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March 26, 2019

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

Re: The Vermont Health Plan
3Q 2019 LG Rating Program Filing
SERFF Tracking #: BCVT-131835151

Dear Jude Daye:

Thank you for your timely responses. We request the following additional information.

Questions:

1. Provide further explanation for any case where the projected 2019/2020 unit cost increases for facilities affected by the GMCB hospital budget review process differ from the 2018 increase.
2. Please provide revised versions of the rate increase summary tables from the actuarial memorandum (detailing the components of the 5.3% increase for formula and factor changes and the 9.0% increase for 2019/2020 changes) reflecting the previously mentioned update to the generic drug unit cost trend.
3. Your prior response indicates that no negative pharmacy utilization trend is being assumed because utilization is “near a historic low and leveled off over the last several months.” With the assumed 3.5% annual trend applied for 27 months, the projected utilization for 2020 is about 8% higher than the historic high. Provide further explanation of why the most recent year of medical trend should be expected to repeat for the next two years while pharmacy utilization is expected to remain near a historical average.

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

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than April 1, 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,

Kevin Ruggeberg, ASA, MAAA
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