STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: BlueCross and BlueShield Vermont	)	
2020 Individual and Small Group	)	GMCB-006-19rr
Rate Filing	)	
	)	
SERF No. BCVT-131936226	)	

BLUE CROSS AND BLUE SHIELD OF VERMONT'S POST-HEARING MEMORANDUM

For the reasons set forth below and based on the evidence and arguments in the record and presented at hearing, Blue Cross and Blue Shield of Vermont (BCBSVT) respectfully requests that the Green Mountain Care Board approve BCBSVT's proposed rates, without modification or adjustment, resulting in an average rate increase of 14.3% to 14.5%.[1]

INTRODUCTION

The rate review process requires the Board to balance a set of interdependent factors to assess "whether a rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading, or contrary to the laws of this State." 8 V.S.A. § 4062(a)(3). Because the health care system is complex and the Legislature directed consideration of factors that are often (even inherently) in tension, the Board must grapple with the inevitable push and pull among cost, access, quality, and solvency. *See In re: Blue Cross and Blue Shield of Vermont Third Quarter 2019 Large Group Rating Program Filing*, Nos. GMCB-002-19rr & GMCB-003-19rr, at 6 (May 23, 2019) (observing that these standards "are 'general and open-ended,' the result of 'the fluidity inherent in concepts of quality

[1] BCBSVT anticipates that the Board will order a unit cost trend that aligns with its expectations relative to hospital budget orders. BCBSVT therefore provides a range of outcomes (*see* Exhibit 18) to assist the Board in selecting the most appropriate assumption.

care, access, and affordability'" (quoting *In re MVP Health Insurance Co.*, 2016 VT 111, ¶ 16)). Indeed, the Board recently recognized that failing to properly balance these factors "imperils Vermonters' access to care." *Id.*

BCBSVT's proposed 2020 rates achieve that proper balance. BCBSVT recognizes that the requested rate increase is substantial. BCBSVT also understands that the underlying cost of health care is a difficult burden for many Vermonters to shoulder, and has been for years. The public comments the Board has received this year, as in past years, give voice to that struggle. As one particularly eloquent Vermonter put it at the Board's post-hearing public comment session: "This is something I carry with me every single day, the ability to afford the care I need to function, to give back to my community, to engage with this beautiful state we live in, and I just need you to know that accessible and affordable care is care that someone doesn't have to wake up and wonder if today is the day that they go broke because they have to see their doctor." Public Comment Session, July 23, 2019, Tr. 22. BCBSVT shares the Board's and Vermonters' vision of a more sustainable health care system.

Reducing BCBSVT's proposed rates, however, will not serve that goal, nor will it decrease underlying health care costs. To the contrary, doing so will threaten access to quality care, threaten BCBSVT's solvency, and eventually lead to less affordable rates in the future. Indeed, BCBSVT has no incentive to request a rate that is any higher than necessary.[2] Nor has it, as shown by the filing's target medical loss ratio of 91.2%, well above the required level set by

[2] During the hearing, Board Member Holmes observed that BCBSVT has experienced membership losses in the VISG market, and that at the same time its rates remain higher than its competitor's, suggesting that this dynamic might trigger a "death spiral." Tr. 190. While BCBSVT's VISG membership (including AHP members) decreased significantly during 2018 open enrollment, it stabilized during 2019 open enrollment, decreasing by only 2% (50,812 to 49,630). *Compare* Exh. 8 at 4 (December 2018 enrollment) *with* Exh. 1 at 25 & Exh. 8 at 6 (total enrollment as of March 2019). These figures differ from those shown on page one of L&E's report because they focus on open enrollment results (i.e., December 2018 to first quarter 2019 membership) and because they include AHP members (reflecting the current state of Vermont law). While BCBSVT has every incentive and intention to attract more members, its current membership trajectory does not evidence or portend a "death spiral."

the Affordable Care Act. Tr. 67-68; *see also* CCIIO, Medical Loss Ratio resource page, *available at* https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Medical-Loss-Ratio.html.

As explained below, the evidence in the record and the hearing testimony confirm that the proposed rates must be approved. First, BCBSVT's proposed contribution to policyholder reserves is amply justified and essential to reverse the multi-year decline of those reserves. Evidence provided by the Department of Financial Regulation and the Board's actuary, Lewis & Ellis, supports this conclusion. Second, the record makes clear that BCBSVT's administrative costs are reasonable, low compared to the company's peers, and supported by DFR and L&E, warranting approval. Third, BCBSVT has demonstrated that its projections of allowed claims costs require approval of the proposed rates. And finally, approving the rates as proposed will support Vermont's larger health care reform efforts, which represent the best opportunity to provide Vermonters relief from the underlying, unsustainable costs of the health care they need.

