



May 19, 2022

Jude Daye, Executive Assistant  
Blue Cross and Blue Shield of Vermont  
445 Industrial Lane  
Montpelier, VT 05601

Re: Blue Cross and Blue Shield of Vermont  
2023 Vermont Individual and Small Group Rate Filings  
SERFF Tracking #: BCVT-133243519 and BCVT-133243509

Dear Jude Daye:

Thank you for your responses. We request the following additional information regarding these filings:

Questions:

1. Provide actual-to-expected Rx trend results from 2018-2021.
2. Provide support for the "Other" projection factors included in the URRT and demonstrate that they are consistent with the rate development as shown in Exhibit 5.
3. Section 3.4.1 of the memorandum appears to assume that 100% of Medicaid enrollees who lose eligibility but are eligible for premium subsidies will purchase coverage. Please confirm and justify.
4. Section 3.8.7.2 describes pandemic costs as being 0.7% of premium for both the individual and small group markets, but 0.8% of premium for the markets combined. Please explain, as this does not appear possible.
5. According to the actuarial memorandum, projected rebates PMPM are based on "contractual rebate guarantees." In recent years, have actual rebates been equal to the minimum guaranteed contractually, or higher than this level?
6. Since the filing was submitted, L&E has used information from both carriers to project final 2021 risk adjustment transfers. What is the rating impact of this updated projection?
7. It appears that, in Exhibit 3D, the total professional utilization in columns AD and AE were inadvertently populated with the "All Other Professional services" utilization from columns U and V. Please revise.
8. Please provide historical allowed cost for pharmaceuticals processed through the Medical Benefit in the format used to show utilization in Exhibit 3E.
9. In Exhibit 3J, all allowed changes not attributed directly to change in utilization are attributed to unit cost. That is, mix trends (i.e. the change in average cost due

to differential changes in utilization of services) is treated as a component of unit cost trend. However, in Exhibit 3D, the alternate approach is taken, and mix changes are reported as being a component of utilization trend. Please note that for consistency, in L&E's reports mix trend will be consistently described as a component of unit cost trend to minimize confusion, and because mix trends reflect a change in average cost.

10. As shown in Exhibit 3C, utilization trend was negative from 2018 to 2019, prior to the pandemic. Explain further the assumption that facility utilization will now rise above the 2019 level.
11. Provide projected RBC ratios as of year end 2021, 2022, and 2023.
12. Section 1.5 of the actuarial memorandum states that "In order to remain within the required range, Blue Cross must file a 1.5 percent contribution to policyholder reserves in this filing." Please provide a supporting calculation of this claim.
13. For each GMCB-regulated hospital where the projected and/or historical unit cost change differs from the approved rate for FY2022, provide an explanation of the basis for the alternate figure.
14. In section 3.4.2 of the actuarial memorandum, you attribute the 402-member growth from September 2021 to January 2022 to increased ARPA subsidies. Given the seasonality of individual-market enrollment, please explain this assumption.

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 May 27, 2022. 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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