VERMONT

Green Mountain Care Board
144 State Street
Montpelier, VT 05602

802-828-2177
www.gmcboard.vermont.gov

DELIVERED ELECTRONICALLY

July 23, 2020

Michael Donofrio
Bridget Asay
Stris & Maher LLP
28 Elm Street, 2d Floor
Montpelier, VT 05602

RE: BCBSVT's 2021 Individual and Small Group Market Rate Filing; GMCB-005-20rr (SERFF No. BCVT-132371410)

Dear Mr. Donofrio and Ms. Asay,

I am writing to follow up on questions posed and issues raised by the Board during this week's hearing on the above-referenced filing. Pursuant to its authority under 8 V.S.A § 4062 and 18 V.S.A. § 9375(b)(6), the Board requests that BCBSVT provide the following information to assist with its review. Some of this information is actuarial in nature and therefore this letter will also be posted through SERFF.

1. Provide a table that shows monthly paid claims and incurred claims by major service category for the period beginning January 2019 and ending June 2020, as well as the completion factor(s) used.
2. Please provide data showing any change in utilization of home infusion following the policy changes for home infusion during the COVID-19 response. Is there a cost savings associated with any expansion of home infusion? If not, wouldn't the 2019 educational effort suspended during the COVID-19 response be more successful than removing prior authorization? What was the savings associated with the 2019 education effort?
3. What, if any, savings have resulted from the opening of the ambulatory surgical center? Given that the center opened mid-way through 2019, please explain how any savings from its operation have been accounted for in the proposed rates.
4. Please provide more specific information regarding the financial impact of the decision to forgo raises for executives, including the expected duration and BCBSVT's position on pay-out of bonuses for both 2020 and 2021. Also provide the dollar amount and % of payroll (excluding bonus) the freeze impacts.
5. What percentage of total premium (not premium increase) is driven by Vermont hospitals? What percentage of total premium is driven by inpatient, outpatient, physician, or other services at Vermont hospitals?

6. Please provide a list of hospitals that received advance payments during COVID-19 response and amounts of payments and what percentage this represents of their annual projected payments.
7. Please provide a list of BCBSVT Board Members, committee composition, compensation, and the number of meetings of the board and of the finance committee in 2019 and 2020.
8. To the extent BCBSVT is assuming increased after-hours services/surgeries to make up for deferred utilization, please identify the sources for this assumption, including, if based on communications with providers, the types of Vermont providers that were contacted and the number of each type of provider contacted.
9. Given the DFR's withdrawal of Insurance Bulletin 211 effective August 3, 2020, we assume BCBSVT will restart routine provider audits and any other fraud, waste, and abuse (FWA) programs that were suspended in connection with COVID-19. Please provide the associated premium rate reduction and update the 2020-2021 RBC Outlook.
10. Please provide information about other value-based payment programs you have pursued, including the status of a program with Planned Parenthood.
11. What has been BCBSVT's loss of membership since the beginning of the COVID-19 pandemic and how does that compare to the same period last year?
12. What is the current balance of arrears and number of policyholders in arrears in the QHP book of business and how do these compare to last year at this time?
13. Please provide BCBSVT's administrative expenses inclusive of lines 8.3 and 10.5 from the SHCE's for 2015 to 2018.
14. What specific "right sizing" of staff has occurred since 2016 given BCBSVT's loss of members and what specifically will be done in 2021 to accommodate the reduction in membership?

Please submit the above information no later than July 31, 2020.

Sincerely,

/s/ Michael Barber

Michael Barber, General Counsel
Green Mountain Care Board

VERMONT

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144 State Street
Montpelier, VT 05602

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DELIVERED ELECTRONICALLY

July 28, 2020

Michael Donofrio
Bridget Asay
Stris & Maher LLP
28 Elm Street, 2d Floor
Montpelier, VT 05602

RE: Blue Cross Blue Shield of Vermont (BCBSVT) 2021 Individual and Small Group Market Rate Filing; GMCB-005-20rr (SERFF No. BCVT-132371410)

Dear Mr. Donofrio and Ms. Asay,

Pursuant to its authority under 8 V.S.A § 4062 and 18 V.S.A. § 9375(b)(6), the Board requests that BCBSVT provide the following information to assist with its review. This information is actuarial in nature and this letter will therefore be posted through SERFF.

15. In last year's filing, BCBSVT estimated that cost containment programs aimed at reducing inpatient admissions (by 4%) and emergency room visits (by 5%) would save approximately $3.23 million and reduce medical claims by 1.1%. Actuarial Memo, 33. In this year's filing, BCBSVT states that these programs were delayed and that BCBSVT therefore did not meet its goals of reducing inpatient admissions and emergency room visits for the VISG population. BCBSVT further states that cost containment programming came to a halt in March 2020 due to COVID-19 and BCBSVT does not expect to focus on this programming in the time period covered by the filing. Actuarial Memo, 27. Mr. Schutz seemed to testify that the impact of these cost containment programs has already manifested itself in the claims experience used to develop the filing and, as a result, resuming these programs before 2021 would not have an impact on rates. Tr., 200. Please provide the actual impact of the cost containment programs for 2019 and clarify why resumption of this programming would not result in a rate decrease.

