



May 6, 2020

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 2020 LG Rating Program Filing  
SERFF Tracking #: BCVT-132350241

Dear Jude Daye:

We have been retained by the Green Mountain Care Board ("GMCB") to review the above referenced group products filing submitted on 4/23/2020. The following additional information is required for this filing.

Notice regarding proper responses:

- A minimum-acceptable response to quantitative questions from us must include a spreadsheet calculation with retained formulas such that we can replicate the calculations therein.
- Explanatory responses are merely a supplement to the spreadsheet material and in of themselves will constitute a lack of response.

Questions:

1. How do the utilization trends in Vermont compare to the Blue Trend Survey or other nationwide utilization trends?
2. Provide quantitative support for the unit cost trends on page 10 of the Actuarial Memorandum.
3. Please provide Exhibits 2B, 2D, and 2E in excel format.
4. It appears that no adjustments were made to the experience for potential impacts of COVID-19 on future costs. Please describe the Company's rationale for not incorporating an impact.
5. Please confirm that the proposed rates for BCBSVT and TVHP differ only in relation to the network differences, or describe and support all other differences.
6. Explain the apparent discrepancy between the "Impact of Formula and Factor Change" table in the memorandum and the "Manual Rate Development" table. The first shows a manual rate increase of 1.4% and an overall claims increase of 3.0%. The latter shows the manual rate increasing by about 9%.

7. Please clarify the precise meaning of the values in "Impact of Formula and Factor Change".
  - a. What is the credibility of the hypothetical group use to calculate these figures?
  - b. Provide the change in manual rate claims for a (hypothetical) 0% credibility group.
  - c. The description says that it reflects "the impact of the trend factors outlined in this filing on experience claims". Does the 1.6% include the anticipated impact of changes to experience claims themselves? If not, please quantify this impact.
8. Please list all differences between the prior rating manual and the proposed rating manual affecting insured groups, including age factor changes, etc.
9. For the insured groups affected by this filing in aggregate, compare the actual 2019 claims experience to the expected 2019 claims experience implied by last year's rate filing.
10. Please confirm that the "Facility" and "Professional" claims used to develop utilization and unit cost trends exclude claims relating to pharmaceuticals covered by the medical benefit.
11. Provide actual administrative costs PMPM for 2019.

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 May 15, 2020. 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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