

RESPONSES TO ACTUARIAL INQUIRIES

| Approved Trends from 2017 QHP Rate Filing |                   | Medical | Rx    | Total |
|---|-------------------|---------|-------|-------|
| From 2015 to 2016                         | Cost Trend        | 1.036   | 1.097 | 1.047 |
|   | Utilization Trend | 1.005   | 1.005 | 1.005 |
|   | Pharmacy Contract | 1.000   | 0.976 | 0.996 |
| From 2016 to 2017                         | Cost Trend        | 1.028   | 1.097 | 1.040 |
|   | Utilization Trend | 1.005   | 1.005 | 1.005 |
|   | Pharmacy Contract | 1.000   | 0.976 | 0.996 |

| Proposed Trends from 2018 QHP Rate Filing |                   | Medical | Rx    | Total |
|---|-------------------|---------|-------|-------|
| From 2016 to 2017                         | Cost Trend        | 1.024   | 1.084 | 1.035 |
|   | Utilization Trend | 1.020   | 1.005 | 1.017 |
|   | Pharmacy Contract | 1.000   | 0.991 | 0.998 |
| From 2017 to 2018                         | Cost Trend        | 1.028   | 1.084 | 1.037 |
|   | Utilization Trend | 1.020   | 1.005 | 1.017 |
|   | Pharmacy Contract | 1.000   | 0.991 | 0.998 |

|  | Medical  | Rx       | Allowed Charges subtotal | Impact on Allowed Charges |
|--|----------|----------|--------------------------|---------------------------|
| CY 2016 Allowed PMPM   | \$445.27 | \$90.31  | \$535.58                 |                           |
| Adding Utilization Trend from 2016 to 2017 from 2017 Approved Filing | \$447.50 | \$90.76  | \$538.26                 |                           |
| Impact of change in Utilization Trend from 2016 to 2017              | \$454.18 | \$90.76  | \$544.94                 | 1.2%                      |
| CY 2017 Allowed PMPM   | \$465.29 | \$97.49  | \$562.79                 |                           |
| Additional Year of Utilization Trend                                 | \$463.26 | \$91.21  | \$554.48                 | 1.8%                      |
| Additional Year of Medical Cost Trend                                | \$478.10 | \$97.49  | \$575.60                 | 2.3%                      |
| Additional Year of Pharmacy Cost Trend                               | \$478.10 | \$105.68 | \$583.79                 | 1.4%                      |

|  | Allowed Charges subtotal | Paid to Allowed Ratio | Other Premium Components | Premium  | Impact on Premium |
|--|--------------------------|-----------------------|--------------------------|----------|-------------------|
| CY 2016 Allowed PMPM   | \$535.58                 | 79.6%                 | \$51.25                  | \$477.74 |                   |
| Adding Utilization Trend from 2016 to 2017 from 2017 Approved Filing | \$538.26                 | 79.6%                 | \$51.25                  | \$479.88 |                   |
| Impact of change in Utilization Trend from 2016 to 2017              | \$544.94                 | 79.6%                 | \$51.25                  | \$485.20 | 1.1%              |
| CY 2017 Allowed PMPM   | \$562.79                 | 79.6%                 | \$51.25                  | \$499.41 |                   |
| Additional Year of Utilization Trend                                 | \$554.48                 | 79.6%                 | \$51.25                  | \$492.79 | 1.6%              |
| Additional Year of Medical Cost Trend                                | \$575.60                 | 79.6%                 | \$51.25                  | \$509.61 | 2.0%              |
| Additional Year of Pharmacy Cost Trend                               | \$583.79                 | 79.6%                 | \$51.25                  | \$516.13 | 1.3%              |

