate and the Green Mountain Care Board. The report should be considered in its entirety and no part should be copied or provided without the whole.

II. Personal Qualifications

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am also president of NovaRest, Inc., which I founded in 2002. According to the Actuarial Standards Board and Code of Professional Conduct, I am qualified to offer my opinion in this matter.

My qualifications include:

- Over forty years of experience in the insurance industry dealing with pension, life and health insurance products.
- Active in the Academy of Actuaries ("AAA") since becoming a member in 1993.
- Led the group that recently rewrote the Actuarial Standard of Practice (ASOP) number 8, Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits.
- Have performed rate filing reviews in 7 states, the District of Columbia, and Puerto Rico.
- Helped create an improved rate review process in 2 states, the District of Columbia and Puerto Rico.



My curriculum vitae is provided as Attachment A.

I have prepared this report on the basis of my review, analysis, research work to date, and knowledge gained working as an actuary. Revisions and supplementation may occur as further information becomes available or is otherwise discovered or developed or as any additional matters or issues may be raised.

III. BACKGROUND

BCBSVT filed on May 15, 2015 for premium rates in Vermont's combined Individual and Small Business Health Options Program ("SHOP") Exchange to be effective on January 1, 2016 through December 31, 2016.

Pursuant to Green Mountain Care Board (Board) Rule 2.000 Health Insurance Rate Review, the Board is required to determine whether the requested rate:

- is affordable,
- promotes quality care,
- promotes access to health care,
- protects insurer solvency,
- is not unjust, unfair, inequitable, misleading, or contrary to the law, and
- is not excessive, inadequate, or unfairly discriminatory.

In March 2010, the 111th Congress passed health reform legislation, the Patient Protection and Affordable Care Act ("ACA"; P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 ("HCERA"; P.L. 111- 152) and other laws. The ACA expands federal private health insurance market requirements, and required the creation of health insurance exchanges effective January 1, 2014 to provide individuals and small groups with access to insurance. Beginning in 2014, BCBSVT was required to comply with all of the ACA requirements for plans that are sold through the



Exchange. Complying with the ACA required BCBSVT to redesign its product offerings.

IV. MATERIALS REVIEWED

In performing my analysis and preparing my report I reviewed the filing as well as all of the materials submitted by BCBSVT in response to data requests submitted as of July 17, 2015, the Actuarial Opinion from Lewis & Ellis (L&E) dated July 14, 2015, and the Solvency Opinion from the Vermont Department of Financial Regulation dated July 6, 2015.

A complete list of the materials provided can be found in Attachment B

V. FINDINGS

BCBSVT made inappropriate assumptions in calculating its requested rates that overstate its requested rates by approximately 2.61 percent. The issue resulting in the overstatement by BCBSVT of its requested rates is described in detail in Sections A-B.

I have relied upon the information that BCBSVT used in its filing and included in its responses to questions and objections from the Green Mountain Board along with my knowledge of the health insurance market.

A. BCBSVT did not calculate its Market Adjusted Index Rate or Paid to Allowed Ratios correctly

The Department of Health and Human Services' (HHS) Unified Rate Review Instructions¹ for the Market Adjusted Index Rate (MAIR) state:

Issuers are required to include the Market Adjusted Index Rate.

¹ 2016-Unified-Rate-Review-Instructions-20150222-Final, pages 58-59



The Market Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR § 156.80(d)(1). The following market-wide adjustments to the Index Rate are allowable under these rules:

- **Federal reinsurance program adjustment (market-wide adjustment)**
- **Risk adjustment (market-wide adjustment)**
- **Marketplace user fee adjustment (market-wide adjustment)**

Since the Index Rate is on an allowed claims basis, the market level adjustments for the Federal reinsurance program, risk adjustment program, and the Marketplace user fees should be on an allowed basis.

The issuer is required to provide an explanation of how these modifiers are developed and applied to the Index Rate to develop the Market Adjusted Index Rate. Similar to the Index Rate, the Market Adjusted Index Rate reflects the average demographic characteristics of the single risk pool. In other words, the Market Adjusted Index Rate is not calibrated.

However, the Market Adjusted Index Rate is not displayed in the URRT.

BCBSVT's Unified Rate Review Template (URRT) shows an index rate of \$547.33, paid to allowed factor of 0.781, net reinsurance of \$10.52 and net risk adjuster of -\$0.15. The total reinsurance and risk adjuster is \$10.37. Using the paid to allowed factor in the URRT the total reinsurance and risk adjuster on an allowed basis is \$13.28 ($\$10.37/0.781$). The MAIR using this amount is \$534.05 ($\$547.33 - \13.28).

