

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

In re: Blue Cross and Blue Shield of Vermont )  
2020 Individual and Small Group Rate Filing ) GMCB-006-19rr  
)

**HCA Suggested Questions for Blue Cross Blue Shield of Vermont – Set 2**

Pursuant to Rule 2.000 §2.202(c) and 8 V.S.A. §4062(b)(3)(A), the Office of the Health Care Advocate respectfully submits to the Green Mountain Care Board (GMCB) the following questions for Blue Cross Blue Shield of Vermont (BCBSVT) in regard to the above-captioned matter.

*Actuarial Questions*

1. On pages 26 through 32 of the BCBSVT Actuarial Memorandum, you detail various choices you made related to components of the medical utilization trend. In this filing, you changed your methodology. Specifically, you opted to itemize trends, resulting in a 4.1 percent medical utilization trend. Please estimate what your overall medical utilization trend would have been for this year had you employed your former methodology of not itemizing trends.
2. You assert that 10.9 percent of your proposed 15.6 percent increase is driven by projected increases in health care costs. You state that nearly all of this cost increase is attributed to specialty pharmaceutical spending (7.9 percent premium increase) and an increase in the percentage of members utilizing at least one preventive service leading to increases in utilization of primary care, diagnostic services, and treatment of conditions (1.9% premium increase). GMCB-006-19rr, BCBSVT Actuarial Memorandum at 10. Please provide the following additional information about specialty pharmacy and preventive care:
  - a. Please state the amount, if any, by which BCBSVT projects the increased utilization of specialty pharmaceuticals will reduce other costs from 2019 through 2024. Please specify any indicators that support these projections.
  - b. Please provide the year over year increase in members receiving at least one preventive care visit and the percentage of overall members receiving at least one preventive care visit over the past three years.
  - c. Please specify to what extent you predict further increases in preventive care visits for 2019 and 2020.
  - d. Please state the amount, if any, by which BCBSVT projects the increased utilization of preventive services will reduce costs from 2019 through 2024. Please specify any indicators that support these projections.

3. On page 5 of the BCBSVT Actuarial Memorandum, you state that 2019 premium rates should be 4% higher. Please explain why page 26.5 of your Annual Statement for the Year 2018 of The Blue Cross Blue Shield of Vermont indicates that you do not have a premium deficiency reserve as of 12/31/18.
4. What assumptions, if any, did you make about impacts of the Green Mountain Surgery Center on outpatient surgery costs in your filing?
5. You estimate that your agreement with OneCare Vermont reduced the total projected claims by 0.2 percent. GMCB-006-19rr, BCBSVT Actuarial Memorandum at 21.
  - a. Please provide an estimate of the net savings to BCBSVT for BCBSVT's OneCare Vermont contract for 2019 after all costs including the OneCare Vermont coordination fee.
  - b. Please state the amount of savings and costs, if any, that BCBSVT projects for each of the next four years as a result of its OneCare Vermont contracts.
6. On page 15 and 16 of the BCBSVT Actuarial Memorandum, you describe the impact of Association Health Plans (AHP) on membership and the proposed rate.
  - a. Please provide the calculations supporting BCBSVT's assumption that 2,000 small group members will join an AHP in 2020.

### ***Non-Actuarial Questions***

1. What is BCBSVT's plan for implementing capitated payments through its contract with OneCare? Please include in your response when you plan to implement capitated payments, the reasoning behind that timing, and what, if any, impacts on rates you expect it to have.
2. In the GMCB's decision on last year's BCBSVT Individual and Small Group Rate Filing, the GMCB stated, "As Vermont's largest domestic provider of health insurance, [BCBSVT] must use its significant bargaining power to negotiate lower prices with hospitals." GMCB-009-18rr, Decision and Order at 18. How much, if at all, were your 2019 hospital contract prices negotiated down from the commercial rate ceilings set by the GMCB for FY 2019 hospital budgets? If they were not negotiated down, please explain why. What are your assumptions about negotiations for 2020?
3. Please list and describe all specialty pharmaceutical cost containment activities currently being implemented.
4. Please describe the initiatives BCBSVT has undertaken to participate in the AHP market in Vermont including marketing and lobbying.
5. The Vermont Department of Financial Regulation's (DFR) BCBSVT Risk Based Capital Order includes a report by Oliver Wyman which states that BCBSVT's reduction in RBC in 2017 was "due to tax law changes and their impact on certain statutory asset values." Please describe the impact of this tax law change on your reserves. Department of

Financial Regulation, BCBSVT Risk Based Capital Order, Docket No. 19-07-1 at 10 (Oliver Wyman report page 5).

6. Please provide additional data (in addition to that set forth on page 5 of your 2018 Annual Statement) regarding the reduction in BCBSVT's surplus from \$134,053,991 at year-end 2017 to \$110,154,828 at year-end 2018. In particular:
  - a. Please specify the amount of net loss of \$6,670,376 for 2018, as shown on line 34, attributable to (1) your individual and small group business, (2) your large group business, (3) other health insurance business, and (4) non-health insurance business.
  - b. Please explain what caused your net deferred income tax, as shown on line 38, to fall from \$29,113,191 in 2017 to \$2,569,453 in 2018.
  - c. Please explain what constituted the reduction in non-admitted assets, as shown on line 39, of \$46,122,272 in 2017 and of \$9,846,460 in 2018.
  - d. Please explain the reason for the aggregate write-in for a loss of \$5,363,595 in 2018, as shown on line 47.
7. BCBSVT reports a Gross AMT credit recognized as \$35,789,384 as a deferred tax asset on line (1)(b) of page 26.8 of its Annual Statement. Please explain what that \$35,789,384 consists of. Also please state whether that \$35,789,384 is included in BCBSVT's year-end 2018 surplus of \$110,154,828.

Dated at Montpelier, Vermont this 10th day of June, 2019.

s/ Jay Angoff

Jay Angoff, Esq.  
Mehri & Skalet, PLLC  
1250 Connecticut Avenue  
Washington, D.C. 20036  
Voice (202) 822-5100  
jay.angoff@findjustice.com  
HCAraterreview@vtlegalaid.org

s/ Kaili Kuiper

Kaili Kuiper, Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
Voice (802) 223-6377 ext. 329  
kkuiper@vtlegalaid.org  
HCAraterreview@vtlegalaid.org

s/ Eric Schultheis

Eric Schultheis, Ph.D., Esq.  
Office of the Health Care Advocate  
Vermont Legal Aid  
56 College Street  
Montpelier, VT 05602  
Voice (802) 223-6377 ext. 325  
eschultheis@vtlegalaid.org  
HCAraterreview@vtlegalaid.org

## CERTIFICATE OF SERVICE

I, Kaili Kuiper, hereby certify that I have served the above HCA Questions for BCBSVT on Michael Barber, Green Mountain Care Board General Counsel; Amerin Aborjaily, Green Mountain Care Board Staff Attorney; and Michael Donofrio and Bridget Asay, Stris & Maher LLP, representatives of BCBSVT, by electronic mail, return receipt requested, this 10th day of June, 2019.

s/ Kaili Kuiper

Kaili Kuiper

Staff Attorney

Office of the Health Care Advocate

Vermont Legal Aid

56 College Street

Montpelier, VT 05602