

August 22, 2022

Laura Beliveau  
Staff Attorney  
Green Mountain Care Board  
144 State Street  
Montpelier, Vermont 05602

**Subject: Blue Cross and Blue Shield of Vermont – NAIC # 53295**  
**2023 Vermont ACA Market - Individual and Small Group Rate Filings – Amended per GMCB Order**  
**(SERFF Tracking #: BCVT-133243519 and BCVT-133243509)**

Dear Ms. Beliveau:

Enclosed are amended exhibits and URR templates for the Blue Cross and Blue Shield of Vermont 2023 Individual and Small Group rate filings. These rates have been developed in response to the Green Mountain Care Board order dated August 4, 2022. The rates were modified as ordered, resulting in a reduction of the Individual projected average rate change to 11.4 percent and a reduction of the Small Group projected average rate change to 11.7 percent.

To help with your review, we step through each component of the order below:

- [1. Correct the URR for the ARPA adjustment in the individual filing.](#)  
We included the factor for the change in pool morbidity due to the American Rescue Plan Act (1+b<sub>7</sub>) in the “morbidity” factor in the amended URR template in the individual filing.
- [2. Reflect updated risk adjustment transfers](#)  
We recalculated the projected 2023 risk adjustment transfer to reflect the final 2021 results. This is reflected on amended Exhibit 4 – IND and amended Exhibit 4 – SMG.
- [3. Reflect the IRS-required changes to the HDHP benefit designs](#)  
We updated the paid to allowed ratio for EHB portion for the HDHP plan designs (amended Exhibit 6C – IND and amended Exhibit 6C – SMG) to reflect the changes required to keep the benefit HSA-compatible.

4. [Reduce medical utilization trend assumptions such that they match the L&E recommendations](#)

L&E recommended the following changes to medical trend utilization:

Category	Blue Cross Trends	L&E Trend
Inpatient	1.5%	1.0%
Outpatient	1.5%	1.0%
Pharmaceuticals	3.6%	3.6%
Professional	2.1%	1.7% <sup>1</sup>
Mental Health	8.5%	8.5%
Facility Professional	1.5%	1.0%
Other Professional	1.0%	0.5%

We updated the utilization trend (amended Exhibit 3J – IND and amended Exhibit 3J – SMG) to reflect the changes to medical utilization trend.

5. [Assume that the Board will reduce the rates requested by Vermont hospitals in their FY 2023 budget proposals by 17%.](#)

The unit cost trend on amended exhibit 3J reflects a 17 percent reduction in the rate increase requested by Vermont Hospitals in their FY 2023 budget proposals. This was implemented by reducing the requested rate increases by 17 percent.<sup>2</sup>

Annual Reimbursement Changes due to Budget Increases and Contracting Season	Percent of Total Allowed Medical Claims in Experience	Cost Trend from 2021 to 2022	Cost Trend from 2022 to 2023	Total Annual Cost Trend
Vermont facilities and providers impacted by GMCB’s Hospital Budget Review	53.3%	6.9%	13.6%	10.2%
Other facilities and providers	46.7%	5.4%	5.8%	5.6%
Total	100.0%	6.2%	9.9%	8.0%

This is reflected on amended exhibit 3A and amended Exhibit 3J – IND and amended Exhibit 3J – SMG.

6. [Reduce the resulting rate increase, after items \(1\) – \(5\) are implemented, by 2.0 percentage points.](#)

The table below shows the rate increase through step 5 and then with the 2.0 percentage point reduction. There is no line in the URRT for an affordability reduction. The ordered two percentage point reduction to the rate increase is indistinguishable in any practical sense from a reduction to CTR. We have therefore reflected it as such in the exhibits and template.

Increase	Individual Market	Small Group Market
Through Step 5	13.366%	13.681%
With 2% reduction	11.366%	11.681%

<sup>1</sup> Calculated using Blue Cross methodology and L&E recommended trends.

<sup>2</sup> For example, a 10 percent requested increase becomes 8.3 percent (10 x (1-0.83)).

Enclosed are amended Exhibit 3A, Exhibits 3J – IND through 9B – IND, Exhibits 3J – SMG through 9B – SMG, the amended Unified Rate Review Templates and the amended Rate Data templates. The enclosed amended exhibits contain confidential information, which is highlighted where it appears. That information is simply an updated version of information in the original filing that the Board has already deemed confidential.<sup>3</sup> Therefore, Blue Cross requests that the highlighted information in the enclosed amended exhibits also be deemed confidential. If the Board requires a formal confidentiality request for the highlighted information in the amended exhibits, please let us know.

The purpose of this amended filing is to provide the rates and a description of the modifications ordered by the Green Mountain Care Board to the rate development for the Vermont Individual and Small Group plans that Blue Cross and Blue Shield of Vermont proposes to offer for the 2023 benefit year. These calculations are not intended to be used for any other purpose.

This amendment was prepared in accordance with the provisions of the Green Mountain Care Board order dated August 4, 2022. Specifically, the changes in medical unit cost and utilization trends, the impact of risk adjustment, the changes to the HDHP plans, and the reductions of the overall increases, were prescribed by the aforementioned GMCB order.

I, Paul A. Schultz, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States promulgated by the American Academy of Actuaries, and have the education and experience necessary to perform the work described herein.

In my opinion, the final premium rates, while inadequate, are in compliance with the GMCB order of August 4, 2022. The calculations and results are appropriate for the purpose intended.

In submitting this amendment, Blue Cross does not waive any potential recourse and reserves all legal rights with respect to the aforementioned GMCB order, including the right to pursue the remedies noted in the order.

Please let us know if you have any questions, or if we can provide additional clarity on any of the items above.

Sincerely,



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Paul A. Schultz, F.S.A., M.A.A.A.  
Chief Actuary  
Blue Cross and Blue Shield of Vermont

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<sup>3</sup> Confidentiality was granted for Exhibits 3A and 4 in the May 11, 2022 letter from Laura Beliveau.