BCBSVT originally used total reinsurance and risk adjuster on a paid basis resulting in a MAIR of \$536.95.² When L&E asked that BCBSVT correct the calculation the result

² Exhibit 6C of the Actuarial Memorandum



was a MAIR of \$535.38³, since they used their own method of developing the Market Adjusted Index Rate. This is still incorrect and 0.25 percent higher (536.95/534.05-1) than the MAIR calculated according to HHS's instructions.

In order to adjust for the correction in MAIR, BCBSVT increased the paid to allowed percentage to 79.79 percent⁴. The Paid to Allowed Average Factor in Projection Period in Worksheet 1 of the URRT is 2.12 percent lower than this. We understand that the weighted average Paid to Allowed Ratio is often a bit different than the Paid to Allowed Average Factor in Projection Period in Worksheet 1 of the URRT. The URRT is the official documentation of the rate filing and the rates should be developed using assumptions that match the URRT except for rounding discrepancies.

We recommend that BCBSVT be asked to use the MAIR that follows HHS's instructions, resulting in a .25 percent reduction in the rate. We also recommend that BCBSVT be asked use Paid to Allowed Ratios that are closer in value to the Paid to Allowed Average Factor in Projection Period in Worksheet 1 of the URRT resulting in a 2.12 percent (1-.781/.7979) reduction in the rate.

B. BCBSVT erroneously assumed that none of the healthier groups of 51-100 would purchase on the exchange

On page 9 of its actuarial memorandum BCBSVT states:

In 2016, the definition of Small Group will change to include groups with 51-100 employees. These groups will either have to offer QHPs or move to a self-

³ "Q4" tab of the file "Responses to BCBSVT 2016 QHP filing inquiries – 06.25.2015.xlsx" attached to BCBSVT Letter dated June 26, 2015.

⁴ *ibid*



funded alternative. We assumed that only groups that would realize lower premiums by choosing QHPs would join the risk pool.

Although groups of 51-100 employees may ask for a quote on a self-funded product, many of the groups will be risk-adverse enough to stay with an insured product. Also, many small groups will not have the staff or knowledge to take on the issues that accompany being self-funded. Although many actuaries speculate that eventually many healthy groups will opt for self-funded and then when someone becomes sick the group will purchase the guarantee issue coverage on the exchange, they also believe that the migration to self-funded will be gradual and not complete.

In their letter dated July 1, 2015, BCBSVT states:

As per your request, we have calculated the rate impact if all the groups with 51-100 employees choose to offer QHPs rather than choosing a self-funded option. Use of this assumption would reduce rates by approximately 0.5 percent.

We recommend that BCBSVT redo their rate filing assuming that at least half of the groups of 51-100 employees that would not realize lower premiums by choosing QHPs be included in the single risk pool calculation, resulting in a reduction in rates of approximately 0.25 percent.

VI. CONCLUSIONS

In addition to changes to the original rate filing that BCBSVT has agreed to, we recommend the some additional changes to the rate filing.

A. BCBSVT has already agreed to the following changes:



- 1) Revision to the risk adjustment based on HHS's June 30, 2015 Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2014 Benefit Year resulting in a 0.8 percent decrease in rates;⁵
- 2) Revision in BCBSVT's medical trend;⁶ and
- 3) Revision to BCBSVT's estimate of their Health Insurer Fee to 2.64 percent ⁷of premium rather than 2.73 percent.⁸

These changes were also recommended by L&E in its Actuarial Opinion letter dated July 14, 2015. There was an additional change reported by L&E to the administrative expense at page 8 of its report, resulting in a decrease of \$0.40 PMPM . L&E estimates these changes in total to be approximately a 1.3 percent decrease in premiums.

The overall rate request was also adjusted in BCBSVT's June 29, 2015 Post Submission Update Request to account for adjustments in Blueprint payments.