I. Approving the requested contribution to policyholder reserves of 1.5% and fully funding the requested premium is critical to protecting BCBSVT's solvency.

By any measure, BCBSVT's policyholder reserves are too low. The Board must approve a rate that includes the proposed 1.5% contribution to policyholder reserves (CTR) and otherwise protects BCBSVT's solvency.

First, BCBSVT's risk-based capital (RBC) percentage (495% as of December 31, 2018) is the lowest it has been since the Board was established.[3] And it has been declining for four years, since 2015. BCBSVT Ex. 15, at 1, 4; *see also* Tr. 131-32 (Ms. Greene, describing decline

[3] RBC is a method of measuring the amount of capital appropriate for an insurance entity to support its overall business operations in consideration of its size and risk profile. BCBSVT Ex. 17, at 1.

in reserves and RBC). For context, Ms. Greene testified that with its 2018 year-end reserves of $110 million, "Blue Cross could pay [insured] claims for a little less than three months." Tr. 131.

Second, comparing BCBSVT's current solvency position to appropriate national benchmarks underscores the need for BCBSVT to achieve its proposed CTR. As a starting point, BCBSVT's target RBC range (590% to 745%) is hardly generous: L&E found that over half of comparable Blues plans (33 out of 63) have actual RBC levels that are higher than the top end of BCBSVT's range. BCBSVT Ex. 14, at 23. And at 495% (as of the end of 2018), BCBSVT is well below its target range. Indeed, DFR points out that its RBC level is half the national average for comparable plans. BCBSVT Ex. 15, at 1, 5. DFR also found that BCBSVT's ratio is lowest among comparable national companies and is the only one "that has trended downward for each of the last four years." *Id.* L&E put it at 59th out of 63 Blues plans. BCBSVT Ex. 14, at 23.

Third, both L&E and DFR agree that the requested 1.5% CTR is reasonable. As L&E found, given "BCBSVT's recent financial results . . . any reduction in the CTR could produce rates that do not protect BCBSVT's solvency position." BCBSVT Ex. 14, at 24; *see also* Ex. 15, at 2 (DFR's opinion that rate as "filed and unmodified" would not have a significant impact on solvency assessment). A 1.5% CTR is low by national standards—it ranks 629th out of 777 filings nationwide. Ex. 14, at 23. Based on BCBSVT's current circumstances, the CTR request is that low only because BCBSVT will use its anticipated alternative minimum tax (AMT) refunds to bolster its reserves. Ex. 1, at 128; Ex. 15, at 5 n.5; Tr. 135-36 (CTR would be 7% without AMT refunds); Tr. 297 (Comm'r Pieciak testifying that the AMT presents a "unique opportunity" to replenish reserves, and that without the AMT, a 7.0% CTR would be required). Even accounting for AMT refunds, the 2018 risk adjustment payment, and fully funded

premiums including 1.5% CTR, BCBSVT would only reach 656% by the end of 2020—still below the midpoint of its target range.[4]

For all of these reasons, the Board must approve the 1.5% CTR as part of the final rate. While that step is essential, it is not sufficient to protect BCBSVT's solvency. If the requested rate is underfunded in other ways, there will be no money left over to actually fund the CTR, and BCBSVT will be forced to deplete its already low reserves to cover its losses. Tr. 128-29. Indeed, BCBSVT's prior losses in this market have contributed significantly to the decline in its policyholder reserves.[5] The GMCB has repeatedly reduced BCBSVT's proposed VISG rates and BCBSVT has lost $27.7 million in this market from 2014 through 2018—an RBC reduction of 156 percentage points. In the absence of GMCB rate cuts,[6] the RBC reduction would have been only 24 percentage points. As this recent history confirms, and as Commissioner Pieciak emphasized: any reductions to the proposed rate that are not actuarially supported will reduce BCBSVT's reserves and undermine its solvency. Tr. 297-98; Ex. 15, at 5.

Protecting insurer solvency is the "most fundamental aspect of consumer protection." Ex. 15, at 2; Tr. 291 (Comm'r Pieciak testifying that "There's nothing more important to consumer protection than the solvency of a company that we regulate, all the more true in this case"). This overarching concern governs every aspect of the Board's review. The Board must decide, for example, whether to accept certain recommendations from L&E, like reducing the medical

[4] This RBC ratio is also well below "a 690% starting RBC ratio, which is the starting point that maximizes the probability of staying within the range," as observed by DFR's actuary in its report regarding BCBSVT's RBC range. Exh. 17 at 17.