BLUE CROSS AND BLUE SHIELD OF VERMONT  
2018 VERMONT QUALIFIED HEALTH PLANS RATE FILING

QUESTION 7

RESPONSES TO ACTUARIAL INQUIRIES

| Month                  | Membership | Original Claims* | Original PMPM | Rolling 12 PMPM | Adjusted Claims - Normalized for Contract Changes | Adjusted PMPM | Rolling 12 Adjusted PMPM | Regression on Adjusted PMPM - 36 Months | Regression on Adjusted PMPM - 24 Months | Regression on Adjusted PMPM - 12 Months |
|------------------------|------------|------------------|---------------|-----------------|---|---------------|--------------------------|---|---|---|
| Jan-13                 | 64,685     | \$26,217,533     | \$405.31      |                 | \$29,425,891                                      | \$454.91      |                          | \$405.23                                | \$406.66                                | \$353.45                                |
| Feb-13                 | 64,417     | \$23,566,151     | \$365.84      |                 | \$26,690,857                                      | \$414.34      |                          | \$406.21                                | \$407.60                                | \$355.39                                |
| Mar-13                 | 64,459     | \$25,604,811     | \$397.23      |                 | \$28,917,058                                      | \$448.61      |                          | \$407.09                                | \$408.44                                | \$357.16                                |
| Apr-13                 | 64,381     | \$26,698,701     | \$414.70      |                 | \$30,043,850                                      | \$466.66      |                          | \$408.08                                | \$409.38                                | \$359.13                                |
| May-13                 | 64,240     | \$27,115,367     | \$422.09      |                 | \$30,436,578                                      | \$473.79      |                          | \$409.03                                | \$410.29                                | \$361.05                                |
| Jun-13                 | 64,528     | \$24,477,292     | \$379.33      |                 | \$27,381,228                                      | \$424.33      |                          | \$410.02                                | \$411.24                                | \$363.04                                |
| Jul-13                 | 65,048     | \$25,474,365     | \$391.62      |                 | \$28,519,550                                      | \$438.44      |                          | \$410.97                                | \$412.15                                | \$364.97                                |
| Aug-13                 | 65,259     | \$25,329,632     | \$388.14      |                 | \$28,353,679                                      | \$434.48      |                          | \$411.97                                | \$413.10                                | \$366.99                                |
| Sep-13                 | 65,079     | \$25,914,042     | \$398.19      |                 | \$28,882,830                                      | \$443.81      |                          | \$412.96                                | \$414.05                                | \$369.01                                |
| Oct-13                 | 64,757     | \$30,240,043     | \$466.98      |                 | \$33,380,440                                      | \$515.47      |                          | \$413.92                                | \$414.97                                | \$370.98                                |
| Nov-13                 | 64,756     | \$28,018,946     | \$432.68      |                 | \$30,666,032                                      | \$473.56      |                          | \$414.92                                | \$415.93                                | \$373.02                                |
| Dec-13                 | 64,163     | \$29,012,738     | \$452.17      | \$409.49        | \$32,010,722                                      | \$498.90      | \$457.23                 | \$415.89                                | \$416.85                                | \$375.01                                |
| Jan-14                 | 63,462     | \$25,105,615     | \$395.60      | \$408.70        | \$27,450,702                                      | \$432.55      | \$455.41                 | \$416.90                                | \$417.81                                | \$377.08                                |
| Feb-14                 | 63,062     | \$23,125,565     | \$366.71      | \$408.85        | \$25,234,913                                      | \$400.16      | \$454.32                 | \$417.90                                | \$418.77                                | \$379.16                                |
| Mar-14                 | 63,023     | \$23,565,067     | \$373.91      | \$406.96        | \$25,715,634                                      | \$408.04      | \$451.02                 | \$418.81                                | \$419.64                                | \$381.05                                |
| Apr-14                 | 62,894     | \$23,950,889     | \$380.81      | \$404.18        | \$26,061,022                                      | \$414.36      | \$446.72                 | \$419.82                                | \$420.61                                | \$383.15                                |
| May-14                 | 65,068     | \$24,831,795     | \$381.63      | \$400.79        | \$27,027,576                                      | \$415.37      | \$441.82                 | \$420.80                                | \$421.54                                | \$385.19                                |
| Jun-14                 | 65,268     | \$25,113,499     | \$384.78      | \$401.23        | \$27,286,021                                      | \$418.06      | \$441.27                 | \$421.82                                | \$422.51                                | \$387.31                                |
| Jul-14                 | 65,898     | \$24,992,842     | \$379.27      | \$400.16        | \$26,951,276                                      | \$408.98      | \$438.75                 | \$422.81                                | \$423.45                                | \$389.38                                |
| Aug-14                 | 66,182     | \$24,743,330     | \$373.87      | \$398.93        | \$26,876,990                                      | \$406.11      | \$436.32                 | \$423.83                                | \$424.83                                | \$391.53                                |
| Sep-14                 | 65,956     | \$26,157,090     | \$396.58      | \$398.79        | \$28,322,619                                      | \$429.42      | \$435.10                 | \$424.85                                | \$425.40                                | \$393.68                                |
| Oct-14                 | 65,765     | \$29,235,409     | \$444.54      | \$396.97        | \$31,168,595                                      | \$473.94      | \$431.69                 | \$425.84                                | \$426.35                                | \$395.78                                |
| Nov-14                 | 65,619     | \$26,241,130     | \$399.90      | \$394.24        | \$28,029,630                                      | \$427.16      | \$427.81                 | \$426.87                                | \$427.33                                | \$397.97                                |
| Dec-14                 | 65,261     | \$29,783,710     | \$456.38      | \$394.68        | \$31,938,978                                      | \$489.40      | \$427.11                 | \$427.87                                | \$428.28                                | \$400.09                                |