B. We also recommend the following additional changes to the filing

- 1) Since they did not follow the Department of Health and Human Services' Unified Rate Review instructions⁹ for the Market Adjusted Index Rate, we recommend that BCBSVT be asked to use the Market Adjusted Index Rate that follows the Department of Health and Human Services' instructions. This would decrease their rates by 0.25 percent.
- 2) Since BCBSVT's Paid to Allowed Ratio is significantly different than the one that they filed in its URRT, we recommend that BCBSVT be asked use Paid to Allowed

⁵ BCBSVT's letter dated 6/4/2015 question number 3

⁶ BCBSVT's confidential letter dated 6/30/2015 question number 2

⁷ BCBSVT's letter dated 7/1/2015 question number 2

⁸ Exhibit 7C of BCBSVT's Actuarial Memorandum (\$12.94)/ Exhibit 6A (\$473.99)

⁹ 2016-Unified-Rate-Review-Instructions-20150222-Final, pages 58-59



Ratios that are equal in value to the Paid to Allowed Average Factor in Projection Period in Worksheet 1 of the URRT except for a small rounding allowance. That would reduce the rates by 2.12 percent.

We recommend that BCBSVT be required to demonstrate that the rates meet the federal requirements by reproducing the rates following the federal instructions for this filing and all future filings. This is needed so that reviewers can confirm that the Index Rate and Market Adjusted Index Rate are calculated consistent with ACA requirements and that only permitted adjustments are made to the Market Adjusted Index Rate.

3) Since many small groups are very risk-adverse and not likely to become self-funded in the first year they are subject to ACA, we recommend that BCBSVT recalculate their rate filing assuming that at least half of the groups of 51-100 employees that would not realize lower premiums by choosing QHPs be included in the single risk pool calculation. This would decrease their rates by 0.25 percent.

The total adjustments that we are recommending to the BCBSVT's revised rate filing are multiplicative rather than additive. Using the formula $[(1-0.25%)*(1-2.12%)*(1-0.25%)-1]$ the total reduction is 2.61 percent.

Since BCBSVT's solvency level is strong and improved in 2014 over the level in 2013 and will improve with the receivables from the reinsurance and risk adjustor receivables, a reduction in rates would not likely be a threat to BCBSVT's solvency.

The following table shows the Risk based Capital (RBC) for BCBSVT over the past five years, derived from data in the Five Year Historical Data Chart from BCBSVT's 2014 Annual Statement. This Chart is attached as Attachment C.



Blue Cross & Blue Shield of VT	2014	2013	2012	2011	2010
Total adjusted capital	138,363,389	132,369,496	125,950,111	113,914,065	98,764,614
Authorized control level RBC	20,764,628	23,006,123	21,472,507	16,729,016	14,674,391
RBC *	████████	████████	████████	████████	████████

In fact, we believe that their contribution to reserves could be reduced from the 2 percent filed without a threat to their solvency.

VII. RELIANCE

In reaching my conclusions I have relied on the materials listed in Attachment B – Materials Reviewed as provided by the Office of the Health Care Advocate.

VIII. ASOP 41 DISCLOSURES

The contents of this report are intended for the use of the Office of the Health Care Advocate and the Green Mountain Care Board.

The purpose of this report is to provide the results of my review and analysis of the premium rate filing of BlueCross BlueShield of Vermont (BCBSVT) and to provide the Office of the Health Care Advocate alternative recommendations and calculations of BCBSVT’s requested rates.

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am also president of NovaRest, Inc., which I founded in 2002.

According to the Actuarial Standards Board standards and Code of Professional Conduct, I am qualified to offer my opinion in this matter.

*REDACTED.



The report should be considered in its entirety and no part should be copied or provided without the whole. Distribution of this letter to parties other than the Green Mountain Care Board by us or any other party does not constitute advice by us to those parties. The reliance of parties other than the Green Mountain Care Board on any aspect of our work is not authorized by us and is done at their own risk.

NovaRest does not and has never affiliated with the health plan or health insurance issuer whose rate filing we have reviewed. We have no conflicts of interest.

In arriving at our opinion, we used and relied on information (listed in Attachment B) provided by the company without independent investigation or verification. If this information is inaccurate, incomplete or out of date, our findings and conclusions may need to be revised. While we have relied on the data provided by the company without independent investigation or verification, we have reviewed the information for consistency and reasonableness.

Information that was reviewed for the purposes of developing this opinion was provided through July 17, 2015.

We are not aware of any subsequent events at the time of this report.

NovaRest, INC.