Please incorporate the answer to this question in BCBSVT's July 31 response.

Sincerely,

/s/ Michael Barber

Michael Barber, General Counsel
Green Mountain Care Board

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: BlueCross and BlueShield Vermont 2021 Individual and Small Group Rate Filing SERFF No. BCVT-132371410	GMCB-005-20rr

RESPONSE TO POST-HEARING QUESTIONS

BCBSVT provides the following responses to the Board's post-hearing questions.

1. **Provide a table that shows monthly paid claims and incurred claims by major service category for the period beginning January 2019 and ending June 2020, as well as the completion factor(s) used.**

Please see attached *BCBSVT Responses to Post-Hearing GMCB Questions.xlsx* spreadsheet at tab Q1.

Please note that allowed claims include BCBSVT payments, member cost share, and capitation paid in lieu of fee-for-service for some PCP and laboratory claims. Paid claims included BCBSVT payments, along with capitation paid in lieu of fee-for-service for some PCP and laboratory claims.

2. **Please provide data showing any change in utilization of home infusion following the policy changes for home infusion during the COVID-19 response. Is there a cost savings associated with any expansion of home infusion? If not, wouldn't the 2019 educational effort suspended during the COVID-19 response be more successful than removing prior authorization? What was the savings associated with the 2019 education effort?**

BCBSVT does not require prior authorization for home infusion services. BCBSVT only requires prior approval for certain medications, to ensure that the treatment is medically necessary.

The Convenient Care Program is a voluntary program where members are targeted, contacted, and educated on the value and convenience of switching to home infusion. In 2019, BCBSVT had four members enrolled in VISG switch from receiving facility infusions to home infusions through this program. Patient or provider preference were the reasons most often cited for reasons why home

infusion was refused, suggesting that education alone may not be sufficient to promote home infusion. The small cohort of members switching from facility infusion to home infusion generated savings of approximately $62,240.

The table below shows the monthly number of home infusion visits per 1,000 members for the VISG population.

Month	Visits per 1,000		Month	Visits per 1,000		Month	Visits per 1,000
201901	10.84		201907	19.92		202001	15.54
201902	13.90		201908	14.44		202002	15.65
201903	16.71		201909	15.32		202003	21.06
201904	14.87		201910	17.89		202004	26.03
201905	10.76		201911	13.72		202005	30.07
201906	13.84		201912	22.00		202006	25.09

The average number of visits per 1,000 members in 2019 was 15.33. This increased to 27.06 in the second quarter of 2020.

3. What, if any, savings have resulted from the opening of the ambulatory surgical center? Given that the center opened mid-way through 2019, please explain how any savings from its operation have been accounted for in the proposed rates.

To calculate the savings from services being performed at the ambulatory surgical center, we compared the actual allowed charges to average costs at other outpatient facilities for the same procedures. In 2019, for the VISG population, we realized approximately $360,000 in savings. These savings are included in the experience used for this filing, while the reduced claims dampened our facility trend.

4. Please provide more specific information regarding the financial impact of the decision to forgo raises for executives, including the expected duration and BCBSVT's position on pay-out of bonuses for both 2020 and 2021. Also provide the dollar amount and % of payroll (excluding bonus) the freeze impacts.

As noted at the rate hearing, BCBSVT has decided to forgo 2021 salary increases for its executives. Compared to BCBSVT's usual practice of providing for average salary increases of 3% for all employees each year, which was already low by most state and national benchmarks prior to the pandemic, the financial impact of this decision is a savings of approximately $85,000 in 2021, or about 0.25% of payroll. At this time, no decision has been made regarding 2022 salary increases.

BCBSVT does not regularly distribute bonuses, which are paid out on a discretionary and infrequent basis. We do have a performance-based variable compensation program that pays out annually based on actual corporate results relative to pre-determined targets. We have not yet made any decisions regarding variable compensation in 2020 or 2021.

5. What percentage of total premium (not premium increase) is driven by Vermont hospitals? What percentage of total premium is driven by inpatient, outpatient, physician, or other services at Vermont hospitals?

The table below shows the percentage of the total projected premium, after adjusting for L&E's recommendations, for claims projected to be paid to Vermont hospitals, including their affiliated professionals.

Inpatient	Outpatient	Pharmaceuticals	Facility Owned Professional	Total Percent of Premium for Vermont Facilities
9.5%	21.0%	7.4%	5.8%	43.6%

6. Please provide a list of hospitals that received advance payments during COVID-19 response and amounts of payments and what percentage this represents of their annual projected payments.