| Jan-15                 | 67,793     | \$28,532,835     | \$420.88      | \$396.88        | \$29,706,096                                      | \$438.19      | \$427.63                 | \$428.90                                | \$429.27                                | \$402.29                                |
| Feb-15                 | 68,205     | \$24,896,966     | \$365.03      | \$396.53        | \$25,959,698                                      | \$380.61      | \$425.76                 | \$429.93                                | \$430.25                                | \$404.51                                |
| Mar-15                 | 69,532     | \$29,284,835     | \$421.17      | \$400.49        | \$30,527,048                                      | \$439.04      | \$428.33                 | \$430.87                                | \$431.15                                | \$406.53                                |
| Apr-15                 | 69,682     | \$29,285,800     | \$420.28      | \$403.76        | \$30,493,644                                      | \$437.61      | \$430.24                 | \$431.91                                | \$432.15                                | \$408.77                                |
| May-15                 | 69,054     | \$27,483,620     | \$398.00      | \$405.05        | \$28,580,990                                      | \$413.89      | \$430.04                 | \$432.92                                | \$433.10                                | \$410.95                                |
| Jun-15                 | 69,063     | \$29,797,483     | \$431.45      | \$408.95        | \$31,013,637                                      | \$449.06      | \$432.63                 | \$433.96                                | \$434.10                                | \$413.21                                |
| Jul-15                 | 68,691     | \$29,316,414     | \$426.79      | \$412.87        | \$30,407,874                                      | \$442.68      | \$435.40                 | \$434.98                                | \$435.06                                | \$415.42                                |
| Aug-15                 | 68,199     | \$26,305,347     | \$385.71      | \$413.77        | \$27,255,049                                      | \$399.64      | \$434.79                 | \$436.03                                | \$436.06                                | \$417.71                                |
| Sep-15                 | 67,893     | \$29,444,460     | \$433.69      | \$416.82        | \$30,501,950                                      | \$449.27      | \$436.43                 | \$437.08                                | \$437.07                                | \$420.01                                |
| Oct-15                 | 67,833     | \$29,316,303     | \$432.18      | \$415.86        | \$30,210,615                                      | \$445.37      | \$434.15                 | \$438.10                                | \$438.04                                | \$422.25                                |
| Nov-15                 | 67,475     | \$29,088,158     | \$431.10      | \$418.40        | \$29,931,095                                      | \$443.59      | \$435.49                 | \$439.16                                | \$439.05                                | \$424.58                                |
| Dec-15                 | 67,448     | \$29,645,700     | \$439.53      | \$417.12        | \$32,386,631                                      | \$480.17      | \$434.87                 | \$440.18                                | \$440.02                                | \$426.84                                |
| Jan-16                 | 69,220     | \$29,428,424     | \$425.14      | \$417.48        | \$29,699,035                                      | \$429.05      | \$434.11                 | \$441.25                                | \$441.04                                | \$429.19                                |
| Feb-16                 | 69,732     | \$29,963,052     | \$429.69      | \$422.86        | \$30,222,765                                      | \$433.41      | \$438.48                 | \$442.31                                | \$442.05                                | \$431.56                                |
| Mar-16                 | 70,277     | \$32,716,135     | \$465.53      | \$426.64        | \$32,973,333                                      | \$469.19      | \$441.05                 | \$443.31                                | \$443.00                                | \$433.79                                |
| Apr-16                 | 70,192     | \$28,638,574     | \$408.00      | \$425.59        | \$28,850,566                                      | \$411.02      | \$438.79                 | \$444.38                                | \$444.02                                | \$436.18                                |
| May-16                 | 70,225     | \$29,099,224     | \$414.37      | \$426.94        | \$29,355,021                                      | \$418.01      | \$439.10                 | \$445.42                                | \$445.01                                | \$438.50                                |
| Jun-16                 | 70,355     | \$31,348,767     | \$445.58      | \$428.15        | \$31,623,453                                      | \$449.48      | \$439.15                 | \$446.49                                | \$446.03                                | \$440.92                                |
| Jul-16                 | 70,575     | \$29,216,796     | \$413.98      | \$427.06        | \$29,403,783                                      | \$416.63      | \$436.95                 | \$447.53                                | \$447.03                                | \$443.27                                |
| Aug-16                 | 70,663     | \$31,864,209     | \$450.93      | \$432.47        | \$32,081,785                                      | \$454.01      | \$441.45                 | \$448.61                                | \$448.05                                | \$445.72                                |
| Sep-16                 | 70,778     | \$32,423,323     | \$458.10      | \$434.55        | \$32,604,318                                      | \$460.66      | \$442.45                 | \$449.70                                | \$449.08                                | \$448.17                                |
| Oct-16                 | 70,949     | \$31,404,042     | \$442.63      | \$435.42        | \$31,432,124                                      | \$443.02      | \$442.26                 | \$450.75                                | \$450.08                                | \$450.56                                |
| Nov-16                 | 71,013     | \$33,482,082     | \$471.49      | \$438.81        | \$33,497,668                                      | \$471.71      | \$444.64                 | \$451.84                                | \$451.12                                | \$453.05                                |
| Dec-16                 | 70,994     | \$34,290,588     | \$483.01      | \$442.47        | \$34,290,588                                      | \$483.01      | \$445.03                 | \$452.89                                | \$452.12                                | \$455.46                                |
| Jan-17                 | 69,615     | \$32,452,902     | \$466.18      | \$445.84        | \$32,588,573                                      | \$468.13      | \$448.24                 | \$453.98                                | \$453.16                                | \$457.97                                |
| Feb-17                 | 69,934     | \$29,772,802     | \$425.73      | \$445.51        | \$29,772,802                                      | \$425.73      | \$447.60                 | \$455.08                                | \$454.21                                | \$460.50                                |
| <b>Annual Increase</b> |            |                  |               | <b>5.4%</b>     |   |               | <b>2.1%</b>              | <b>2.9%</b>                             | <b>2.7%</b>                             | <b>6.7%</b>                             |

