

**Dallas**

Cabe W. Chadick, F.S.A.  
 S. Scott Gibson, F.S.A.  
 Glenn A. Tobleman, F.S.A., F.C.A.S.  
 Michael A. Mayberry, F.S.A.  
 David M. Dillon, F.S.A.  
 Gregory S. Wilson, F.C.A.S.  
 Steven D. Bryson, F.S.A.  
 Brian D. Rankin, F.S.A.  
 Bonnie S. Albritton, F.S.A.  
 Jacqueline B. Lee, F.S.A.  
 Xiaoxiao (Lisa) Jiang, F.S.A.  
 Brian C. Stentz, A.S.A.  
 Jennifer M. Allen, A.S.A.  
 Josh A. Hammerquist, A.S.A.  
 Johnathan L. O'Dell, A.S.A.  
 Clint Prater, A.S.A.  
 Larry Choi, A.S.A.  
 Kevin Rugeberg, A.S.A.  
 Traci Hughes, A.S.A.

**Kansas City**

Gary L. Rose, F.S.A.  
 Terry M. Long, F.S.A.  
 Leon L. Langlitz, F.S.A.  
 D. Patrick Glenn, A.S.A., A.C.A.S.  
 Christopher J. Merkel, F.S.A.  
 Christopher H. Davis, F.S.A.  
 Karen E. Elsom, F.S.A.  
 Jill J. Humes, F.S.A.  
 Kimberly S. Shores, F.S.A.  
 Michael A. Brown, F.S.A.  
 Naomi J. Kloppersmith, F.S.A.  
 Stephanie T. Crownhart, F.S.A.  
 Mark W. Birdsall, F.S.A.  
 Andrea J. Huckaba, F.S.A., C.E.R.A.

**London/Kansas City**

Timothy A. DeMars, F.S.A., F.I.A.  
 Scott E. Morrow, F.S.A., F.I.A.

**Denver**

Mark P. Stukowski, F.S.A.  
 William J. Gorski, F.S.A.

**Indianapolis**

Kathryn R. Koch, A.C.A.S.

**Baltimore**

David A. Palmer, C.F.E.

April 3, 2017

Jude Daye, Executive Assistant  
 The Vermont Health Plan  
 445 Industrial Lane  
 Montpelier, VT 05601

Re: The Vermont Health Plan  
 3Q 2017 LG Rating Program Filing  
 SERFF Tracking #: BCVT-130935776

Dear Jude Daye:

We have been retained by the Green Mountain Care Board (“GMCB”) to review the above referenced group products filing submitted on 2/24/2017. The following additional information is required for this filing.

Notice regarding proper responses:

- A minimum-acceptable response to quantitative questions from us must include a spreadsheet calculation with retained formulas such that we can replicate the calculations therein.
- Explanatory responses are merely a supplement to the spreadsheet material and in of themselves will constitute a lack of response.

Questions:

1. On exhibit 3G, please confirm that the incremental costs of excluded treatments for specialty drugs that were added into the projection period were calculated using the same number of member months as the claims that were removed from the experience period. If this is not the case, please quantify the impact or explain why the calculation that was used is more appropriate.
2. Which contracts were finalized at the time that the unit cost trend assumption was finalized? For any contract negotiations that had begun at that time, please briefly describe the state of the negotiations.

3. Please provide support for the proposed trends in the cells D27, J27, N27, D39, J39 and N39 on the Cost Trend tabs.
4. We note that the administrative costs in this filing have increased by 25.0%. Please provide a breakdown of the costs drivers. For example:
  - a. Trend: 2.4%
  - b. Increase in membership: -0.4%
  - c. Refreshed Cost Allocation Study: \_\_\_%
  - d. Large Cost Plus group moving to ASO: \_\_\_%
  - e. Other, if applicable

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than April 5, 2017. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,



Josh Hammerquist A.S.A., M.A.A.A.  
Assistant Vice President & Consulting Actuary  
Lewis & Ellis, Inc.  
jhammerquist@lewisellis.com  
(972)850-0850