The list of providers that have received advance payments as part of BCBSVT's COVID-19 response is as follows:

Hospital	Advance Payments	Percentage of annual projected payments for all BCBSVT members	Percentage of annual projected insured payments
North Country	$1,090,833	6.72%	32.91%
NVRH	$500,000	3.00%	14.23%
Copley	$2,309,951	13.51%	51.03%
Gifford	$1,845,950	14.09%	58.57%
SVMC	$1,900,000	8.44%	26.23%
NMC	$2,975,196	14.78%	88.59%
Total	**$10,621,930**		

Annual projected payments consist of all BCBSVT and TVHP insured and self-funded lines of business, except the Federal Employee Program. This percentage shows the portion the advance payments represent of payments from all sources for BCBSVT members.

Annual projected insured payments consist of fully-insured large group, individual and small group lines of business only; in other words, payments for which BCBSVT has financial responsibility. This shows the portion the advance payments represent of BCBSVT's projected annual financial obligation to these hospitals.

BCBSVT contacted most Vermont hospitals and 35 other provider organizations to offer advance payments in response to COVID-19. The table above reflects the hospitals who responded and opted to accept the advance payments. Five non-hospital providers accepted a total of nearly $250,000 of advance payments.

7. Please provide a list of BCBSVT Board Members, committee composition, compensation, and the number of meetings of the board and of the finance committee in 2019 and 2020.

(1) The following table lists BCBSVT Board members in 2019 and 2020. Because Board membership changes over the course of a year, the individuals listed may not have served for the entire calendar year.

BCBSVT Board Members in 2019	BCBSVT Board Members in 2020
Jo Bradley	Jo Bradley
James Chandler	James Chandler
Robert Miller	Robert Miller
Peter Crosby, Vice Chair	Peter Crosby
Nancy Eldridge	Nancy Eldridge
Don George	Don George
Scott Giles	Scott Giles, Vice Chair
Thomas Huebner	Thomas Huebner
John Kassel	John Kassel
Eileen Peltier	Eileen Peltier
Mary Powell	Kate Williams
Kate Williams	Amy Putnam
Amy Putnam	Charlie Smith, Chair
Charlie Smith, Chair	Rebecca Towne

(2) The following table provides Board committee assignments for two time periods.

Committee Assignments (3/27/19 - 4/1/20)	**Committee Assignments (4/1/20 - 4/7/21)**
Executive & Compensation	Executive & Compensation
Charlie Smith, Chair	Charlie Smith, Chair
John Kassel	John Kassel
Peter Crosby, Vice Chair	Jim Chandler
Jim Chandler	Nancy Eldridge
Nancy Eldridge	Scott Giles, Vice Chair
Scott Giles	Eileen Peltier
Eileen Peltier	
Finance	Finance
Scott Giles, Chair	Scott Giles, Chair
Tom Huebner	Tom Huebner
Amy Putnam	Amy Putnam
Rob Miller	Rob Miller
Jo Bradley	Jo Bradley
	Rebecca Towne
Audit	Audit
Eileen Peltier, Chair	Eileen Peltier, Chair
John Kassel	John Kassel
Scott Giles	Scott Giles
Rob Miller	Rob Miller
Kate Williams	Kate Williams
Governance	Governance
Jim Chandler, Chair	Jim Chandler, Chair
Nancy Eldridge	Nancy Eldridge
Amy Putnam	Amy Putnam
Tom Huebner	Tom Huebner
Jo Bradley	Jo Bradley
Health Policy	Health Policy
John Kassel, Chair	John Kassel, Chair
Nancy Eldridge	Nancy Eldridge
Jim Chandler	Jim Chandler
Eileen Peltier	Eileen Peltier
Kate Williams	Kate Williams
Deb Granquist (Ret. Member)	Rebecca Towne
Karen Meyer (Ret. Member)	Deb Granquist (Ret. Member)
	Karen Meyer (Ret. Member)

(3) In 2019, the BCBSVT Board met six times, with each meeting lasting at least a half day and the June meeting lasting a day and a half. The Finance Committee met eight times, generally for two to three hours per meeting.

To date in 2020, the BCBSVT Board has met four times, with each meeting lasting at least a half day and the June meeting lasting a full day. To date in 2020, the Finance Committee has met three times, generally for two to three hours per meeting.

(4) Table 10.2 from BCBSVT's Act 152 Report to the Department of Financial Regulation (May 19, 2020) shows compensation to Board members.

Table 10.2: Direct Compensation			
(1) Title of Company Officers	**(2) Stipend**	**(3) Bonus**	**(4) Other Compensation**
Board Chairperson	$ -	$ -	$ 47,750
Board Member	-	-	37,750
Board Member	-	-	30,250
Board Member	-	-	29,250
Board Member	-	-	27,750
Board Member	-	-	25,750
Board Member	-	-	25,500
Board Member	-	-	24,750
Board Member	-	-	23,750
Board Member	-	-	22,500
Board Member	-	-	21,750
Board Member	-	-	12,750
Board Member	-	-	7,500
Board Member	-	-	6,750
Board Member	-	-	6,750

8. To the extent BCBSVT is assuming increased after-hours services/surgeries to make up for deferred utilization, please identify the sources for this assumption, including, if based on communications with providers, the types of Vermont providers that were contacted and the number of each type of provider contacted.