[5] Commissioner Pieciak has clarified that the creation of the deferred tax asset related to the AMT refund did not result in lowering BCBSVT's policyholder reserves. July 30, 2019 Pieciak Supplemental Solvency Letter to the GMCB, at 2 ("Therefore, it is important to note that the deferred tax asset has not yet been recorded on BCBSVT's financial statements because BCBSVT does not yet possess the asset. Further, once the deferred tax asset was created, the Department's order to treat it as a non-admitted asset did not result in lowering the Company's surplus (and thus its risk based capital).").

[6] Includes explicit cuts to CTR as well as reductions to actuarial factors that were beyond those recommended by the Board's contracted actuary. BCBSVT Ex. 20.

utilization trend assumption. It is clear from the record that L&E's medical utilization trend recommendation represents, at most, an area of reasonable actuarial disagreement. Tr. 270-71 (Mr. Dillon testifying that BCBSVT's trend estimate is "consistent with marketwide data" and falls within the reasonable range calculated by L&E). Given BCBSVT's current financial circumstances, "any departure from the filed rate should be made with great caution." Ex. 15, at 5. Indeed, Commissioner Pieciak emphasized this point at the hearing: "So I will just caution or just mention that, when you do have a range to consider, whether you want to take the low end of the range every time considering the financial status of a company, there might very well be times where you do want to do that to balance affordability, but there's also probably times where you want to be cautious of that because of where a company might reside in their overall financial status." Tr. 320-21. In other words, the Board must avoid any reduction that, in practice, turns out to underfund the rates and thereby further degrade BCBSVT's solvency position.

II. BCBSVT's administrative costs are extremely reasonable and cannot be reduced further without undermining its mission and the Board's payment reform goals.

BCBSVT's modest allowance for administrative costs must also be approved. L&E agrees that the "expense assumption" is "reasonable and appropriate." Ex. 14, at 22. Again, by national measures, BCBSVT's administrative costs are very low: 50th out of 63 comparable plans on PMPM basis, and 55th out of 63 as a percentage of premium. *Id.* Ms. Greene testified that a 3% cost of living increase is necessary to retain and attract qualified employees and explained the cost of employee turnover and the recruitment problems BCBSVT has already experienced in a tight labor market. Tr. 143. BCBSVT cannot achieve its mission or serve as a meaningful partner in payment reform and other initiatives without qualified, experienced employees and sufficient resources, both human and IT, to do the work. Mr. Garland noted that

providers have already expressed concern that BCBSVT may not have sufficient resources for the ACO. Tr. 218.

III. BCBSVT's projection of allowed claims costs should be approved as proposed.

As explained above, the Board must not jeopardize the likelihood that BCBSVT will achieve its proposed 1.5% CTR. To do so, the Board must approve BCBSVT's projected claims costs, and reject L&E's recommendations regarding medical utilization trend and the impact of the removal of the individual mandate penalty. Finally, the Board should adopt BCBSVT's proposed changes to unit cost trend, newborn morbidity, and risk adjustment impact, all of which L&E recommended in the July 30 addendum to its opinion.

A. The Board should adopt BCBSVT's proposed medical utilization trend.

First, BCBSVT has amply justified its proposed trend of 3.2%, as shown by the rate filing itself, BCBSVT's answers to the relevant questions posed by L&E, and Mr. Schultz's testimony. Specifically, BCBSVT attempted to adjust for durational anti-selection in two ways, and L&E provided an additional methodology. Tr. at 52-57. All three methodologies converged to very similar data points: 4.1% and 4.0% for the BCBSVT methodologies, and 4.2% for the additional L&E methodology. Tr. at 58. When multiple, independent actuarial methodologies converge to a similar result, a great deal of confidence can be placed on the appropriateness of that result. Tr. at 33.

L&E's testimony confirms this. First, Mr. Dillon admitted that L&E's 24-month marketwide estimate of 4.2% is substantially similar to Blue Cross's corresponding estimate of 4.1%. Tr. 271; *compare* Exh. 14 at 6 (table showing Blue Cross estimates) *with* Exh. 14 at 10 (table showing L&E marketwide analysis estimates). Next, he confirmed that the difference between L&E's 24-month and 36-month analyses stems from including the time period 2015 to

2016. Tr. 272-73. Blue Cross's membership increased from 2015 to 2016. Exh. 14 at 1. This means that from 2015 to 2016, there could not have been any material impact from durational anti-selection. L&E performed its marketwide analysis "to assess whether anti-selection was present." *Id.* at 9. By L&E's own terms, then, it should have used its 2-year marketwide estimate, because its 3-year estimate differs from BCBSVT's only because it includes a time period for which there could not have been material anti-selection. In other words, L&E's 2-year estimate of 4.2% is the only valid data point from its marketwide analysis as it relates to durational anti-selection.

