

July 5, 2017

Mr. Josh Hammerquist, F.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.

**Subject: Your 06/19/2017 Questions re: Blue Cross and Blue Shield of Vermont
2018 Qualified Health Plan Filing (SERFF Tracking #: BCVT-131037743)**

Dear Mr. Hammerquist:

In response to your request on behalf of the Green Mountain Care board dated June 19, 2017,
here is our answer to question 8.a.ii:

8. Provider Trend

- a. You stated in a press release that “The Medicare and Medicaid cost shift adds about another 2 percent” to the rate increase requested in this filing.*
- ii. Explain how the cost shift factors into your approach when negotiating with providers.*

BCBSVT has consistently made the cost shift a major topic of negotiations with providers, insisting that BCBSVT’s members shouldn’t be responsible for absorbing the cost shift and pushing for unit costs to be reduced appropriately. Since the creation of the GMCB hospital budget and the greater transparency that it has created, providers insist that it is the responsibility of BCBSVT’s members to fund the cost shift. Providers acknowledge that they manage to a revenue target, insist that commercial members must fund the cost shift in order for providers to meet their revenue targets, and remind BCBSVT that the GMCB has approved the revenue target.

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

Sincerely,



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