July 19, 2015

(Date)

Donna C. Novak
By: _____
Donna Novak, ASA, MAAA



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ATTACHMENT A - DONNA NOVAK CURRICULUM VITAE



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CURRICULUM VITAE

NAME

Donna C. Novak

BUSINESS ADDRESS

NovaRest Consulting
156 W. Calle Guija Suite 200
Sahuarita, AZ, 85629
Phone: 520-908-7246
E-mail: Donna.Novak@NovaRest.com

EDUCATION

DePaul University, BA in Mathematics and Business, 1972
Post graduate work Illinois Institute of Technology, 1972-1973.
Northwestern University (Kellogg), Masters in Health Care Management and Finance, 2000

CONTINUING EDUCATION

An estimated 90 hours annually of sessions at the National Association of Insurance Commissioners (NAIC) quarterly meetings
Prepare and speak annually at Society of Actuaries (SOA) meetings
Meet all continuing education requirements of the American Academy of Actuaries (AAA) necessary to sign public statements of actuarial opinion

MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS

Fellow of the Conference of Consulting Actuaries (FCA)
Associate of the Society of Actuaries (ASA)
Member of the Academy of Actuaries (MAAA)
Fellow, Life Management Institute (FLMI)
Health Insurance Associate (HIA)

PROFESSIONAL ACTIVITIES

Prior Vice-Chair of the AAA Health Practice Council
Prior Vice-President of the AAA Financial Reporting Council
Prior Board member of the Conference of Consulting Actuaries (CCA)



Donna C. Novak

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PROFESSIONAL ACTIVITIES

(Continued)

Led numerous AAA projects including the project to draft the NAIC Health Reserve Guidance Manual and other advisory letters

Participated in numerous AAA projects including the project to develop the NAIC Risk-based Capital standard and other projects for the NAIC

Prior member of the General Committee of the Actuarial Standards Board (ASB)

Member of the Health Committee of the Actuarial Standards Board

Led the 2014 update of ASOP No. 8 *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*

PROFESSIONAL EXPERIENCE

Contracted advisor to HHS on the implementation of the ACA

Member of the Advisory Board to the HHS Consumer Operated and Oriented Plan (CO-OP) Program.

Hired by the NAIC to write the NAIC Health Financial Analyst Manual

Perform audits of Medicare Risk Plan Adjusted Community Rated (ACR) filings for 2004 and 2005 ACRs

Perform Medicare bid desk reviews and audits 2006 to present

Rate filing reviews in 7 states, the District of Columbia, and Puerto Rico

Helped create an improved rate review process in 2 states, District of Columbia and Puerto Rico

Actuarial support for state financial audits of HMOs, Blue Cross Blue Shield Plans and commercial carriers

Assisted states in structuring programs to reduce the uninsured

Prepare reports on the impact of mandated benefits for states and consumers

Provide consulting services to state regulators reviewing the Form A filings for carrier business affiliations and mutual holding company conversions



Donna C. Novak
Page 3

PROFESSIONAL EXPERIENCE
(Continued)

For state reviews of specific carrier solvency levels, determine optimum capital level for financial protection

Monitored the solvency of BlueCross BlueShield Plans and their recovery initiatives when they fell below Association requirements

Advised large employers concerning their future health insurance cost and the primary drivers of their health insurance cost

Advised large self-insurance employers concerning recommended employee contributions for various benefit options

Advised large employers when negotiating rates with providers and tracking actual experience with contracted providers

Provided actuarial audit support for two “big four” accounting firms

Reviewed Premera BlueCross and BlueShield pricing methodology and provided a report recommending improvements based on industry best practices

PUBLICATIONS
Authored 2002-2015

AAA Professional Practice Notes regularly published on the AAA website

2014 rewrite of ASOP No. 8 *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits.*

Participated in developing comment letters to the NAIC and HHS on the implementation of PPACA for the AAA that are published in the NAIC and CCIIO websites

PROFESSIONAL PRESENTATIONS

Speak regularly at Society of Actuaries meetings on such topics as:

Medicare bid audits and desk reviews

Professional Standards

Health Risk-based Capital

Health Reserving

Coordinator of the SOA Valuation Boot Camps



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Donna C. Novak

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PROFESSIONAL PRESENTATIONS

(Continued)

National Conference of Insurance Legislators on Association Health Plans

NAIC Conference on the Uninsured on state solutions to the uninsured

EXPERT TESTIMONY ETC.

Years 2010-2015

For an individual insured, provided expert report on insurance pricing of prosthetic devices in 2010 in a dispute concerning coverage of repairs in Arbitration in Nebraska.

Deposition in a case concerning Molina Healthcare of Wisconsin post purchase financial reconciliation that went to arbitration in Wisconsin in 2013.

Expert report for the California Dental Association in case concerning dentist reimbursement before the American Arbitration Association in 2014 and is ongoing.

Expert report and Testimony in Vermont Exchange Blue Cross Blue Shield of Vermont Rate Filing hearing 2014.

