VERMONT

Green Mountain Care Board
144 State Street
Montpelier, VT 05602

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

DELIVERED ELECTRONICALLY

August 4, 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.

1. Please provide a case-mix adjusted comparison of the average unit cost for each Vermont hospital as well as Dartmouth Hitchcock. For ease of comparison, please index Dartmouth to 1.00 as shown in the table found on the next page so that a hospital with a 1.50 can be interpreted as having a case mix adjusted average unit cost that is 50% higher than Dartmouth.

Please provide this data by 5:00 p.m. on Thursday, August 6.

Sincerely,

/s/ Michael Barber

Michael Barber, General Counsel
Green Mountain Care Board

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Facility	IP (Unit Cost, adjusted for case mix)	OP Surgery	OP Radiology	ER	OP Lab	OP RadMRI	OP RadTher	OP Observation
Dartmouth	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
UVMMC								
Porter								
CVMC								
Brattleboro								
Copley								
Gifford								
Grace Cottage								
Mt Ascutney								
North Country								
Northeast Vermont Regional Hospital								
Northwester								
Rutland Regional								
Southwestern								
Springfield								

BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

August 6, 2020

Michael Barber, General Counsel
Green Mountain Care Board

Re: BCBSVT 2021 VISG Rate Filing (SERFF Tracking #: BCVT-131936226)
Response to Additional Post-Hearing Question

Dear Mr. Barber:

In the late afternoon of August 4, 2020, the Board requested that BCBSVT provide the following information on or before 5:00 p.m. on August 6:

Please provide a case-mix adjusted comparison of the average unit cost for each Vermont hospital as well as Dartmouth Hitchcock. For ease of comparison, please index Dartmouth to 1.00 as shown in the table found on the next page so that a hospital with a 1.50 can be interpreted as having a case mix adjusted average unit cost that is 50% higher than Dartmouth.

As a first step towards responding to this request, we describe the results of our efforts since our July 20 hearing to compare costs of services at University of Vermont Medical Center (UVMMC) and Dartmouth Hitchcock Medical Center (DHMC). We acted quickly after the hearing to complete this analysis it is directly relevant to the pending hospital budget negotiations and, in turn, the GMCB's rate deliberations. We expect that this information will assist the GMCB's understanding of the payment differential between the two academic medical centers.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Beyond the information described above, we are unable to perform the requested comparative analysis across the other 13 Vermont hospitals in the two-day timeframe allotted by the GMCB's request. This type of analysis would require months, not days, to produce. The complexities arise from the fact that our hospital contracts employ a variety of payment mechanisms, including Diagnosis-Related Groups (DRG) with outlier provisions, fee schedules, bundled payments, capitations, case rates, discount off charges, etc. Furthermore, publicly available chargemasters are inconsistent across facilities. They require manipulation and interpretation, making them difficult to use accurately. Even at that, chargemasters alone

[1] This methodology is necessarily inexact but reproduced results within a half percent of actual claims. This is well within a tolerance that promotes full confidence in results.

[2] This, too, is imperfect to a small degree because BCBSVT pays the minimum of the hospital's allowed charges or the fee schedule amount. This provision does not often apply; results are therefore broadly accurate.

are insufficient to compare BCBSVT reimbursement across hospitals.

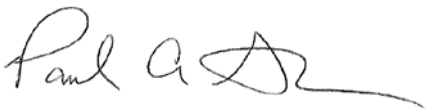
As a first step, this type of analysis would necessarily begin with the creation of a repricing model capable of applying the contract terms of each hospital to all local claims. This in itself is a significant task that would require a substantial amount of time, effort, and review. It would include a detailed analysis to gain a firm grasp of the chargemaster at each facility as a set of input items for the model.

Because relativities can differ widely by specific service, it would be necessary to create and fine-tune a fixed basket of goods that could be priced on each hospital's reimbursement schedule to generate a fair comparison across facilities. This, too, is challenging because some hospitals rarely or never perform certain procedures that may be commonplace for other facilities. In addition, attempting to compare a large tertiary care facility to a small community hospital might not yield sufficiently useful information or sufficiently advance the Board's goals to justify the costs of performing the comparison. Such analysis would need to be carefully developed with further input from the GMCB for it to achieve the desired objectives and to ensure that the results would not be obfuscated by fundamental differences between facilities.

Altogether, the project would require substantial internal time and resources at BCBSVT in order to produce the requested comparison. Its timeline is, therefore, appropriately measured in months rather than days.

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

Sincerely,



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