

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: Blue Cross Blue Shield of Vermont)	
Large Group Filing)	GMCB-002-19rr
In re: The Vermont Health Plan (TVHP))	
Large Group Filing)	GMCB-003-19rr

**QUESTIONS FOR BLUE CROSS BLUE SHIELD OF VERMONT
AND THE VERMONT HEALTH PLAN**

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 rate filing.
2. Please provide the premium-weighted mean rate, the arithmetic mean rate, the median rate, the rate range, the type of distribution of the rates (e.g. normal, Gaussian, bimodal, etc.), and the number of groups for this book of business for each year of the three most recent calendar years for which there is data separately for BCBSVT and TVHP.
3. Are there written guidelines for when and how underwriting and/or management discretion is applied to a rate?
 - a. If so, please provide any written guidelines, separately for BCBSVT and TVHP.
4. Administrative expenses have risen by 3.6% since the Q3 2018 for these books of business. 2019 BCBSVT and TVHP Actuarial Mem., 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.¹
5. 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.
6. In response to the first BCBSVT Large Group Objection Letter in 2018, Question 3, you indicated that a change in the manual rate methodology was needed as the “development of total projected claims using exclusively manual claims resulted in a materially lower amount than if projected...” using the updated methodology. 2018 BCBSVT and TVHP Response to Objection Letter 1, q. 3. Please provide a qualitative description and quantitative demonstration of what the impact of using this old methodology was on the insured large group experience Gain/(loss) for the years that the original methodology was in effect that are listed in the Table “Insured Large Group Experience” on page 4, of the 2019 BCBSVT and TVHP Actuarial Memorandum, separately for BCBSVT and TVHP.

¹ A negative correlation between administrative expenses and membership is also observable from BCBSVT’s 2018 Annual Statement. BCBSVT 2018 Annual Statement, 29.

7. 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.
8. In regard to your February 6, 2019 presentation to the Board on your pharmacy benefit manager, we understood you to testify that Express Scripts does not make any money from BCBSVT on manufacturer rebates or spread (paying the pharmacy less for prescription drugs than the reimbursement from the insurer) and only makes money on a fee per pharmacy claim.
 - a. Is this understanding correct? If not, please clarify.
 - b. Please explain the fee per pharmacy claim for the large group population including how much it is per prescription and in total and any differences between fees on generic, brand, and specialty drugs, separately for these two books of business.
 - c. Please provide any data sources and values that you relied on in your responses.
 - d. Do your answers to Q8 and its subparts apply to all of your books of business including the Exchange population, and AHP?
9. When was the last time you exercised audit rights over Express Scripts?
 - a. Is there anything that you have stated in your responses to question 8 above that you cannot verify in an audit?
10. Please provide the relevant language from your contract(s) with Express Scripts for these books of business, if they exist, that:
 - a. Disallow a spread;
 - b. Guarantee that 100% of all manufacturer rebates are passed to BCBSVT.
11. Is there a difference in the total dollar amount that a pharmacy receives for prescriptions before a BCBSVT customer has met their deductible and after?
 - a. Does the amount of money a consumer pays for a prescription in the deductible phase ever exceed the Maximum Allowable Costs of a drug as defined in 18 VSA 9471?
 - b. Please provide any data and/or contractual language you relied upon in your answers to question, and subparts, 11.

Dated at Montpelier, Vermont this 25th day of March, 2019.

s/ Kaili Kuiper

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s/ Eric Schultheis

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CERTIFICATE OF SERVICE

I, Eric Schultheis, hereby certify that I have served the above Questions for Blue Cross Blue Shield of Vermont and The Vermont Health Plan on Amerin Aborjaily, Green Mountain Care Board Staff Attorney; Thomas Crompton, Green Mountain Care Board Health Systems Finance Associate Director; Christina McLaughlin, Health Policy Analyst; and Rebecca Heintz, representative of BCBSVT & TVHP in the above-captioned matter, by electronic mail, return receipt requested, this 25th day of March, 2019.

s/ Eric Schultheis

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