Expert report and Testimony in Vermont Exchange MVP Rate Filing hearing 2014.



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ATTACHMENT B - MATERIALS REVIEWED



Attachment B	
BCBS VT Materials Reviewed by NovaRest	
File Name	Contents
GMCB_008_15rr_Actuarial_Memo	L&E Actuarial Opinion on the BCBSVT rate filing
GMCB_008_15rr_Solvency_Analysis	Dept. of Financial Regulation solvency analysis
BCBSVT 2015 Blueprint rate adjustment	Rate adjustment we discussed that is due to changes in the assessment for the state's Blueprint program
BCVT-130082559 Original RRST and RRD 05-15-2015	Original Rate/Rule Schedule Tab (submitted 05/15/2015)
5-27-15 Confidential e-mail from Paul Schultz to Judy Henkin	Confidential and Proprietary answers to L&E Question Responses dated May 21,2015
BCBSVT 2016 QHP Filing_Medical Cost Trend_Confidential	Cost Treds in response to L&E request
May 27 Response	05/21/2015 Question Responses re: Blue Cross and Blue Shield of Vermont 2016 Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
Proprietary Responses to BCBSVT 2016 QHP Filing Inquiries-05.21	05/21/2015 Question Responses re: Blue Cross and Blue Shield of Vermont 2016 Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
encrypted-Details of Exhibit 7A-BCBSVT Rate Filing-Confidential-Protected	Response to L&E request
encrypted-Proprietary Responses to BCBSVT 2016 QHP filing inquiries 06.1.2015-protected	Response to L&E request



Responses to BCBSVT 2016 QHP Filing Inquiries-06_01_2015-Excel	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries-06_01_2015-	06/01/2015 Question Responses re: Blue Cross and Blue Shield of Vermont 2016 Qualified Health Plan Filing(SERFF Tracking #:BCVT-130082559)
Responses to BCBSVT 2016 QHP Filing Inquiries-06.01.2015	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries-06.11.2015	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries-06_11_2015-Excel	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries-06_11_2015	06/11/2015 Question Responses re: Blue Cross and Blue Shield of Vermont Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
Responses to BCBSVT 2016 QHP Filing Inquiries -06_18_2015	06/18/2015 Question Responses re: Blue Cross and Blue Shield of Vermont Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
Responses to BCBSVT 2016 QHP Filing Inquiries -06_25_2015	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries -06_25_2015-Excel	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries -06_25_2015	06/25/2015 Question Responses re: Blue Cross and Blue Shield of Vermont Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
encrypted-Proprietary Responses to BCBSVT 2016 QHP filing inquiries 06.29.2015	Response to L&E request



encrypted-Proprietary Responses to BCBSVT 2016 QHP filing inquiries 06.29.2015	Response to L&E request
Proprietary Responses to BCBSVT 2016 QHP Filing Inquiries-06.29.2015	Response to L&E request
Responses to BCBSVT 0216 QHP Filing Inquiries - 06_30_2015	Response to L&E request
Responses to BCBSVT 2016 QHP Filing Inquiries-07.01.2015	Index Rate: Experience Period Allowed Claims for EHB
Responses to BCBSVT 2016 QHP Filing Inquiries-07.01.2015-Excel	Index Rate: Experience Period Allowed Claims for EHB
Responses to BCBSVT 2016 QHP Filing Inquiries-07.01.2015	07/01/2015 Question Responses re: Blue Cross and Blue Shield of Vermont Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
2016 Exchange Filing Inquiry Letter 1	Blue Cross and Blue Shield of Vermont 2016 Vermont QHP Rate Filing SERFF Tracking #: BCVT-130082559
2016 Exchange Filing Inquiry Letter 2	Blue Cross and Blue Shield of Vermont 2016 Vermont QHP Rate Filing SERFF Tracking #: BCVT-130082559
5-27-15 Confidential e-mail from Paul Schultz to Judy Henkin	Response to L&E request
BCBSVT 2016 QHP Filing - Actuarial Memo Dataset	Consumer Adjusted Premium Rate Development
BCBSVT 2016 QHP Filing - Actuarial Memo Dataset - New Version (3)	Purpose, Scope and Reason for Rate Increase
BCVT-130082559	Filing at a Glance
BCBSVT 2016 QHP Filing-Medical Cost Trend_Confidential	Objection Responses