During the rate development process, BCBSVT contacted 15 provider groups (14 hospitals – including 13 Vermont hospitals plus Dartmouth Hitchcock Medical Center), and the Green Mountain Surgery Center. Of the nine who responded, five facilities stated that they did not anticipate implementing increased after-hours services/surgeries to make up for deferred utilization. The remaining four provider groups all expressed their intention to expand capacity through implementing a

range of expanded hours on weekdays and weekends and/or bringing additional procedure rooms online.

Consistent with the evidence and testimony presented at hearing, increased utilization due to the return of deferred services is more than just an assumption: June data show that medical claim costs are already running higher than expected norms.

9. Given the DFR's withdrawal of Insurance Bulletin 211 effective August 3, 2020, we assume BCBSVT will restart routine provider audits and any other fraud, waste, and abuse (FWA) programs that were suspended in connection with COVID-19. Please provide the associated premium rate reduction and update the 2020-2021 RBC Outlook.

The 2021 premiums already assume a full resumption of FWA activities in 2021. The resumption of 2020 FWA activities has no bearing on 2021 premiums.

Due to the four-month suspension of FWA activities, we estimate that 2020 recoveries will be reduced by one-third. An updated 2020-2021 RBC outlook is attached as *BCBSVT RBC Outlook_Updated.pdf*. You will note that we have also updated this version of the outlook to incorporate the more current COVID-19 modeling results presented in Exhibit 17 of the hearing binder. We have retained all other quantities as originally presented, as these remain the most current estimates on the record.

10. Please provide information about other value-based payment programs you have pursued, including the status of a program with Planned Parenthood.

BCBSVT has developed and launched several value-based care programs in collaboration with Vermont healthcare providers. We are committed to expanding this work. These programs include payment incentives linked to quality or outcomes measures and programs employing bundled payment or similar fixed payment structures. Some are in early stages and have not yet progressed to payment reform, but instead focus on experimenting with covered services in an attempt to improve outcomes. These initiatives include reimbursement support for the Spokes in Vermont's Hub and Spoke model, a home-care pilot with the Visiting Nurses Association, a value-based payment initiative with the UVMMC Integrative Pain and Rehab Clinic, and continued support for the adoption and use of Feedback Informed Therapy (FIT) among providers caring for our members with mental health or substance use related illnesses.

In addition to these programs, BCBSVT has several additional value-based care programs that are close to launching or still in the design phase. One of these is a

program with Planned Parenthood of Northern New England. Development work for that pilot was delayed by the pandemic, but BCBSVT's provider team expects to restart this important work in the very near future. BCBSVT cannot provide further specifics on programs that are still in negotiations.

11. What has been BCBSVT's loss of membership since the beginning of the COVID-19 pandemic and how does that compare to the same period last year?

Please see attached *BCBSVT Responses to Post-Hearing GMCB Questions.xlsx* spreadsheet, at tab Q11. The first table at tab Q11 shows the monthly membership for BCBSVT and TVHP combined. The second table shows the cumulative membership changes.

12. What is the current balance of arrears and number of policyholders in arrears in the QHP book of business and how do these compare to last year at this time?

As of June 30, 2020, there were 662 QHP policyholders (including small groups) that were behind on their premium payments. The total balance due from those customers was $1.1 million. This compares to 565 policyholders with an outstanding balance of approximately $580,000 as of June 30, 2019.

The 17% increase in the number of policyholders in arrears, and the 88% increase in the outstanding premium balance due, have occurred even though BCBSVT's total QHP membership declined by 13% from June 30, 2019 to June 30, 2020. This clearly demonstrates BCBSVT's commitment to keeping our members covered, and absorbing financial risk of our own, during this time when Vermonters are counting on us to support them.

13. Please provide BCBSVT's administrative expenses inclusive of lines 8.3 and 10.5 from the SHCE's for 2015 to 2018.

BCBSVT's statutory basis administrative expenses for the requested years were:

- 2015 – $53,032,035
- 2016 – $56,040,465
- 2017 – $46,144,496
- 2018 – $57,205,968

Note that there was no ACA insurer fee assessed in 2017, which is why expenses that year were lower than the preceding and subsequent years. The administrative expenses above are reported in the SHCE in lines 1.5, 1.6, 1.7, 6.1, 6.2, 6.3, 6.4, 6.5, 8.1, 8.2 (line 8.3 is the total of lines 8.1 and 8.2), 10.1, 10.2, 10.3 and 10.4 (line 10.5

is the total of lines 10.1 through 10.4). However, line 1.5 also includes an allocation of Federal income tax expense in accordance with the SHCE instructions, so those line items cannot simply be summed to calculate administrative expenses.

