



April 8, 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
3Q 2019 LG Rating Program Filing
SERFF Tracking #: BCVT-131835151

Dear Jude Daye:

The following questions are being asked on behalf of the Office of the Health Care Advocate.

Questions:

1. Please identify instances, if any, of deviations of more than 10% from the approved 2018 manual rate for large groups in these books of business, separately for BCBSVT and TVHP. For each instance of +/-10% deviation from the approved manual rate, provide the magnitude of the deviation that is attributable to discretion as opposed to group experience and/or credibility as detailed in the filing.
2. Are there written guidelines for when and how underwriting and/or management discretion is applied to a rate? If so, please provide any written guidelines, separately for BCBSVT and TVHP.
3. Administrative expenses have risen by 3.6% since the Q3 2018 for these books of business. 2019 BCBSVT and TVHP Actuarial Mo., 35. At the same time, membership for these books of business has declined by roughly 11.7%. BCBSVT and TVHP Actuarial Mem., 35. Please provide a narrative explanation of the negative correlation between administrative expenses and enrollment.
4. Please provide, separately for BCBSVT and TVHP, the percentage of the administrative costs that are fixed and that are variable for these books of business.
5. You state, "the components of increasing utilization trend have been corroborated by [the BCBSVT/TVHP] Chief Medical Officer." 2019 BCBSVT and TVHP Actuarial Mem., 14. Please provide:
 - a. A detailed description of how your Chief Medical Officer corroborated the increasing utilization;
 - b. A list of all data values and sources, if any, your Chief Medical Officer used to corroborate the increasing utilization.

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 15, 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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