\* December 2015 after normalization for contract changes was adjusted due to unexpected actual results. It originally was \$30,457,755.

| Regressions | Regression on Adjusted PMPM - 36 Months |        | Regression on Adjusted PMPM - 24 Months |        | Regression on Adjusted PMPM - 12 Months |        |
|-------------|---|--------|---|--------|---|--------|
|             | 1.000                                   | 16.363 | 1.000                                   | 19.089 | 1.000                                   | 0.234  |
|             | 0.000                                   | 1.214  | 0.000                                   | 2.000  | 0.000                                   | 6.300  |
|             | 0.177                                   | 0.055  | 0.101                                   | 0.049  | 0.126                                   | 0.054  |
|             | 7.317                                   | 34.000 | 2.471                                   | 22.000 | 1.438                                   | 10.000 |

RESPONSES TO ACTUARIAL INQUIRIES

Impact of Benefit Changes

| Month  | Membership | Adjusted Claims - Normalized for Contract Changes | Adjusted PMPM | Rolling 12 Adjusted PMPM | Regression on Adjusted PMPM - 24 Months | Average Induced Utilization Factor | Normalization Factor for Induced Utilization | Adjusted Claims - Normalized for Contract Changes and Induced Utilization | Adjusted PMPM | Rolling 12 Adjusted PMPM | Regression on Adjusted PMPM - 24 Months |
|--------|------------|---|---------------|--------------------------|---|------------------------------------|--|---|---------------|--------------------------|---|
| Jan-13 | 64,685     | \$29,425,891                                      | \$454.91      |                          | \$406.66                                | 0.9238                             | 1.0305                                       | \$30,323,813  | \$468.79      |                          | \$408.91                                |
| Feb-13 | 64,417     | \$26,690,857                                      | \$414.34      |                          | \$407.60                                | 0.9249                             | 1.0293                                       | \$27,471,794  | \$426.47      |                          | \$409.80                                |
| Mar-13 | 64,459     | \$28,917,058                                      | \$448.61      |                          | \$408.44                                | 0.9259                             | 1.0281                                       | \$29,730,569  | \$461.23      |                          | \$410.60                                |
| Apr-13 | 64,381     | \$30,043,850                                      | \$466.66      |                          | \$409.38                                | 0.9268                             | 1.0272                                       | \$30,860,605  | \$479.34      |                          | \$411.49                                |
| May-13 | 64,240     | \$30,436,578                                      | \$473.79      |                          | \$410.29                                | 0.9271                             | 1.0268                                       | \$31,253,780  | \$486.52      |                          | \$412.36                                |
| Jun-13 | 64,528     | \$27,381,228                                      | \$424.33      |                          | \$411.24                                | 0.9281                             | 1.0257                                       | \$28,085,462  | \$435.24      |                          | \$413.26                                |
| Jul-13 | 65,048     | \$28,519,550                                      | \$438.44      |                          | \$412.15                                | 0.9280                             | 1.0258                                       | \$29,254,144  | \$449.73      |                          | \$414.12                                |
| Aug-13 | 65,259     | \$28,353,679                                      | \$434.48      |                          | \$413.10                                | 0.9282                             | 1.0256                                       | \$29,080,742  | \$445.62      |                          | \$415.02                                |
| Sep-13 | 65,079     | \$28,882,830                                      | \$443.81      |                          | \$414.05                                | 0.9299                             | 1.0237                                       | \$29,566,854  | \$454.32      |                          | \$415.93                                |
| Oct-13 | 64,757     | \$33,380,440                                      | \$515.47      |                          | \$414.97                                | 0.9312                             | 1.0223                                       | \$34,124,285  | \$526.96      |                          | \$416.80                                |
| Nov-13 | 64,756     | \$30,666,032                                      | \$473.56      |                          | \$415.93                                | 0.9325                             | 1.0208                                       | \$31,305,303  | \$483.43      |                          | \$417.71                                |
| Dec-13 | 64,163     | \$32,010,722                                      | \$498.90      |                          | \$416.85                                | 0.9343                             | 1.0189                                       | \$32,616,045  | \$508.33      |                          | \$418.59                                |
| Jan-14 | 63,462     | \$27,450,702                                      | \$432.55      |                          | \$417.81                                | 0.9360                             | 1.0170                                       | \$27,918,033  | \$439.92      |                          | \$419.50                                |
| Feb-14 | 63,062     | \$25,234,913                                      | \$400.16      |                          | \$418.77                                | 0.9374                             | 1.0155                                       | \$25,626,805  | \$406.37      |                          | \$420.41                                |
| Mar-14 | 63,023     | \$25,715,634                                      | \$408.04      |                          | \$419.64                                | 0.9381                             | 1.0147                                       | \$26,094,530  | \$414.05      |                          | \$421.23                                |
| Apr-14 | 62,894     | \$26,061,022                                      | \$414.36      |                          | \$420.61                                | 0.9385                             | 1.0143                                       | \$26,434,137  | \$420.30      |                          | \$422.15                                |
| May-14 | 65,068     | \$27,027,576                                      | \$415.37      |                          | \$421.54                                | 0.9388                             | 1.0140                                       | \$27,406,967  | \$421.21      |                          | \$423.03                                |
| Jun-14 | 65,268     | \$27,286,021                                      | \$418.06      |                          | \$422.51                                | 0.9397                             | 1.0130                                       | \$27,641,007  | \$423.50      |                          | \$423.95                                |
| Jul-14 | 65,898     | \$26,951,276                                      | \$408.98      |                          | \$423.45                                | 0.9401                             | 1.0126                                       | \$27,290,380  | \$414.13      |                          | \$424.85                                |
| Aug-14 | 66,182     | \$26,876,990                                      | \$406.11      |                          | \$424.43                                | 0.9410                             | 1.0116                                       | \$27,188,777  | \$410.82      |                          | \$425.77                                |
| Sep-14 | 65,956     | \$28,322,619                                      | \$429.42      |                          | \$425.40                                | 0.9412                             | 1.0114                                       | \$28,646,385  | \$434.33      |                          | \$426.69                                |
| Oct-14 | 65,765     | \$31,168,595                                      | \$473.94      |                          | \$426.35                                | 0.9416                             | 1.0110                                       | \$31,511,614  | \$479.15      |                          | \$427.59                                |
| Nov-14 | 65,619     | \$28,029,630                                      | \$427.16      |                          | \$427.33                                | 0.9418                             | 1.0108                                       | \$28,331,413  | \$431.76      |                          | \$428.52                                |
