

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: Blue Cross Blue Shield of Vermont )  
3<sup>rd</sup> quarter 2016 Large Group Rating )  
Program Filing ) GMCB-03-16-rr  
SERFF No. BCVT-130453174 )

SUGGESTED QUESTIONS FOR BLUE CROSS BLUE SHIELD OF VERMONT

The Office of the Health Care Advocate suggests the following questions for the Board to pose to Blue Cross Blue Shield of Vermont pursuant to Green Mountain Care Board Rule 2.000 §2.202(c):

**Trends**

Cost

1. The Green Mountain Care Board approved hospital rate increases averaging 4.2% for FY 2016. Exhibit 3A shows the historic change in provider contracting to be annual cost changes of 4.0%. Why is BCBSVT requesting unit cost trend assumptions ranging from 4.9% to 5.1%? [Page 10 of Actuarial Memorandum]
2. Why is the unit cost trend for TVHP Managed Care higher than the unit cost trend for BCBSVT? The proposed unit cost trend for TVHP Managed Care is the same as the trend for BCBSVT Unmanaged Care. We would expect the trend for a managed care product to be lower than the trend for an unmanaged care product. [Page 10 of the Actuarial Memorandum indicates “for marketing reasons, Provider Contracting has been negotiating different unit cost increases for each of the three contracts.” Why should “marketing reasons” result in consumers in TVHP Managed Care paying higher prices than members in BCBSVT Managed Care?]
3. The unit cost trends for “other facilities and providers” are 3.2% for BCBSVT Managed Care and 3.7% for BCBSVT Unmanaged Care and TVHP Managed Care. Why are the cost trends outside Vermont less than the cost trends for providers inside Vermont?

Utilization

4. Exhibit 3C shows an increase in utilization of 1.0% based on adjusted data from Sept 2013-August 2015. For the contract adjustment, the filing used data through October

2015. What is the impact of replicating Exhibit 3C for the time period November 2013 through October 2015?

5. Why does the filing use an experience period paid through October 2015 rather than a more recent period?

#### Drug Trend

6. Page 12 of the Actuarial Memorandum indicates that BCBSVT has 37 claimants using Viekira. Are these claimants all members of large groups?
7. For PCSK9 inhibitors BCBSVT provides an incidence rate of 200 persons per 100,000 lives.
  - a. Is this for the population as a whole, including persons > 65? If so, what is the incidence rate for persons < age 65?
  - b. Please verify that the second indication for the usage of PCSK9 inhibitors is not already included in the utilization of 200/100,000
8. The filing estimates that Orkambi, a drug used for treatment of cystic fibrosis, will cost \$2.47 million in 2017, based upon an estimate that 10 members will qualify.
  - a. Are these members for BCBSVT's entire population or only for the large group population?
  - b. How many members does BCBSVT currently have in the large group market that qualify for this prescription?
  - c. What is the current annual cost before and after rebates?

#### **Administrative Expenses**

9. The filing has incorporated a 1.1% load into the BCBSVT PUPM pricing component for administrative expenses to reflect the impact of lower membership.
  - a. Please provide clarification as to whether this reduction in membership is for BCBSVT as a whole, or if it is only for large group.
  - b. Did BCBSVT as a company lose members OR were the members reclassified as small group instead of large group? If there is a change as a result of reclassification, please demonstrate that any increase in administrative charge for large groups attributable to the change in definition is balanced by a decrease in the administrative charge for the combined market.
  - c. Please provide further explanation as to why BCBSVT expects its membership to decrease beginning Q3 2016 and extending into 2017.
10. What is the impact on overall rates if the 1.1% load in the PUPM component is eliminated?

**Industry Factors**

11. Please state whether there were changes to the industry factors in Exhibit 5B from the 2015 filing.
  
12. If there were changes, please show the old factor, new factor, 2015 membership, and 2015 premium and demonstrate that the starting manual rate was adjusted to reflect the net impact of any change in industry factors.

s/ Kaili Kuiper  
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CERTIFICATE OF SERVICE

I, Lila Richardson, hereby certify that I have served the above Suggested Questions for Blue Cross Blue Shield of Vermont on Judith Henkin, General Counsel to the Green Mountain Care Board, and Jacqueline Hughes, representative of BCBSVT by electronic mail, return receipt requested this 21st day of March, 2016.

s/ Lila Richardson  
Lila Richardson, Staff Attorney