Finally, L&E confirms that the proposed 3.2% trend is reasonable. It opined that 1% to 4% represents a reasonable range of trend assumptions, Exh. 14 at 10. Mr. Dillon confirmed that conclusion, as well as the fact that BCBSVT's proposed trend lands inside that range. Tr. 270-71.

While admitting that BCBSVT's proposed trend of 3.2% is reasonable, L&E nonetheless recommends lowering it to 2.5% for three reasons. Exh. 14 at 11. None hold up to scrutiny.

First, L&E states that its choice of trend is justified because "outpatient utilization trend has oscillated in recent years and has leveled off in late 2018." Exh. 14 at 11. But their report contains no evidence that L&E developed its own estimate of a more appropriate outpatient trend nor any specific reasons why BCBSVT's outpatient trend estimate is too high. At hearing, Mr. Dillon contradicted his own report in admitting that outpatient trend moved up in late 2018. Tr. 269 ("there was definitely an uptick in utilization across all lines"). Absent some additional explanation or analysis, merely asserting that trend "oscillated" in recent years is not a valid reason to lower BCBSVT's proposed trend.

Next, L&E reasons that its "reduced assumption is consistent with marketwide data." L&E Report at 11. As Mr. Dillon testified, "consistent with marketwide data" means that L&E's reduced trend falls within the reasonable range of 1% to 4% that L&E calculated based on marketwide data. Tr. 270. Accordingly, Mr. Dillon agreed at hearing that BCBSVT's proposed trend is also "consistent with marketwide data." Tr. 271 ("Q. So that, so Blue Cross's proposed trend here is also consistent with marketwide data, right? A. Yes, it also falls within the range."). Therefore, this reason is an equally forceful argument in favor of BCBSVT's proposed trend.

Finally, L&E believes that its trend estimate "strikes a better balance between whether risk score increases are due to coding efforts or morbidity increases." L&E Report at 11. However, the report offers no explanation or analysis of the impact of coding efforts on risk scores, and Mr. Dillon supplied none through his hearing testimony. Thus, there is no explanation as to why L&E's trend "strikes a better balance" between these factors. The Board should not credit this bald assertion absent analysis or support in the record, especially given Mr. Schultz's testimony explaining that using a modest 2.0% estimate of coding growth[7] yields a projected trend (before accounting for cost containment) of 4.0%—almost identical to BCBSVT's proposed pre-cost-containment trend of 4.1%. In other words, L&E's reasoning here supports BCBSVT's position, if one accepts L&E's implicit assumption of a low amount of coding growth. L&E's three reasons fail to justify its recommended change to the trend assumption.

[7] Mr. Schultz selected 2.0% because it is the midpoint of the range of expected coding growth in the absence of legal, regulatory, or policy factors that incentivize coding growth. Tr. 54-56; *see also* H. Leida & L. Wachenheim, Risk Adjustments and Shared Savings Agreements, at (Milliman, Jan. 2015) ("Where focused coding improvement initiatives are underway, resulting year-to-year increases in risk scores can be quite large, in excess of 5%. Even in cases where there are no active initiatives underway, the increase is likely to be in the range of 1% to 3% per year, which is due to systemic changes alone.") *available at* http://www.milliman.com/uploadedFiles/insight/2015/shared-savings-agreements.pdf. This assumption likely understates the impact of coding growth because initiatives like the commercial ACO provide added incentive for providers to code accurately. Tr. 55.

Accordingly, the Board must adopt BCBSVT's proposed trend. Commissioner Pieciak's testimony supports this conclusion; although DFR's actuary did not give him "an actuarial opinion," she did provide "her thoughts on the filing, that she agreed with Blue Cross Blue Shield's perspective as it relates to the trend. They said that there was some room of reasonableness there on both sides. So they saw that as a range instead of one being more right or one being less right." Tr. 320 (emphasis added). Reducing BCBSVT's proposed trend would improperly increase the risk of underfunding these rates, thereby undercutting BCBSVT's ability to achieve an adequate level of policyholder reserves.