14. What specific "right sizing" of staff has occurred since 2016 given BCBSVT's loss of members and what specifically will be done in 2021 to accommodate the reduction in membership?

Since 2016, BCBSVT has experienced a material reduction in membership in two different years. In 2018, the enterprise lost approximately 13,000 members, all in the VISG market segment. In 2020, prior to the COVID pandemic, BCBSVT lost approximately 10,000 members, mostly from the AHP and insured large group segments. In total, from 2016 through 2020, the membership loss was 12 percent.

Roughly one-half of BCBSVT's work functions are fixed in nature, meaning the required level of work effort is not impacted by changes in membership. That portion of staff does not increase as membership grows, and similarly, it cannot be proportionately reduced as membership declines.

For that reason, "right sizing" of staff generally occurs in the areas that are variable in nature, or where the work effort is driven by transaction volumes that generally increase or decrease in rough proportion to membership. In response to the 2018 and 2020 membership losses, BCBSVT eliminated an aggregate total of 14 budgeted staff positions in the volume-driven customer service and enrollment departments, representing approximately 13 percent of the workforce in those areas. During the same time period, BCBSVT also reduced its fixed costs by eliminating the Chief Marketing Officer position and consolidating marketing and sales under one executive; by reorganizing its IT team to remove two Director level positions; and by consolidating its provider teams under one Director rather than two.

At this time, BCBSVT is not projecting any material membership losses in 2021. While management is always looking for efficiencies and opportunities to reduce costs on behalf of our members, specific 2021 actions related to membership changes have not been planned at this time.

15. In last year's filing, BCBSVT estimated that cost containment programs aimed at reducing inpatient admissions (by 4%) and emergency room visits (by 5%) would save approximately $3.23 million and reduce medical claims by 1.1%. Actuarial Memo, 33. In this year's filing, BCBSVT states that these programs were delayed and that BCBSVT therefore did not meet its goals of reducing inpatient admissions and emergency room visits for the VISG population. BCBSVT further states that cost containment programming came to a halt in March 2020 due to COVID-19 and BCBSVT does not expect to focus on this programming in

the time period covered by the filing. Actuarial Memo, 27. Mr. Schutz seemed to testify that the impact of these cost containment programs has already manifested itself in the claims experience used to develop the filing and, as a result, resuming these programs before 2021 would not have an impact on rates. Tr., 200. Please provide the actual impact of the cost containment programs for 2019 and clarify why resumption of this programming would not result in a rate decrease.

Last year's filing referred to new cost containment programming implemented in 2019. In contrast to the lab benefit management program that greatly exceeded expectations, this pilot program was not successful in reducing inpatient admissions or emergency room visits. The table below shows annual emergency room visits per 1,000 members and annual inpatient admissions and readmissions per 1,000 members for local, non-maternity admissions at local facilities. Calendar year 2018 was adjusted to reflect 2019 weights between the individual and small group markets.

Per 1,000 members	Adjusted ER Visits	Adjusted Admissions	Adjusted Readmissions
2018	41.34	2.77	0.48
2019	41.40	2.77	0.49

It is more difficult to quantify the impact these cost containment programs may have had on trend, as it is difficult to project what experience would have been in the absence of the programs or to normalize experience for other drivers of changes in utilization. Inasmuch as the 2019 programming was able to mitigate trends that would otherwise have been higher, the 2021 pricing will have already included the full impact of the programs.

Although the 2019 efforts did not reduce readmissions or ER utilization, BCBSVT learned a great deal about the available tools and vendors and what would potentially make such a program work better. BCBSVT is working on enhancing this programming through assessing different tools and working more closely with providers, with the goal of making these cost containment efforts more successful over time. A necessary first step, changing vendors, was delayed pre-COVID because BCBSVT relies on VITL transitioning to the new vendor first.

At this point, the COVID-19 pandemic makes implementation of any potential enhancements impractical and highly uncertain. Inpatient admissions and emergency room utilization are both in flux due to the pandemic. This type of program requires collaboration with providers, and providers do not have the bandwidth to focus on new initiatives. It is still not clear when VITL will transition to the new vendor. Even if the course of the pandemic allows these programs to be

fully operational by 2021, it is far too early to assume that any impact will surpass what the programs were able to achieve in 2019.

BCBSVT further notes that initiatives like these require significant investments in staff time and technology to develop, implement, and assess. BCBSVT has necessarily redirected resources enterprise-wide to address the logistics of the pandemic, including developing and implementing new rules and coverage requirements and staying closely informed about medical and scientific issues to ensure that its members are getting the highest quality, most cost effective tests and treatments. At the hearing, some Board members questioned whether BCBSVT's exceptionally low administrative costs need to be further reduced. Trying to cut those costs further, especially at this challenging time, only makes it more difficult to implement new cost containment programs.

