



June 21, 2019

Jude Daye, Executive Assistant
Blue Cross and Blue Shield of Vermont
445 Industrial Lane
Montpelier, VT 05601

Re: Blue Cross and Blue Shield of Vermont
2020 Vermont Individual and Small Group Rate Filing
SERFF Tracking #: BCVT-131936226

Dear Jude Daye:

Thank you for your responses to our previous inquiry. We have the following additional questions regarding this filing:

Questions:

1. What is BCBSVT's expectation of how DFR's ruling that new AHP's will not be permitted for 2020 will impact the Vermont Health Connect risk pool? We note that the current assumptions assume migration from VHC into AHP's.
2. Provide a mapping from Exhibit 5's "b" and "c" factors to the morbidity and demographic factors on WS1 of the URRT.
3. Provide, for each month from January 2015 through December 2018, total allowed costs and the number of enrolled members for all individual and small group members. Additionally, provide normalization factors appropriate to this data to normalize for changes in unit costs, population age factors, and induced utilization.
4. The 2018 Payment Parameters referenced in your response state that the cost of the high-cost member program will be "less than 0.5 percent" of premium. Explain why this value was used when it was an upper bound rather than an estimate.
5. The selection load applied to the index rate reflects differences in the expected paid claims and the paid claims implied by the unadjusted Pricing AV's. Is it BCBSVT's intention to include this factor as an increase to allowed cost? Would this factor not be more appropriate as an adjustment to the Pricing AV's?
6. The URRT instructions require that "any expected net reinsurance recoverables received through a state or federal reinsurance program" in the reinsurance section of the URRT. Explain the decision to put the high-cost member program cost in the risk adjustment section.
7. The actuarial memorandum states that 0.3% of members are believed to have "left the market" in 2019 in relation to the individual mandate. Particularly given the substantial

increase in individual enrollment experienced by the other carrier, explain why these members were assumed to have left the market, rather than simply leaving BCBSVT.

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

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than June 26, 2019. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

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

Sincerely,

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