| Dec-14 | 65,261     | \$31,938,978                                      | \$489.40      |                          | \$428.28                                | 0.9424                             | 1.0101                                       | \$32,261,357  | \$494.34      |                          | \$429.42                                |
| Jan-15 | 67,793     | \$29,706,096                                      | \$438.19      |                          | \$429.27                                | 0.9448                             | 1.0076                                       | \$29,931,384  | \$441.51      |                          | \$430.36                                |
| Feb-15 | 68,205     | \$25,959,698                                      | \$380.61      |                          | \$430.25                                | 0.9451                             | 1.0073                                       | \$26,148,070  | \$383.37      |                          | \$431.29                                |
| Mar-15 | 69,532     | \$30,527,048                                      | \$439.04      |                          | \$431.15                                | 0.9462                             | 1.0061                                       | \$30,713,856  | \$441.72      |                          | \$432.14                                |
| Apr-15 | 69,682     | \$30,493,644                                      | \$437.61      |                          | \$432.14                                | 0.9473                             | 1.0049                                       | \$30,642,510  | \$439.75      |                          | \$433.08                                |
| May-15 | 69,054     | \$28,580,990                                      | \$413.89      |                          | \$433.10                                | 0.9487                             | 1.0034                                       | \$28,679,212  | \$415.32      |                          | \$433.99                                |
| Jun-15 | 69,063     | \$31,013,637                                      | \$449.06      |                          | \$434.10                                | 0.9496                             | 1.0025                                       | \$31,091,155  | \$450.19      |                          | \$434.93                                |
| Jul-15 | 68,691     | \$30,407,874                                      | \$442.68      |                          | \$435.06                                | 0.9512                             | 1.0008                                       | \$30,431,546  | \$443.02      |                          | \$435.84                                |
| Aug-15 | 68,199     | \$27,255,049                                      | \$399.64      |                          | \$436.06                                | 0.9519                             | 1.0001                                       | \$27,257,393  | \$399.67      |                          | \$436.79                                |
| Sep-15 | 67,893     | \$30,501,950                                      | \$449.27      |                          | \$437.07                                | 0.9533                             | 0.9986                                       | \$30,459,949  | \$448.65      |                          | \$437.74                                |
| Oct-15 | 67,833     | \$30,210,615                                      | \$445.37      |                          | \$438.04                                | 0.9534                             | 0.9985                                       | \$30,165,235  | \$444.70      |                          | \$438.66                                |
| Nov-15 | 67,475     | \$29,931,095                                      | \$443.59      |                          | \$439.05                                | 0.9541                             | 0.9977                                       | \$29,863,093  | \$442.58      |                          | \$439.61                                |
| Dec-15 | 67,448     | \$32,386,631                                      | \$480.17      | \$434.87                 | \$440.02                                | 0.9533                             | 0.9986                                       | \$32,341,931  | \$479.51      | \$435.79                 | \$440.54                                |
| Jan-16 | 69,220     | \$29,699,035                                      | \$429.05      | \$434.11                 | \$441.04                                | 0.9517                             | 1.0003                                       | \$29,706,713  | \$429.16      | \$434.76                 | \$441.50                                |
| Feb-16 | 69,732     | \$30,222,765                                      | \$433.41      | \$438.48                 | \$442.05                                | 0.9514                             | 1.0006                                       | \$30,239,944  | \$433.66      | \$438.92                 | \$442.46                                |
| Mar-16 | 70,277     | \$32,973,333                                      | \$469.19      | \$441.05                 | \$443.00                                | 0.9510                             | 1.0010                                       | \$33,007,191  | \$469.67      | \$441.31                 | \$443.35                                |
| Apr-16 | 70,192     | \$28,850,566                                      | \$411.02      | \$438.79                 | \$444.02                                | 0.9506                             | 1.0014                                       | \$28,892,214  | \$411.62      | \$438.91                 | \$444.32                                |
| May-16 | 70,225     | \$29,355,021                                      | \$418.01      | \$439.10                 | \$445.01                                | 0.9500                             | 1.0021                                       | \$29,416,153  | \$418.88      | \$439.18                 | \$445.25                                |
| Jun-16 | 70,355     | \$31,623,453                                      | \$449.48      | \$439.15                 | \$446.03                                | 0.9496                             | 1.0025                                       | \$31,702,412  | \$450.61      | \$439.23                 | \$446.22                                |
| Jul-16 | 70,575     | \$29,403,783                                      | \$416.63      | \$436.95                 | \$447.03                                | 0.9500                             | 1.0020                                       | \$29,463,175  | \$417.47      | \$437.07                 | \$447.16                                |
| Aug-16 | 70,663     | \$32,081,785                                      | \$454.01      | \$441.45                 | \$448.05                                | 0.9506                             | 1.0014                                       | \$32,126,976  | \$454.65      | \$441.63                 | \$448.13                                |
| Sep-16 | 70,778     | \$32,604,318                                      | \$460.66      | \$442.45                 | \$449.08                                | 0.9514                             | 1.0006                                       | \$32,622,733  | \$460.92      | \$442.69                 | \$449.10                                |
| Oct-16 | 70,949     | \$31,432,124                                      | \$443.02      | \$442.26                 | \$450.08                                | 0.9520                             | 0.9999                                       | \$31,429,006  | \$442.98      | \$442.55                 | \$450.05                                |
| Nov-16 | 71,013     | \$33,497,668                                      | \$471.71      | \$444.64                 | \$451.12                                | 0.9524                             | 0.9995                                       | \$33,480,819  | \$471.47      | \$444.99                 | \$451.03                                |
| Dec-16 | 70,994     | \$34,290,588                                      | \$483.01      | \$445.03                 | \$452.12                                | 0.9536                             | 0.9983                                       | \$34,232,535  | \$482.19      | \$445.36                 | \$451.98                                |
| Jan-17 | 69,615     | \$32,588,573                                      | \$468.13      | \$448.24                 | \$453.16                                | 0.9522                             | 0.9997                                       | \$32,580,053  | \$468.00      | \$448.55                 | \$452.96                                |
| Feb-17 | 69,934     | \$29,772,802                                      | \$425.73      | \$447.60                 | \$454.21                                | 0.9520                             | 1.0000                                       | \$29,772,802  | \$425.73      | \$447.89                 | \$453.94                                |