B. The Board must choose between adopting BCBSVT's projection of the impact of the removal of the individual mandate penalty or accepting L&E's argument and applying its mathematical result.

While the federal individual mandate penalty lapsed starting in 2019, the Vermont Legislature, during its 2018 session, decided to impose a state mandate, and instructed the state and stakeholders to propose a penalty and enforcement mechanism. 2018 Vt. Acts & Resolves, No. 182, § 2 ("It is the intent of the General Assembly that the individual mandate to maintain minimum essential coverage established by this act should be enforced by means of a financial penalty or other enforcement mechanism and that the enforcement mechanism or mechanisms should be enacted during the 2019 legislative session in order to provide notice of the penalty to all Vermont residents prior to the open enrollment period for coverage for the 2020 plan year."). However, during the 2019 session, the Legislature decided not to impose such a penalty. 2019 Vt. Acts & Resolves, No. 63, §§ 1-2 (reflecting no addition of a monetary penalty). As a result, BCBSVT assumed that a small portion of the VISG population would elect to forgo coverage entirely in 2020. Tr. 59-61. Modeling this impact by observing the impact if the lowest utilizing

subscribers leave the risk pool, BCBSVT built a claims impact of 0.5% into the proposed rates. *Id.*

L&E recommends removing this 0.5% rate impact because it assumes that all migration out of the VISG market due to the removal of the penalty occurred from 2018 to 2019. Exh. 14 at 16. However, L&E appears to only consider the federal penalty—the report refers to the penalty generically, with no mention of the Vermont Legislature's recent actions. *Id.* L&E's failure to account for those actions render its underlying assumption suspect.

Further, L&E modeled the impact of the removal of the federal penalty in 2017, finding that it would increase rates by 1.6% to 2.4% [check date; cite L&E study]. Lewis & Ellis, Individual Mandate Study (on behalf of the Green Mountain Care Board and Department of Financial Regulation), at 5, 7 (Feb. 16, 2018) (estimating elimination of penalty will result in "Increase in premiums for the individual and small group market of 1.6-2.4% or $8-14 Million"), *available at* https://ratereview.vermont.gov/sites/dfr/files/2018/Individual%20Mandate-%20impact%20in%20Vermont.pdf. BCBSVT's modeling, which takes into account the recent changes in Vermont law, yields a more modest result of 0.8%[8]. BCBSVT then reduces that result to 0.5%, to account for the fact that some members appear to have left the VISG market in 2019. That 2019 migration results in a 0.3% impact to the pool morbidity factor, so BCBSVT subtracted that amount from its estimate of the impact of removing the penalty, resulting in its requested 0.5% impact.

Finally, doing the math that follows from L&E's assumption (i.e., that all VISG members who left the market in 2019 necessarily moved to an MVP VISG product) actually results in a *larger* upward rate impact than the 0.5% requested by BCBSVT for the removal of the individual

[8] DFR's actuary observed that carriers in other markets are using assumptions that are greater than that of BCBSVT. Tr. at 320.

mandate penalty. L&E assumes a 0.3% rate impact because it assumes that "migration of low-cost members to MVP will result in additional risk adjustment revenue to BCBSVT." Exh. 14 at 16. Its report and testimony, however, do not explain any calculations supporting that conclusion. BCBSVT, on the other hand, analyzed the risk adjustment impact if individual members leaving BCBSVT migrated to MVP in 2019. Tr. 60-61. That migration would decrease the risk adjustment transfer from MVP to BCBSVT because the population in question is less healthy than MVP's current population. Tr. 61. The rate impact of the decrease in risk adjustment transfer revenue would be 1.0%. Tr. 61. In other words, applying L&E's assumption regarding 2019 and 2010 membership migration would require *increasing* the rates an additional 0.5% above BCBSVT's proposed rates. BCBSVT believes its approach better fits the realities of Vermont law and the VISG market, so it does not advocate taking L&E's recommended approach. Nonetheless, the Board cannot ignore the math: it must choose between accepting BCBSVT's assumption or accepting the L&E assumptions and ordering an additional 0.5% upward adjustment to the filed rates.

C. The Board should apply BCBSVT's projected impacts of unit cost trend, newborn morbidity, and changes in risk adjustment.