Dated: July 30, 2020

STRIS & MAHER LLP

/s/ Bridget Asay
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CERTIFICATE OF SERVICE

I certify that I have served the above Response to Post-Hearing Questions on Michael Barber, Amerin Aborjaily, Thomas Crompton, and Christina McLaughlin of the Green Mountain Care Board; and on Kaili Kuiper, Jay Angoff, and Eric Schultheis, counsel for the HCA, by electronic mail, Delivery Receipt requested via Microsoft Outlook, on July 30, 2020.

/s/ Bridget Asay
Bridget Asay

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BLUE CROSS AND BLUE SHIELD OF VERMONT
2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING

Responses to Post-Hearing GMCB Questions

The tables below show the completed allowed and paid claims by category for Insured Large Group (BCBSVT and TVHP), AHP and VISG

Completed Medical Allowed Claims

Month	Enrollment	Inpatient	Outpatient	Professional	Capitations	Total	Medical Completion Factor
201901	64,869	8,500,426.03	17,479,562.31	10,474,840.43	161,557.42	36,616,386.19	0.9999
201902	64,386	7,411,564.15	14,953,404.67	9,274,880.95	165,579.49	31,805,429.26	0.9999
201903	64,031	8,642,388.11	16,111,965.21	10,199,290.47	164,615.04	35,118,258.83	0.9999
201904	63,530	6,939,277.69	15,967,202.28	10,330,947.61	165,782.70	33,403,210.28	0.9997
201905	63,408	9,370,849.34	16,951,887.39	10,647,492.75	166,039.50	37,136,268.98	0.9995
201906	63,200	8,503,535.56	14,867,007.32	9,543,347.02	165,169.08	33,079,058.98	0.9995
201907	62,228	7,051,531.62	15,922,560.70	9,650,375.90	164,505.82	32,788,974.04	0.9972
201908	62,051	7,108,993.02	14,813,653.32	9,382,584.50	164,970.82	31,470,201.66	0.9989
201909	61,838	5,638,385.92	14,912,065.37	9,394,513.67	164,541.03	30,109,505.99	0.9988
201910	60,591	8,576,926.79	17,132,507.30	10,920,905.88	169,002.27	36,799,342.24	0.9983
201911	60,474	5,719,065.53	15,201,321.66	9,152,737.82	169,008.95	30,242,133.96	0.9970
201912	60,081	5,939,783.08	16,020,754.47	9,563,151.57	168,016.63	31,691,705.75	0.9958
202001	48,297	5,890,419.56	13,292,376.64	7,700,285.99	123,382.54	27,006,464.73	0.9934
202002	47,966	5,013,107.95	12,051,196.94	6,581,335.74	122,699.71	23,768,340.34	0.9901
202003	47,593	4,725,783.47	10,304,268.79	6,003,783.62	122,393.98	21,156,229.86	0.9805
202004	45,772	3,434,936.04	6,964,402.56	3,914,785.72	121,787.33	14,435,911.65	0.9409
202005	45,295	4,325,644.91	10,206,042.95	5,402,071.02	120,862.10	20,054,620.98	0.8875
202006	45,124	3,949,605.57	13,017,228.11	8,255,125.72	120,353.39	25,342,312.79	0.5000

Month	Enrollment	Completed Retail Pharmacy Allowed Claims	Retail Pharmacy Completion Factor
201901	64,869	7,626,167.99	1.0000
201902	64,386	7,052,751.83	1.0000
201903	64,031	7,787,814.05	1.0000
201904	63,530	8,257,124.67	1.0000
201905	63,408	8,185,617.53	1.0000
201906	63,200	7,751,104.12	1.0000
201907	62,228	8,427,297.75	1.0000
201908	62,051	8,053,915.46	1.0000
201909	61,838	7,887,446.40	1.0000
201910	60,591	8,450,305.01	1.0000
201911	60,474	7,808,505.90	1.0000
201912	60,081	9,077,361.11	1.0000
202001	48,297	6,778,577.60	1.0000
202002	47,966	6,641,726.98	1.0000
202003	47,593	7,871,454.86	1.0000
202004	45,772	6,658,580.98	0.9992
202005	45,295	6,882,734.68	0.9988
202006	45,124	7,042,659.27	0.8188

