



February 23, 2021

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
3Q 2021 LG Rating Program Filing
SERFF Tracking #: BCVT-132713612

Dear Jude Daye:

We have been retained by the Green Mountain Care Board (“GMCB”) to review the above referenced group products filing submitted on 2/10/2021. 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. Clarify if and how the Medicare Primary manual rate increase is incorporated in the “Impact of Formula and Factor Changes” table in the actuarial memorandum.
2. Explain why the MLR calculation in the actuarial memorandum assumes that various quantities, such as rebates, will be unchanged and untrended from 2019, despite some of these values being assumed to have changed elsewhere in the filing.
3. Regarding the deferred care adjustments provided in Exhibit 6E and used in Exhibits 1A and 1B:
 - a. Provide more detail about how these factors were developed, including any implicit trend level incorporated in the calculation.
 - b. The sample calculation shown in Exhibit 1B shows a simple average of the 12 monthly factors applicable to the experience period. By L&E’s

estimation, this would typically result in an overstatement of about 4% to incurred claims. This is because the highest inverse factors are applicable to the months with the lowest claims, and vice versa. Please confirm the precise manner in which this adjustment will be calculated for particular groups.

4. According to the actuarial memorandum, the impact of new drugs in the past 3 years averaged about 5.4% per year. Explain why clinical guidance of a 5% increase from new drugs in the future should be applied to the historical trend, which presumably already includes past new drugs of a similar magnitude.
5. Provide more detail on how Exhibit 2G is used. For example, the factors for Rx claims from March 2017 and April 2017 are 1.000 and 0.8863, respectively. Does this imply that claims from April are trended by an additional 13% over claims in March?
6. Please list all rating variables which vary between the TVHP and BCBSVT filings.

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 9, 2021. 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,

Kevin Ruggeberg, FSA, MAAA
Vice President and Consulting Actuary
Lewis & Ellis, Inc.
kruggeberg@lewisellis.com
(972)850-0850