Annual Increase 2.1% 2.7% 2.0% 2.6%

| Regressions | Regression on Adjusted PMPM - 24 Months |         | Regression on Adjusted PMPM - 24 Months |         |
|-------------|---|---------|---|---------|
|             | 1.00007                                 | 19.0893 | 1.00007                                 | 22.7204 |
|             | 0.00005                                 | 1.9995  | 0.00005                                 | 1.9806  |
|             | 10.10%                                  | 0.0488  | 9.27%                                   | 0.0483  |
|             | 2.47147                                 | 22      | 2.24880                                 | 22      |

Impact of Benefit Changes -0.03%

RESPONSES TO ACTUARIAL INQUIRIES

Impact of Fraud, Waste and Abuse programs

| Month  | Membership | Adjusted Claims - Normalized for Contract Changes and Induced Utilization Factor | Adjusted PMPM | Rolling 12 Adjusted PMPM | Regression on Adjusted PMPM - 24 Months | Adjustement for FWA programs | Adjusted Claims - Normalized for Contract Changes, Induced Utilization Factor and FWA | Adjusted PMPM | Rolling 12 Adjusted PMPM | Regression on Adjusted PMPM - 24 Months |
|--------|------------|--|---------------|--------------------------|---|------------------------------|---|---------------|--------------------------|---|
| Jan-13 | 64,685     | \$30,323,813   | \$468.79      |                          | \$408.91                                | 0.9905                       | \$30,036,773  | \$464.35      |                          | \$405.63                                |
| Feb-13 | 64,417     | \$27,471,794   | \$426.47      |                          | \$409.80                                | 0.9905                       | \$27,211,750  | \$422.43      |                          | \$406.59                                |
| Mar-13 | 64,459     | \$29,730,569   | \$461.23      |                          | \$410.60                                | 0.9905                       | \$29,449,145  | \$456.87      |                          | \$407.46                                |
| Apr-13 | 64,381     | \$30,860,605   | \$479.34      |                          | \$411.49                                | 0.9905                       | \$30,568,484  | \$474.81      |                          | \$408.42                                |
| May-13 | 64,240     | \$31,253,780   | \$486.52      |                          | \$412.36                                | 0.9905                       | \$30,957,937  | \$481.91      |                          | \$409.35                                |
| Jun-13 | 64,528     | \$28,085,462   | \$435.24      |                          | \$413.26                                | 0.9905                       | \$27,819,610  | \$431.12      |                          | \$410.32                                |
| Jul-13 | 65,048     | \$29,254,144   | \$449.73      |                          | \$414.12                                | 0.9905                       | \$28,977,229  | \$445.47      |                          | \$411.25                                |
| Aug-13 | 65,259     | \$29,080,742   | \$445.62      |                          | \$415.02                                | 0.9905                       | \$28,805,469  | \$441.40      |                          | \$412.22                                |
| Sep-13 | 65,079     | \$29,566,854   | \$454.32      |                          | \$415.93                                | 0.9905                       | \$29,286,980  | \$450.02      |                          | \$413.19                                |
| Oct-13 | 64,757     | \$34,124,285   | \$526.96      |                          | \$416.80                                | 0.9905                       | \$33,801,271  | \$521.97      |                          | \$414.14                                |
| Nov-13 | 64,756     | \$31,305,303   | \$483.43      |                          | \$417.71                                | 0.9905                       | \$31,008,972  | \$478.86      |                          | \$415.11                                |
| Dec-13 | 64,163     | \$32,616,045   | \$508.33      |                          | \$418.59                                | 0.9905                       | \$32,307,307  | \$503.52      |                          | \$416.06                                |
| Jan-14 | 63,462     | \$27,918,033   | \$439.92      |                          | \$419.50                                | 0.9905                       | \$27,653,765  | \$435.75      |                          | \$417.04                                |
| Feb-14 | 63,062     | \$25,626,805   | \$406.37      |                          | \$420.41                                | 0.9905                       | \$25,384,226  | \$402.53      |                          | \$418.03                                |
| Mar-14 | 63,023     | \$26,094,530   | \$414.05      |                          | \$421.23                                | 0.9905                       | \$25,847,524  | \$410.13      |                          | \$418.92                                |
| Apr-14 | 62,894     | \$26,434,137   | \$420.30      |                          | \$422.15                                | 0.9905                       | \$26,183,916  | \$416.32      |                          | \$419.90                                |
| May-14 | 65,068     | \$27,406,967   | \$421.21      |                          | \$423.03                                | 0.9905                       | \$27,147,538  | \$417.22      |                          | \$420.86                                |
| Jun-14 | 65,268     | \$27,641,007   | \$423.50      |                          | \$423.95                                | 0.9905                       | \$27,379,362  | \$419.49      |                          | \$421.85                                |
| Jul-14 | 65,898     | \$27,290,380   | \$414.13      |                          | \$424.85                                | 0.9905                       | \$27,032,054  | \$410.21      |                          | \$422.82                                |
| Aug-14 | 66,182     | \$27,188,777   | \$410.82      |                          | \$425.77                                | 0.9905                       | \$26,931,413  | \$406.93      |                          | \$423.81                                |
| Sep-14 | 65,956     | \$28,646,385   | \$434.33      |                          | \$426.69                                | 0.9905                       | \$28,375,224  | \$430.21      |                          | \$424.81                                |
| Oct-14 | 65,765     | \$31,511,614   | \$479.15      |                          | \$427.59                                | 0.9905                       | \$31,213,331  | \$474.62      |                          | \$425.78                                |
| Nov-14 | 65,619     | \$28,331,413   | \$431.76      |                          | \$428.52                                | 0.9905                       | \$28,063,233  | \$427.67      |                          | \$426.79                                |
| Dec-14 | 65,261     | \$32,261,357   | \$494.34      |                          | \$429.42                                | 0.9905                       | \$31,955,977  | \$489.66      |                          | \$427.76                                |
| Jan-15 | 67,793     | \$29,931,384   | \$441.51      |                          | \$430.36                                | 0.9970                       | \$29,842,064  | \$440.19      |                          | \$428.77                                |
| Feb-15 | 68,205     | \$26,148,070   | \$383.37      |                          | \$431.29                                | 0.9970                       | \$26,070,040  | \$382.23      |                          | \$429.78                                |
| Mar-15 | 69,532     | \$30,713,856   | \$441.72      |                          | \$432.14                                | 0.9970                       | \$30,622,201  | \$440.40      |                          | \$430.70                                |
| Apr-15 | 69,682     | \$30,642,510   | \$439.75      |                          | \$433.08                                | 0.9970                       | \$30,551,068  | \$438.44      |                          | \$431.71                                |
| May-15 | 69,054     | \$28,679,212   | \$415.32      |                          | \$433.99                                | 0.9970                       | \$28,593,628  | \$414.08      |                          | \$432.70                                |
| Jun-15 | 69,063     | \$31,091,155   | \$450.19      |                          | \$434.93                                | 0.9970                       | \$30,998,374  | \$448.84      |                          | \$433.72                                |
| Jul-15 | 68,691     | \$30,431,546   | \$443.02      |                          | \$435.84                                | 0.9970                       | \$30,340,733  | \$441.70      |                          | \$434.71                                |
| Aug-15 | 68,199     | \$27,257,393   | \$399.67      |                          | \$436.79                                | 0.9970                       | \$27,176,053  | \$398.48      |                          | \$435.73                                |
| Sep-15 | 67,893     | \$30,459,949   | \$448.65      |                          | \$437.74                                | 0.9970                       | \$30,369,052  | \$447.31      |                          | \$436.76                                |
| Oct-15 | 67,833     | \$30,165,235   | \$444.70      |                          | \$438.66                                | 0.9970                       | \$30,075,217  | \$443.37      |                          | \$437.76                                |
| Nov-15 | 67,475     | \$29,863,093   | \$442.58      |                          | \$439.61                                | 0.9970                       | \$29,773,977  | \$441.26      |                          | \$438.79                                |
| Dec-15 | 67,448     | \$32,341,931   | \$479.51      | \$435.79                 | \$440.54                                | 0.9970                       | \$32,245,418  | \$478.08      | \$434.49                 | \$439.79                                |
| Jan-16 | 69,220     | \$29,706,713   | \$429.16      | \$434.76                 | \$441.50                                | 1.0000                       | \$29,706,713  | \$429.16      | \$433.57                 | \$440.83                                |
| Feb-16 | 69,732     | \$30,239,944   | \$433.66      | \$438.92                 | \$442.46                                | 1.0000                       | \$30,239,944  | \$433.66      | \$437.83                 | \$441.87                                |
| Mar-16 | 70,277     | \$33,007,191   | \$469.67      | \$441.31                 | \$443.35                                | 1.0000                       | \$33,007,191  | \$469.67      | \$440.32                 | \$442.84                                |
| Apr-16 | 70,192     | \$28,892,214   | \$411.62      | \$438.91                 | \$444.32                                | 1.0000                       | \$28,892,214  | \$411.62      | \$438.04                 | \$443.89                                |
| May-16 | 70,225     | \$29,416,153   | \$418.88      | \$439.18                 | \$445.25                                | 1.0000                       | \$29,416,153  | \$418.88      | \$438.42                 | \$444.90                                |
| Jun-16 | 70,355     | \$31,702,412   | \$450.61      | \$439.23                 | \$446.22                                | 1.0000                       | \$31,702,412  | \$450.61      | \$438.58                 | \$445.95                                |
| Jul-16 | 70,575     | \$29,463,175   | \$417.47      | \$437.07                 | \$447.16                                | 1.0000                       | \$29,463,175  | \$417.47      | \$436.53                 | \$446.97                                |
| Aug-16 | 70,663     | \$32,126,976   | \$454.65      | \$441.63                 | \$448.13                                | 1.0000                       | \$32,126,976  | \$454.65      | \$441.19                 | \$448.02                                |
| Sep-16 | 70,778     | \$32,622,733   | \$460.92      | \$442.69                 | \$449.10                                | 1.0000                       | \$32,622,733  | \$460.92      | \$442.36                 | \$449.08                                |
| Oct-16 | 70,949     | \$31,429,006   | \$442.98      | \$442.55                 | \$450.05                                | 1.0000                       | \$31,429,006  | \$442.98      | \$442.33                 | \$450.10                                |
| Nov-16 | 71,013     | \$33,480,819   | \$471.47      | \$444.99                 | \$451.03                                | 1.0000                       | \$33,480,819  | \$471.47      | \$444.88                 | \$451.16                                |
| Dec-16 | 70,994     | \$34,232,535   | \$482.19      | \$445.36                 | \$451.98                                | 1.0000                       | \$34,232,535  | \$482.19      | \$445.36                 | \$452.19                                |
| Jan-17 | 69,615     | \$32,580,053   | \$468.00      | \$448.55                 | \$452.96                                | 1.0000                       | \$32,580,053  | \$468.00      | \$448.55                 | \$453.26                                |
| Feb-17 | 69,934     | \$29,772,802   | \$425.73      | \$447.89                 | \$453.94                                | 1.0000                       | \$29,772,802  | \$425.73      | \$447.89                 | \$454.33                                |

