

Green Mountain Care Board
144 State Street
Montpelier, VT 05602

802-828-2177
www.gmcboard.vermont.gov

Kevin Mullin, Chair
Jessica Holmes, PhD
Robin Lunge, JD, MHCDS
Maureen Usifer
Tom Pelham
Susan Barrett, JD, Executive Director

July 7, 2020

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

Re: Blue Cross Blue Shield of Vermont 2021 Individual and Small Group Rate Filing; Docket No. GMCB-005-20rr

Dear Mr. Donofrio and Ms. Asay,

On June 26, 2020, the Green Mountain Board received a letter from the President and CEO of Blue Cross and Blue Shield of Vermont (BCBSVT) explaining that, as of May 31, 2020, BCBSVT's pension assets had lost approximately \$40.6 million in value. The Board requests that Ruth Greene, BCBSVT's Vice President, Treasurer, and Chief Financial Officer, provide the following additional information with respect to this issue.

1. Over what period did BCBSVT's pension assets decline \$40.6 million in value? Please provide detail by month that accumulates to the \$40.6 million.
2. Please provide a 5-year history of the impact to RBC relative to the pension plan and specify what lines of the Annual Statement are impacted that flow into lines 14 and 15 of the Five-Year Historical Data page. Also, please provide the gains and losses on the plan over the 5-year period.
3. What is the minimum amount needed to bring the pension plan assets into compliance and what are the applicable regulations?
4. What is the timeframe that the pension plan assets must be brought into compliance and what are the applicable regulations?
5. The June 26, 2020 letter notes that pension-asset investment decisions are made at the national program level. Please clarify who makes these decisions and the processes they use.
6. What guidelines or standards are used to make investment decisions with respect to the pension plan assets?



7. Were the losses of the other Blue plans at the national level also at approximately 58.5%? If not please give the ranges of losses of the other Blue plans.
8. Please describe the oversight of the pension plan assets, including make-up of the board.
9. Are BCBSVT's pension plan assets subject to 8 V.S.A. § 4517 or 8 V.S.A. § 4589 (requiring nonprofit hospital and medical service corporations to obtain the Commissioner of DFR's prior approval of investment guidelines)?
10. Who makes reserve-asset investment decisions and what processes do they use?
11. What guidelines or standards are used to make investment decisions with respect to BCBSVT's reserves?
12. How and with what frequency does BCBSVT monitor the value of its pension plan assets?
13. When did BCBSVT first learn of the losses?
14. When did BCBSVT first notify DFR of the losses?
15. What was the performance of BCBSVT's pension assets in June?
16. What investigative and corrective actions have been taken or are being taken by BCBSVT or the Blue Cross and Blue Shield Association and what is the timing of these actions?
17. What avenues might BCBSVT have to recoup losses?
18. Is there a limit to the dollar amount or percentage of reserves that can be used to shore up BCBSVT's pension fund?

This information is non-actuarial in nature and therefore has not been requested through SERFF.

When providing responses, please copy the question in the same numbered format as in this document and provide the response immediately following. To ensure that the Board's review of the filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than the end of the day on Thursday, July 16, 2020.

Sincerely,

s/ Michael Barber

Michael Barber
General Counsel
Green Mountain Care Board

cc: Kaili Kuiper, Esq., HCA
Eric Schultheis, Esq., HCA



Amerin Aborjaily, Esq., GMCB
Thomas Crompton, GMCB
Christina McLaughlin, GMCB