On July 30, 2019, the Board provided the parties with an Addendum to L&E report. In the Addendum, L&E concludes that BCBSVT's proposed positions regarding unit cost trend, changes in risk adjustment, and newborn morbidity are reasonable, appropriate, and actuarially justified. Lewis & Ellis, Post-Report Addendum (July 30, 2019) at 1-2. As a result, "L&E is now recommending an increase between 12.3% and 12.5%." *Id.* at 3. Based on the evidence BCBSVT presented in the written record and at hearing on these three points, and L&E's confirmation of BCBSVT's position, the Board should adopt the proposed changes to unit cost trend, newborn morbidity, and changes in risk adjustment.

IV. Underfunding premiums undermines payment reform efforts.

Finally, the Board must consider the significant policy-level impact its decision will have on Vermont's payment reform initiatives. Not only would underfunding these premiums undercut BCBSVT's efforts to rebuild policyholder reserves and comply with DFR's order, it would handcuff the company's ability to support a critical component of Vermont's efforts to move to a more sustainable payment and delivery system. Specifically, OneCare Vermont, the ACO, represents a critical long-term effort to reduce health care costs by moving away from fee-for-service payment. BCBSVT—the only participating commercial payer—supports OneCare, because BCBSVT shares the underlying vision of a sustainable health care system. But fewer providers participate in the commercial ACO arrangement than with the public payers.

As Mr. Garland explained, the Board's rate review decision is a significant factor that contributes to providers' reluctance to take on the risk of the commercial ACO contract. Tr. 215. The premium set by the Board directly informs the baseline target spend by which the success of the ACO (and the opportunity for shared savings and risk) is set. Tr. 215. But a premium that is reduced in the name of affordability, or is itself based on aspirational assessments of utilization trend or other desired savings, cannot work as that baseline target. Tr. 217. There is too much risk for providers of missing the target and suffering financially.

And providers know this. It is not hypothetical. As Mr. Garland testified, providers lost money in 2018 because the Board reduced BCBSVT's premium based on a utilization reduction that was not actuarially recommended. Tr. 215-16. If the Board had not made that premium reduction, providers would not have owed money to BCBSVT. Tr. 216. That lesson has been learned. Providers will continue to view the commercial ACO contract as too risky if the Board does not approve a fully funded premium. Tr. 216-17.

CONCLUSION

BCBSVT's proposed rates achieve the correct balance among the statutory rate review factors. Given BCBSVT's current solvency position, the Board must approve those rates, in order to maximize the possibility of BCBSVT achieving its proposed CTR. BCBSVT has justified this conclusion through the filing, its responses to questions throughout the review process, and its hearing testimony. Critically, that conclusion is corroborated by DFR and, in many respects, L&E. And it is borne out by recent history; BCBSVT has lost $27.7 million on this line of business over the past several years, reducing its RBC by 156 percentage points.

Against this backdrop, reducing the proposed rates is untenable. Even assuming L&E's recommendations regarding trend and the impact of removing the individual mandate penalty hold up to scrutiny (they do not), BCBSVT's current solvency position cuts strongly against adopting the lower of two reasonable options, because doing so increases the risk of BCBSVT not achieving its 1.5% CTR. Further, as DFR's solvency opinion emphasizes, reductions to the proposed rate that are not actuarially justified, akin to last year's 1.0% reduction for affordability, are especially ill-advised this year. Exh. 17 at 5 ("Any downward adjustments to the filing's rate components that are not actuarially supported, however, will reduce BCBSVT's surplus and continue to negatively impact its solvency, thus jeopardizing access to health insurance in Vermont.").

For the foregoing reasons, and based on the evidence in the record, BCBSVT respectfully requests that the Board approve its proposed rates, for an average increase of 14.3% to 14.5%.

Dated: July 30, 2019

Respectfully submitted,

Stris & Maher LLP

/s/ Bridget Asay
Bridget Asay
28 Elm Street
Montpelier, VT 05602
Telephone: (802) 858-4285
bridget.asay@strismaher.com

/s/ Michael Donofrio
Michael Donofrio
28 Elm Street
Montpelier, VT 05602
Telephone: (802) 858-4465
michael.donofrio@strismaher.com

CERTIFICATE OF SERVICE

I certify that I have served the above Post-Hearing Memorandum on Michael Barber, Amerin Aborjaily, Thomas Crompton, and Christina McLaughlin of the Green Mountain Care Board; and on Jay Angoff, Kaili Kuiper, and Eric Schulteis, counsel for the Office of the Health Care Advocate, by electronic mail, return receipt requested, on July 30, 2019.

/s/ Michael Donofrio
Michael Donofrio
Stris & Maher LLP
28 Elm Street
Montpelier, VT 05602
Telephone: (802) 858-4465
michael.donofrio@strismaher.com