

BLUE CROSS BLUE SHIELD OF VERMONT 2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING PLAIN LANGUAGE SUMMARY

Our mission and vision. Blue Cross and Blue Shield of Vermont (BCBSVT) is committed to giving our members access to high-value health care while responsibly managing healthcare costs. To that end, we seek to improve the health of Vermonters by promoting preventive care and healthy lifestyles. We use our strong care management program to assure better care for our members and avoid unnecessary costs. And we work with providers on strategies to improve health care services and reduce health care costs.

BCBSVT's vision is a transformed health care system in which every Vermonter has health care coverage, and receives timely, effective, affordable care. To achieve that vision, BCBSVT must be financially sound. That means we need to charge rates that cover the cost of providing health care to our members.

Rate request summary. This filing provides the proposed rates for individual and small group plans that BCBSVT seeks to offer in 2021. It also describes how we calculated the proposed rates.

- There are 39,195 members currently enrolled in the individual and small group plans affected by this rate request.
- We are requesting an average rate increase of 6.3 percent.
- The increases for specific plans range from -0.7 percent to 13.3 percent.
- The increases range from 3.4 percent to 7.2 percent for plans other than Catastrophic and Vermont Select CDHP Gold.

Reasons for the rate increase. The primary reason for the proposed rate increase is that the cost of providing health care to our members is increasing. Specifically:

- Our members are using more high-cost specialty medications, which has substantially increased the cost of our pharmacy benefit (3.7 percent).
- 3.6 percent of the rate increase is due to the increase in medical services for our members. The cost of services and use of services are increasing at a similar pace.

Other factors also contribute to the proposed rate increase, including:

- Benefits changed to meet metal level requirements. These benefit changes increased rates by 0.9 percent. That's because health care costs go up more quickly than cost sharing.
- We added the option to pay your premium online with credit or debit cards. Coupled with increases in base administrative expenses, premiums went up 1.0 percent.

Our efforts to reduce premium increases. We know that paying for health insurance is a struggle for many, and we strive to keep premiums as low as possible. The proposed rate reflects our efforts to reduce rate increases, including:

- Working closely with our pharmacy benefit manager to improve network pricing and maximize rebates.
- Crafting strategies with our lab benefit manager that dramatically reduced lab costs.

Together, these steps reduced the requested rate increase by 1.7 percent, or about \$5.2 million.

The repeal of a federal fee reduced the requested rate increase by 2.2 percent.

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Our experience in this market. BCBSVT started selling plans in the Vermont Individual and Small Group Merged Market in January 2014. Through the 2019 plan year, BCBSVT has lost over \$29 million on this line of business. BCBSVT has not included any additional contribution to member reserves to offset this loss.

Our health care system must be adequately funded to keep it strong and accessible. Since the factors that drive this rate increase are primarily the cost and utilization of health care, we believe that there is no way to further reduce these rates without underfunding the health care coverage on which Vermonters rely.

Public comment. Members of the public can submit comments to the Green Mountain Care Board about this rate request from May 11, 2020 through July 22, 2020. For more information, please visit the Board's Public Comment page:
https://ratereview.vermont.gov/public_comment