

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: BCBSVT 3Q 2017)
Large Group Rating Program Filing) GMCB 04-17-rr
)

In re: TVHP 3Q 2017)
Large Group Rating Program Filing) GMCB 05-17-rr
)

REPLY TO BCBSVT'S JOINT MOTION FOR RECONSIDERATION

The Office of the Health Care Advocate (HCA) asks the Green Mountain Care Board (the Board) to uphold its May 24, 2017 decision on the above captioned filings which lowered the manual rate increase from approximately 10.7% to 9.4%.

We agree with the Board's decision to reduce the medical trend to 4.85% in the above captioned filings. Because the insurer states that it does not request reconsideration of the Board's decision with respect to medical trend, we will not address this point further.

We also agree with the Board's decision to reduce the prescription drug trend to 8.75%. We do not believe the insurer's argument against this reduction is sound. To begin, the insurer tries to discredit the Board's decision to reduce the prescription drug trend by pointing out that the insurer's contract initiatives are not a component of trend and "are accounted for elsewhere in the filing." (GMCB 04-17rr, BCBSVT Joint Motion for Reconsideration, p.1) The insurer is pointing to a technical clarification and not an argument against the Board's rationale. The Board believes the insurer should negotiate further on prescription contracts to offset trend. The technical location of that adjustment is not an argument against the Board's reasoning.

Further, in contrast to the insurer's protests, we believe the Board has sufficient support for its decision to set prescription drug trend at low the end of L&E's trend range. (GMCB 04-17rr, BCBSVT Joint Motion for Reconsideration, p.1-2) First, the insurer ignores the Board's statement that lowering the trend will "result in premiums for Vermonters that are as fair, equitable, and affordable as possible...thereby promoting both access to care and quality of care." (GMCB 04-17rr, Decision, p.5) Affordability, access to care, and quality of care are principles the Board must consider in the rate review process and lowering the rates will promote these goals.

Second, the insurer has not demonstrated that it is at risk from this isolated decision. It predicts the adequacy of premium rates well beyond next year in an attempt to prove that this decision is unsound. The insurer points to the Department of Financial Regulation's solvency report which warns about consequences of inadequate rates *over the long term*. The Board is in the position to monitor the insurer's solvency year to year and adequacy of rates year to year. Therefore the Board can reasonably order trend rates in favor of affordability and if necessary make adjustments in future years to guard against insolvency.

For the reasons discussed above, the HCA asks the Board to uphold its decision to lower the medical and pharmaceutical trends in the above captioned filings.

Dated at Montpelier, Vermont this 11th day of June, 2017.

s/ Kaili Kuiper
Kaili Kuiper
Staff Attorney
Office of the Health Care Advocate
7 Court Street
P.O. Box 606
Montpelier, Vt. 05601
Voice (802) 223-6377 ext. 329

CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above Memorandum on Judith Henkin, General Counsel to the Green Mountain Care Board, Noel Hudson, Health Policy Director of the Green Mountain Care Board, and Jacqueline Hughes, representative of the Vermont Health Plan and Blue Cross Blue Shield of Vermont, by electronic mail, return receipt requested, this 11th day of June, 2017.

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