

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: TVHP 4Q14-3Q15 Administrative)
Expense and Contribution to Reserve Rate Filing)
SERFF No. BCVT-129486804) GMCB-15-14-rr

In re: BCBSVT 4Q14-3Q15 Administrative)
Expense and Contribution to Reserve Rate Filing)
SERFF No. BCVT-129486744) GMCB-16-14-rr

RESPONSE TO MOTION FOR RECONSIDERATION

The Office of the Health Care Advocate asks the Green Mountain Care Board to deny the Motion for Reconsideration of Blue Cross and Blue Shield of Vermont and The Vermont Health Plan, LLC in the above captioned dockets for the reasons stated below.

I. DFR’s Analysis is Not Controlling

In the Motion, Blue Cross and Blue Shield of Vermont and The Vermont Health Plan (the Companies) argue that when the Green Mountain Care Board (the Board) lowered the contribution to reserve (CTR) in these rate filings, it did not give appropriate weight to the Department of Financial Regulation (DFR)’s Solvency Analysis. The HCA disagrees with this position.

The legislature has tasked the Board alone with deciding whether to approve, modify, or reject proposed rates. 8 V.S.A. §4062. When reviewing insurance rate filings, the Board is obliged to “determine whether a rate is affordable, promotes quality of care, promotes access to

health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading, or contrary to the laws of this State.” 8 V.S.A. §4062.

The legislature directed DFR to submit to the Board an analysis of each insurer’s solvency in rate review cases. While the Board is required to “consider” DFR’s analysis as a part of the Board’s rate review oversight, the Board is not under any obligation to follow DFR’s opinion. 8 V.S.A. §4062(a)(3). DFR has not recommended a change to any insurer’s proposed rates in any of the sixteen rate review cases since January 1, 2014, when the current rate review process came into effect. See 2014 rate review decisions in GMCB dockets 1-16. The Green Mountain Care Board modified rates in five of these cases. GMCB 7-14rr, GMCB 8-14rr, GMCB 14-14rr, GMCB 15-14rr, and GMCB 16-14rr.

II. The Board’s Decisions Increase Affordability and Access to Care for Vermont Consumers.

As stated above, while the Board is not required to follow DFR’s analysis, the Board is required to determine whether a rate is affordable and promotes access to care. By lowering the CTR to 0.5% in these filings, the Board lowers the filing’s overall rate increase to policyholders during a time when most Vermonters have experienced very little income growth. This decision allows Vermont policyholders to better afford their health insurance and consequently strengthens their access to care. Due to the importance of affordability and access to care for Vermont health care consumers, the Office of the Health Care Advocate has repeatedly requested that the Board approve a 0.5% or lower CTR for the Companies in the past year. GMCB 32-13rr, GMCB 24-13rr, GMCB 16-14rr, GMCB 18-13rr, and GMCB 17-13rr.

III. The Board's Decision to Lower the CTR to 0.5% is in Line with the Board's Decision in Last Year's BCBSVT Exchange Filing.

By lowering the CTR to 0.5%, the Board's decisions in the above captioned cases agree with the Board's decision for Blue Cross Blue Shield of Vermont's 2013 Exchange filing which focused both on affordability and adequacy of reserves. In the Exchange filing decision, the Board concluded: "In light of the company's strong financial health and the imperative that Exchange rates be affordable, we reduce BCBSVT's contribution to surplus from 1.0% to 0.5%, allowing the carrier to make a positive, albeit smaller, contribution to its reserves in the event that its pricing assumptions prove inadequate." GMCB 16-14rr Decision p.12.

For the above stated reasons, the HCA asks the Board to maintain its current decisions in the above captioned filings.

Dated at Montpelier, Vermont this 16th day of July, 2014.

s/ Kaili Kuiper _____
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CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Notice of Appearance on Michael N. Donofrio, General Counsel to the Green Mountain Care Board, Judith Henkin, Health Policy Director of the Green Mountain Care Board, and Jacqueline Hughes, representative of Blue Cross Blue Shield of Vermont and The Vermont Health Plan, LLC., by electronic mail, return receipt requested, this 16th day of July, 2014.

s/ Kaili Kuiper _____
Kaili Kuiper
Staff Attorney
Office of the Health Care Advocate