

**Green Mountain Care Board**  
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*Kevin Mullin, Chair*  
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*By electronic mail*

June 14, 2019

Michael Donofrio, Esq.  
Stris & Maher, LLP  
28 Elm Street, 2d Floor  
Montpelier, VT 05602

**Re: Blue Cross and Blue Shield of Vermont Small Group & Individual 2020 VHC Rate Filing  
(Docket no. GMCB-006-19rr); Non-Actuarial Questions #1**

Dear Mr. Donofrio,

Pursuant to its authority under 8 V.S.A. § 4062 and 18 V.S.A. 9375(b)(6), the Board requests that BCBSVT provide the following information to assist with its review of the above-referenced filing. This information is non-actuarial in nature and therefore has not been requested through SERFF; however, the Board intends to also request, through L&E via SERFF, that BCBSVT provide additional actuarial information concerning this filing.

1. Please describe the evidence you intend to rely on to establish that the rates proposed in the filing are affordable to Vermonters.
2. Please provide an update on the status of the refund BCBSVT has received or will receive in the form of credits related to the accrued corporate alternative minimum tax (AMT). Please include in your answer the various amounts of payments that have been or will be received, the date or expected dates of receipt for each of the listed payments, and the specifics of how said payments have been or will “be used for the direct benefit of...” BCBSVT’s fully insured, and if applicable self-insured, customers as the payments are received from the IRS. GMCB-06-19rr, Memorandum dated May 10, 2019 from Paul Schultz, BCBSVT Chief Actuary to Ruth Greene and Don George, BCBSVT; SERFF, 127.
3. With respect to your pending action against the federal government, *Blue Cross & Blue Shield of Vermont v. United States* Case No. 1:18-CV-00373-MBH (Fed. Cl.), please describe the nature and amount of damages you are seeking in the case; describe the status of the proceedings; and provide a timeframe within which you expect the claim to be resolved.
4. Do you expect to implement capitated payments for OneCare Vermont? If so, please describe when you anticipate doing so and any impacts you expect this will have on rates.



5. Please describe any specialty pharmaceutical cost containment activities currently being implemented by BCBSVT.
6. The Vermont Department of Financial Regulation's BCBSVT Risk Based Capital Order included 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." Department Financial Regulation, BCBSVT Risk Based Capital Order, Docket No. 19-07-1 at 10 (Oliver Wyman Report, 5). Please describe the impact of this tax law change on your reserves.
7. Please provide the following regarding the reduction in BCBSVT's surplus from \$134,053,991 at year-end 2017 to \$110,154,828 at year-end 2018, as reflected on page 5 of your 2018 Annual Statement:
  - a. With respect to the net loss of \$6,670,376 for 2018, as shown on line 34, please provide the net underwriting loss (or gain) attributable to your (1) individual and small group business, (2) large group business, (3) Medicare Supplement business, (4) federal employee health benefit plan business, and (5) other health business.
  - b. Please explain what caused the change in 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 caused the change in non-admitted assets, as shown on line 39, to fall from \$46,122,272 in 2017 to \$9,846,460 in 2018.
  - d. Please explain the reason(s) for the aggregate write-in loss of \$5,363,595 in 2018, as shown on line 47 (beyond the detail provided in line 4701).
8. 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.

When providing the responses, please copy the question in the same numbered format as in this document, and provide your response immediately following. To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than June 28, 2019. Note that the responses can be submitted separately and do not have to be submitted all at the same time. Thank you in advance for your cooperation.

Sincerely,

*/s/ Amerin Aborjaily*

Associate General Counsel  
Green Mountain Care Board

cc: Rebecca Heinz, Esq., BCBSVT  
Kaili Kuiper, Esq., HCA  
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