Annual Increase 2.0% 2.6% -1.5% 2.3% 2.8%

Regressions

| Adjusted PMPM - |         |
|-----------------|---------|
| 1.00007         | 22.7204 |
| 0.00005         | 1.9806  |
| 9.27%           | 0.0483  |
| 2.24880         | 22      |

| Adjusted PMPM - |         |
|-----------------|---------|
| 1.00008         | 17.6246 |
| 0.00005         | 1.9711  |
| 10.84%          | 0.0481  |
| 2.67348         | 22      |

Impact of Changes in Fraud, Waste and Abuse programs 0.2%



BLUE CROSS AND BLUE SHIELD OF VERMONT  
2018 VERMONT QUALIFIED HEALTH PLANS RATE FILING

RESPONSE TO ACTUARIAL INQUIRIES

Section 1

Minimum Required CTR Calculation

|  |                  | 2017 Forecast |                              |                            | Restated to Reflect QHP Premium Increases to 2018 |                              |
|--|------------------|---------------|------------------------------|----------------------------|---|------------------------------|
|  |                  | Premium       | Share of Capital Requirement | Projected Premium Increase | Premium   | Share of Capital Requirement |
| <b>BCBSVT Enterprise Totals</b>                        |                  |               |                              |                            |   |                              |
| QHP  | A                | \$417,566,717 | 53.49%                       | 12.7%                      | \$470,533,176                                     | 56.44%                       |
| BCBSVT and TVHP Large Group Insured                    | B                | \$74,631,421  | 14.73%                       |                            | \$74,631,421                                      | 13.80%                       |
| All Other  | C                |               | 31.78%                       |                            |   | 29.76%                       |
| Investment Income                                      | D                | \$4,598,707   |                              |                            | \$4,598,707                                       |                              |
| Tax Rate   | E                | 20%           |                              |                            | 20%   |                              |
| Investment Income Net of Taxes                         | F = D x (1-E)    | \$3,678,966   |                              |                            | \$3,678,966                                       |                              |
| QHP Share of Investment Income                         | G = F x B%       | \$1,967,815   |                              |                            | \$2,076,536                                       |                              |
| Estimated YE 2017 Authorized Control Level (ACL)       | H                | \$23,495,304  |                              |                            |   |                              |
| Estimated ACL Reflecting QHP Premium Increases to 2018 | J                | \$25,438,567  |                              |                            |   |                              |
| Increase in Capital Required to Maintain Target RBC    | K = 700% x (J-H) | \$13,602,841  |                              |                            |   |                              |
| Additional Required Grossed Up for FIT                 | L = K/(1-E)      | \$17,003,552  |                              |                            |   |                              |
| CTR Required from QHP in 2018                          | M = L-G          | \$14,927,016  |                              |                            |   |                              |
| Required QHP Insured CTR Factor to Maintain Target RBC | CTR = M/\$B      | 3.2%          |                              |                            |   |                              |

