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March 13, 2019

Jude Daye, Executive Assistant
BCBSVT
445 Industrial Lane
Montpelier, VT 05601

Re: BCBSVT
2020 BCBSVT APH Filing
SERFF Tracking #: BCVT-131835459

Dear Jude Daye:

We have been retained by the Green Mountain Care Board ("GMCB") to review the above referenced group products filing submitted on 2/21/2019. 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. Provide quantitative support for the unit cost trends on page 7 of the Actuarial Memorandum.
2. How much enrollment is anticipated for 2020 on the AHP product? Is this new enrollment expected to counteract the increasing non-benefit expense PMPM driven by decreases in large group enrollment?
3. The memorandum states that a pooling point for a given fully-insured group's renewal is "based on the size of the case." Is this based on an explicit table or is there underwriter discretion at this step?
4. Trend leveraging is caused by fixed-dollar benefit parameters like deductibles and copays. Explain why the AV was used to determine trend leveraging rather than, for instance, the out-of-pocket maximum and/or deductible.
5. Please provide Exhibits 2B and 2D in excel format.
6. How do the utilization trends in Vermont compare to the Blue Trend Survey or other nationwide utilization trends?

7. It appears from Exhibit 2D that non-specialty drug utilization has been decreasing in recent years. Describe why they are being trended forward at 0% annual.
8. The generic cost trend development appears to include historical cost for drugs which were generic at the time. If this is the case, the "cost / supply" reflects the unit cost increases that result from newly genericized drugs during the study period. In Exhibit 2F, brands "going generic" between the experience period and the projection period are projected to have a higher allowed charge per supply than existing generics. Address the concern that this methodology appears to possibly be double-counting the unit-cost impact on generic drugs of previously brand drugs "going generic."
9. The medical utilization data used to develop utilization trends is adjusted for contract differences, but it does not appear that it is adjusted for changes in the mix of groups enrolled. Particularly given the material changes in enrollment on this block in recent years, was any consideration given to whether increases in utilization were the result of a changing population being contained in the underlying data? For example, if young healthy groups have shifted towards ASO and competitors, would this not create apparent utilization trend?
10. The manual rate of $536.12 appears to be on a paid basis, as demonstrated in Section 6.1 of the memorandum. However, Exhibits 1A and 4A appear to show that this paid amount is blended with an experience rate that is "benefit-adjusted" by dividing out the benefit relativity. Please explain where the member cost sharing of the manual rate data is taken into consideration.

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 March 20, 2019. 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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