

# Responses to Objections

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## **Objection 1**

**Comment:**

Please provide detailed qualitative and quantitative support for the projected medical utilization and mix trends, as well as the historical utilization and mix trends over the past four years. Please note that the utilization trend seems to be on the high end of what we've seen in the large group market.

**Response:**

Medical Utilization and Mix trend is set nationally through a combination of multiple factors including retrospective study of our closed block of business, knowledge of prospective factors such as national and local initiatives which aim to lower utilization, leading indicators such as drugs which treat influenza, industry trends, as well as competitive insights from trend studies that assess the relative pricing competitiveness.

Please see the previous 4 years plus 2019 projected mix trends for VT.

5 Year VT Utilization/Mix Trend					
Filing	15/14	16/15	17/16	18/17	18/19
2016	4.5%	3.9%			
2017		3.4%	3.1%		
2018			3.4%	3.2%	
2019				2.8%	2.6%

We don't think it's prudent to compare utilization trends between us and our competitors, as we may define unit and utilization trend in different ways. For example, we include mix & severity to capture the shift in services toward more high cost procedures (e.g. x-ray→MRI) in our utilization/mix trend pick, whereas our competitors may bucket that severity into unit cost trend. A second example is that utilization metrics are not consistently defined across the industry. Changes in services, number of bed days, prescriptions, visits, claim counts, or episodes of care are all reasonable and rationale ways to define utilization but may provide different answers depending on which are determined to be most important.

We recommend that the state focus on our total trend; we believe that total medical cost is a better reflection of the actual impact clients see in their rates.

We participate in national surveys that report 2019 average trend forecasts for PPO In-network products with consistent plan designs across carriers.

The results of the most recent survey suggest that Cigna's 2019 pricing trend is about 1% below the national industry average of 7.9%. Specifically in VT, the 6.0% is an additional 1% below Cigna's average and 2% below the national industry average.