Completed Medical Paid Claims

Month	Enrollment	Inpatient	Outpatient	Professional	Capitations	Total	Medical Completion Factor
201901	64,869	8,075,465.24	12,238,416.19	6,129,736.98	161,557.42	26,605,175.83	0.9998
201902	64,386	7,067,147.55	10,885,624.67	5,637,131.57	165,579.49	23,755,483.28	0.9999
201903	64,031	8,247,608.24	12,285,241.55	6,691,266.57	164,615.04	27,388,731.40	0.9998
201904	63,530	6,639,537.55	12,634,309.62	7,172,654.12	165,782.70	26,612,283.99	0.9998
201905	63,408	9,100,959.97	13,733,653.95	7,798,517.64	166,039.50	30,799,171.06	0.9998
201906	63,200	8,208,099.84	12,115,350.51	7,066,003.32	165,169.08	27,554,622.75	0.9995
201907	62,228	6,779,771.02	13,219,821.76	7,258,602.29	164,505.82	27,422,700.89	0.9970
201908	62,051	6,853,394.45	12,357,251.16	7,215,454.80	164,970.82	26,591,071.23	0.9985
201909	61,838	5,404,496.60	12,673,579.67	7,370,569.70	164,541.03	25,613,187.00	0.9980
201910	60,591	8,275,989.96	14,735,873.05	8,750,336.68	169,002.27	31,931,201.96	0.9970
201911	60,474	5,510,803.20	13,329,820.71	7,428,095.84	169,008.95	26,437,728.70	0.9959
201912	60,081	5,780,155.16	14,235,642.73	7,894,106.82	168,016.63	28,077,921.34	0.9943
202001	48,297	5,488,073.55	8,819,621.90	4,208,978.87	123,382.54	18,640,056.86	0.9919
202002	47,966	4,702,959.34	8,822,347.92	4,015,261.74	122,699.71	17,663,268.71	0.9872
202003	47,593	4,556,971.85	8,171,541.66	3,984,886.70	122,393.98	16,835,794.19	0.9744
202004	45,772	3,328,570.50	5,981,582.91	2,639,796.11	121,787.33	12,071,736.85	0.9337
202005	45,295	4,206,640.48	8,569,789.27	3,842,178.49	120,862.10	16,739,470.34	0.8779
202006	45,124	3,844,488.44	10,789,908.46	5,920,281.43	120,353.39	20,675,031.72	0.4783

Month	Enrollment	Completed Retail Pharmacy Paid Claims	Retail Pharmacy Completion Factor
201901	64,869	5,967,839.78	1.0000
201902	64,386	5,946,649.50	1.0000
201903	64,031	6,762,489.57	1.0000
201904	63,530	7,349,228.83	1.0000
201905	63,408	7,430,688.42	1.0000
201906	63,200	7,099,328.90	1.0000
201907	62,228	7,787,866.73	1.0000
201908	62,051	7,468,333.71	1.0000
201909	61,838	7,336,321.84	1.0000
201910	60,591	7,913,658.59	1.0000
201911	60,474	7,326,493.07	1.0000
201912	60,081	8,575,016.95	1.0000
202001	48,297	5,405,048.02	1.0000
202002	47,966	5,755,287.96	1.0000
202003	47,593	6,985,681.97	1.0000
202004	45,772	6,057,922.34	0.9988
202005	45,295	6,360,773.47	0.9984
202006	45,124	6,475,074.37	0.8188

BLUE CROSS AND BLUE SHIELD OF VERMONT
2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING

Responses to Post-Hearing GMCB Questions

Table 1 Monthly membership for BCBSVT and TVHP

	VISG		AHP		Insured Large Group		Self-Funded		Medicare Supplement		Total	
Reported Date	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Feb 28/29	44,039	39,093	5,665	0	14,674	8,869	113,426	116,083	11,563	12,384	189,367	176,429
Mar 31	43,799	38,743	5,698	0	14,671	8,860	113,404	116,162	11,600	12,442	189,172	176,207
April 30	43,577	38,268	5,678	0	14,451	8,763	113,425	116,154	11,638	12,502	188,769	175,687
May 31	43,487	37,912	5,675	0	14,401	8,642	113,434	116,086	11,702	12,562	188,699	175,202
June 30	43,358	37,785	5,651	0	14,207	8,582	113,491	115,995	11,780	12,631	188,487	174,993
Jul 27	43,359	37,683	5,615	0	13,497	7,864	112,813	114,632	11,934	12,724	187,218	172,903

Table 2 Cumulative membership changes from the end of February

	VISG		AHP		Insured Large Group		Self-Funded		Medicare Supplement		Total	
Reported Date	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Feb 28/29	-240	-350	33	0	-3	-9	-22	79	37	58	-195	-222
Mar 31	-462	-825	13	0	-223	-106	-1	71	75	118	-598	-742
April 30	-552	-1,181	10	0	-273	-227	8	3	139	178	-668	-1,227
May 31	-681	-1,308	-14	0	-467	-287	65	-88	217	247	-880	-1,436
June 30	-680	-1,410	-50	0	-1,177	-1,005	-613	-1,451	371	340	-2,149	-3,526

BCBSVT RBC Outlook 2020-2021

Prepared for GMCB
July 30, 2020

Future COVID Wave Severity[1]