Section 2

|   | NON-STANDARD PLANS |                        |                     |                          |                     |                          | STANDARD PLANS      |                 |                   |                |                   |               |                   | Catastrophic Blue Rewards | TOTAL          |
|---|--------------------|------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|-----------------|-------------------|----------------|-------------------|---------------|-------------------|---------------------------|----------------|
|   | GOLD Blue Rewards  | GOLD Blue Rewards CDHP | SILVER Blue Rewards | SILVER Blue Rewards CDHP | BRONZE Blue Rewards | BRONZE Blue Rewards CDHP | PLATINUM Deductible | GOLD Deductible | SILVER Deductible | SILVER CDHP    | BRONZE Deductible | BRONZE CDHP   | BRONZE Integrated |                           |                |
| BCBSVT Contribution to Reserve                                | \$11.67            | \$11.19                | \$10.12             | \$9.81                   | \$8.93              | \$8.92                   | \$13.85             | \$12.10         | \$10.33           | \$10.53        | \$8.99            | \$9.07        | \$9.19            | \$5.03                    | \$11.08        |
| Risk Margin for Bad Debt                                      | \$1.17             | \$1.12                 | \$1.01              | \$0.98                   | \$0.89              | \$0.89                   | \$1.39              | \$1.21          | \$1.03            | \$1.05         | \$0.90            | \$0.91        | \$0.92            | \$0.50                    | \$1.11         |
| <b>Total Contribution to Reserve PMPM</b>                     | <b>\$12.84</b>     | <b>\$12.30</b>         | <b>\$11.13</b>      | <b>\$10.79</b>           | <b>\$9.82</b>       | <b>\$9.82</b>            | <b>\$15.24</b>      | <b>\$13.32</b>  | <b>\$11.37</b>    | <b>\$11.58</b> | <b>\$9.89</b>     | <b>\$9.97</b> | <b>\$10.11</b>    | <b>\$5.54</b>             | <b>\$12.19</b> |
| Contribution to Reserve and Risk Margin Plan Level Adjustment | 1.0225             | 1.0225                 | 1.0225              | 1.0225                   | 1.0225              | 1.0225                   | 1.0225              | 1.0225          | 1.0225            | 1.0225         | 1.0225            | 1.0225        | 1.0225            | 1.0225                    | 1.0225         |
| Contribution to Reserve as a percent of Premium               | 2.00%              | 2.00%                  | 2.00%               | 2.00%                    | 2.00%               | 2.00%                    | 2.00%               | 2.00%           | 2.00%             | 2.00%          | 2.00%             | 2.00%         | 2.00%             | 2.00%                     | 2.00%          |
| Risk Margin Bad Debt as a percent of Premium                  | 0.20%              | 0.20%                  | 0.20%               | 0.20%                    | 0.20%               | 0.20%                    | 0.20%               | 0.20%           | 0.20%             | 0.20%          | 0.20%             | 0.20%         | 0.20%             | 0.20%                     | 0.20%          |

BLUE CROSS AND BLUE SHIELD OF VERMONT  
2018 VERMONT QUALIFIED HEALTH PLANS RATE FILING

RESPONSE TO ACTUARIAL INQUIRIES

|   | NON-STANDARD PLANS |                        |                     |                          |                     |                          | STANDARD PLANS      |                 |                   |                 |                   |                 |                   | Catastrophic Blue Rewards | TOTAL           |
|---|--------------------|------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|---------------------------|-----------------|
|   | GOLD Blue Rewards  | GOLD Blue Rewards CDHP | SILVER Blue Rewards | SILVER Blue Rewards CDHP | BRONZE Blue Rewards | BRONZE Blue Rewards CDHP | PLATINUM Deductible | GOLD Deductible | SILVER Deductible | SILVER CDHP     | BRONZE Deductible | BRONZE CDHP     | BRONZE Integrated |                           |                 |
| Expected Direct Claims PMPM               | \$510.92           | \$487.69               | \$437.55            | \$422.55                 | \$380.84            | \$380.35                 | \$617.86            | \$534.96        | \$450.83          | \$459.93        | \$387.12          | \$390.53        | \$396.71          | \$195.88                  | \$485.27        |
| Risk Adjustment Transfer Payments PMPM    | -\$0.13            | -\$0.13                | -\$0.13             | -\$0.13                  | -\$0.13             | -\$0.13                  | -\$0.13             | -\$0.13         | -\$0.13           | -\$0.13         | -\$0.13           | -\$0.13         | -\$0.13           | -\$0.13                   | -\$0.13         |
| Adjustments for Health Care Quality PMPM* | \$6.40             | \$6.42                 | \$6.38              | \$6.41                   | \$6.38              | \$6.41                   | \$3.18              | \$3.17          | \$3.17            | \$3.17          | \$3.17            | \$3.18          | \$3.17            | \$6.38                    | \$4.16          |
| <b>MLR Claims</b>                         | <b>\$517.18</b>    | <b>\$493.97</b>        | <b>\$443.80</b>     | <b>\$428.83</b>          | <b>\$387.09</b>     | <b>\$386.62</b>          | <b>\$620.90</b>     | <b>\$538.00</b> | <b>\$453.86</b>   | <b>\$462.97</b> | <b>\$390.15</b>   | <b>\$393.57</b> | <b>\$399.75</b>   | <b>\$202.12</b>           | <b>\$489.29</b> |
| Premium PMPM                              | \$583.48           | \$559.31               | \$506.06            | \$490.67                 | \$446.37            | \$446.17                 | \$692.56            | \$605.24        | \$516.67          | \$526.31        | \$449.63          | \$453.28        | \$459.73          | \$251.67                  | \$554.07        |
| Licensing and regulatory fees             | -\$0.14            | -\$0.14                | -\$0.14             | -\$0.14                  | -\$0.14             | -\$0.14                  | -\$0.14             | -\$0.14         | -\$0.14           | -\$0.14         | -\$0.14           | -\$0.14         | -\$0.14           | -\$0.14                   | -\$0.14         |
| Taxes & Fees PMPM                         | -\$17.80           | -\$17.12               | -\$15.64            | -\$15.21                 | -\$13.98            | -\$13.97                 | -\$20.85            | -\$18.41        | -\$15.94          | -\$16.21        | -\$14.07          | -\$14.18        | -\$14.36          | -\$8.55                   | -\$16.98        |
| <b>MLR Premium</b>                        | <b>\$565.54</b>    | <b>\$542.05</b>        | <b>\$490.27</b>     | <b>\$475.32</b>          | <b>\$432.25</b>     | <b>\$432.06</b>          | <b>\$671.57</b>     | <b>\$586.69</b> | <b>\$500.58</b>   | <b>\$509.96</b> | <b>\$435.42</b>   | <b>\$438.96</b> | <b>\$445.24</b>   | <b>\$242.98</b>           | <b>\$536.94</b> |
| <b>Expected Loss Ratio</b>                | 91.4%              | 91.1%                  | 90.5%               | 90.2%                    | 89.6%               | 89.5%                    | 92.5%               | 91.7%           | 90.7%             | 90.8%           | 89.6%             | 89.7%           | 89.8%             | 83.2%                     | 91.1%           |
| Projected Membership                      | 1,632              | 8,353                  | 4,081               | 3,142                    | 484                 | 3,397                    | 12,935              | 7,353           | 16,148            | 6,458           | 2,364             | 2,953           | 501               | 234                       | 70,035          |

\*Approximately 9.06% of current BCBSVT Administrative Charges are for health care quality plus the Blue Rewards PMPM