Details of Exhibit 7A-BCBSVT 2016 QHP Rate Filing - Confidential - Protected	Objection Responses
May 27 Response	05/21/2015 Question Responses re: Blue Cross and Blue Shield of Vermont 2016 Qualified Health Plan Filing (SERFF Tracking #: BCVT-130082559)
Proprietary Responses to BCBSVT 2016 QHP Filing Inquiries - 06.01.2015-Protected	Objection Responses
Rates_Template_2016 BCBSVT_13627	2016 Rates Table Template v5.05
Responses to BCBSVT 2016 QHP Filing Inquiries - 06_01_2015 - Excel	Objection Responses
Responses to BCBSVT 2016 QHP Filing Inquiries - 06_01_2015	06/01/2015 Question Responses re: Blue Cross and Blue Shield of Vermont 2016 Qualified Health Plan Filing(SERFF Tracking #: BCVT-130082559)
Responses to BCBSVT 2016 QHP Filing Inquiries - 06_01_2015	Objection Responses
Unified_Rate_Review_Template_2016_BCBSVT_13627	URRT for the 2016 filing



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**ATTACHMENT C - FIVE-YEAR HISTORICAL EXHIBIT FROM BCBSVT
2014 ANNUAL STATEMENT**



FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2014	2013	2012	2011	2010
Balance Sheet (Pages 2 and 3)					
1 Total admitted assets (Page 2, Line 28)	256,062,656	214,094,889	208,160,092	186,635,196	164,035,952
2 Total liabilities (Page 3, Line 24)	117,699,267	81,725,393	82,209,981	72,721,131	65,271,338
3 Statutory surplus	0	0	0	0	0
4 Total capital and surplus (Page 3, Line 33)	138,363,389	132,369,496	125,950,111	113,914,065	98,764,614
Income Statement (Page 4)					
5 Total revenues (Line 8)	470,609,637	420,770,140	382,465,965	290,617,981	278,605,517
6 Total medical and hospital expenses (Line 18)	421,302,703	393,428,827	351,308,410	254,938,292	231,944,448
7 Claims adjustment expenses (Line 20)	18,657,595	23,526,449	23,591,986	22,578,958	24,278,480
8 Total administrative expenses (Line 21)	25,508,112	15,213,050	14,147,348	12,960,576	12,942,733
9 Net underwriting gain (loss) (Line 24)	5,141,227	(5,248,186)	(12,731,779)	140,155	9,439,856
10 Net investment gain (loss) (Line 27)	4,626,710	4,382,220	5,226,990	4,398,857	3,874,808
11 Total other income (Line 28 plus 29)	3,245,968	2,949,818	4,111,939	4,437,819	2,018,424
12 Net income or (loss) (Line 32)	9,891,577	3,848,264	(4,744,932)	5,928,656	11,792,618
Cash Flow (Page 6)					
13 Net cash from operations (Line 11)	7,507,744	(6,569,621)	10,195,145	6,159,468	15,152,471
Risk-Based Capital Analysis					
14 Total adjusted capital	138,363,389	132,369,496	125,950,111	113,914,065	98,764,614
15 Authorized control level risk-based capital	20,764,628	23,006,123	21,472,507	16,729,016	14,674,391
Enrollment (Exhibit 1)					
16 Total members at end of period (Column 5, Line 7)	209,167	157,247	141,566	123,116	118,363
17 Total member months (Column 6, Line 7)	2,439,765	1,871,853	1,678,869	1,448,572	1,413,391
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18 Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19 Total hospital and medical plus other non-health (Line 18 plus Lines 19)	89.5	93.5	91.9	87.7	83.3
20 Cost containment expenses	1.1	1.4	1.6	2.0	2.1
21 Other claims adjustment expenses	2.9	4.2	4.5	5.8	6.6
22 Total underwriting deductions (Lines 23)	98.9	101.2	103.3	100.0	96.6
23 Total underwriting gain (loss) (Lines 24)	1.1	(1.2)	(3.3)	0.0	3.4
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24 Total claims incurred for prior years (Line 13, Col. 5)	24,800,516	22,536,918	14,319,490	13,191,933	14,650,577
25 Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	29,298,049	26,852,178	19,038,119	15,772,950	18,530,176
Investments In Parent, Subsidiaries and Affiliates					
26 Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27 Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28 Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	61,931,709	58,201,513	57,025,600	45,752,287	36,294,627
29 Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10).	0	0	0	0	0
30 Affiliated mortgage loans on real estate	0	0	0	0	0
31 All other affiliated	0	0	0	0	0
32 Total of above Lines 26 to 31	61,931,709	58,201,513	57,025,600	45,752,287	36,294,627
33 Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0