	Vermont	New York Capital Region	No Second Wave	Boston	Suburban SE New York	Firmness of Amount	Expected Timing	Notes
RBC as of December 31, 2019			**567%**			actual		
Impact of changes in insured volume			75%			baseline		
$8.7M AMT credit expected in 2020			42%			firm		
Projected impact of 2020 operating results			-17%			baseline		
Projected impact of 2020 investment results			16%			baseline		
$3.6M investment in Vermont Blue Advantage start-up costs			-20%			firm		
$1.1M founding investment in CivicaRx			-6%			firm		
Subtotal: "Baseline" 2020 View			**657%**					
Equity market losses ($3M through May 2020)			-14%			actual	5/31/2020	
Acceleration of remaining AMT credit refund (CARES Act)			42%			firm	Sep-20	
2019 Final & 2020 Projected Risk Adjustment true-up			2%			firm	6/30/2020	Actual 2019: $20,273,879 (vs. booked $17,876,616) Projected 2020: $20,300,000 (vs. forecast estimate of $22,219,351)
Litigation recovery – risk corridor judgement (90% of $11M)			46%			firm	2020?	Timing of recovery not 100% certain
Surplus impact of 1/1/21 pension valuation (year-end 2020)			-180%			estimate	12/31/2020	BCBSVT's pension assets recently experienced a substantial loss of value—as of May 31, 2020, approximately $40.6M
Subtotal: 2020 View before COVID impacts on operations			**553%**					
Estimated RBC impact of COVID related claims and deferred care in 2020	60%	56%	35%	50%	27%	mean of stochastic modeling	2020	See Exhibit 17 of hearing binder: Addendum to Supplemental Actuarial Memorandum on COVID-19 modeling dated 07/14/2020
Uncollectible premiums due to COVID Emergency Order			-21%			estimate	2020	
Cancelled recoupment of Blueprint overpayments			-6%			actual	2020	
Uncollectible provider advances (50% RBC at risk)			TBD				12/31/2020	
COVID response cost - for deductibles waived on wellness generics and insulins through 12/31/2020			-7%			estimate	2020	
COVID response cost - increased retail pharmacy utilization (driven in part by the loosening of early refill edits and other measures to enhance access and affordability for members)			-18%			projection	2020	We do not consider retail pharmacy in our COVID modeling. Based on 2020 actual experience through June, we estimate that pharmacy claims will be about $4M higher than expected in the 2020 forecast.
COVID response cost -waived cost sharing for emergent telehealth visits through our telehealth partner			0%			estimate	2020	Very low impact to date
COVID response cost - BCBSVT Pharmacy Assistance Program			0%			estimate	2020	Very low impact to date
COVID response cost - suspension of claims audit activity (FWA)			-6%			estimate	2020	The 2020 forecast assumed that FWA recoveries would continue at the same rate as 2018, about 1.42% of medical claims. The suspension of the program will increase claims by about $4M above projections. Resumption of the programs in August pursuant to the DFR order will reduce the impact to one-third of the original calculation.
Estimated RBC as of December 31, 2020	**555%**	**551%**	**530%**	**545%**	**522%**			
Estimated RBC impact of COVID related claims in 2021	-52%	-58%	-37%	-73%	-107%	mean of stochastic modeling	2021	See Exhibit 17 of hearing binder: Addendum to Supplemental Actuarial Memorandum on COVID-19 modeling dated 07/14/2020 Note additional RBC impact of -5% to -7% in 2022.
Litigation recovery – CSR (90% of $7M)			29%			firm	2021?	Timing of recoveries not 100% certain
Additional capital needed for Group Medicare Advantage growth			-9%			estimate	2021	Market demand is emerging
Cost of COVID response support 2021			-TBD					Depends on duration of support programs
GMCB approves hospital COVID allowances			-TBD					This amount could be large
2021 operating and investment results (net of COVID impacts and ACL increase due to health care cost trend)			0%			estimate	2021	Our long-term CTR assumption of 1.5% is selected to allow RBC to remain flat if rates are approved as filed and membership remains at current levels
Estimated RBC as of December 31, 2021	**523%**	**513%**	**513%**	**492%**	**435%**			
Notes:								
Estimated RBC impact of tail of returning care and vaccinations extending into 2022	-6%	-6%	-5%	-7%	-7%	mean of stochastic modeling	TBD	See Exhibit 17 of hearing binder: Addendum to Supplemental Actuarial Memorandum on COVID-19 modeling dated 07/14/2020 Could be reflected in 12/31/2021 financials as a premium deficiency reserve if estimable at that time
Total impact of COVID claim scenarios	2%	-8%	-7%	-30%	-87%			Sum of rows 21, 31 and 40

Key Assumptions:

- 2021 VISG rate increase is approved as filed
- No significant loss of membership due to economic downturn

[1] See *BCBSVT Actuarial Report_COVID-19 Modeling* for a definition and detailed description of these scenarios.