

November 3, 2022

Attn: Maria Mahmood
900 Cottage Grove Road
Hartford, CT 06152-1233

Re: Cigna Health and Life Insurance Company
SERFF Tracking #: CCGP-133388045
2022 Large Group Rate Filing

Dear Maria:

Lewis & Ellis, Inc. (L&E) has been retained by the Vermont Green Mountain Care Board (GMCB) to review the above referenced filing. Upon review of the submitted filing documentation, the following additional information is needed.

1. Regarding the following previous objection/response exchange:

Objection 5 –

Comments:

How do the proposed provider unit cost increases compare to the recently ordered hospital budget increases?

Response:

VT 2023 Supplemental Exhibits.pdf shows that 2023 inpatient and outpatient unit cost trends are expected to be 4.3%. The estimated weighted average of the recently ordered hospital budget gross charge increases is between 8% and 9%.

- a. Please reconcile the assumed unit cost trends by hospital to the recently ordered hospital budget increases provided here: <https://gmcboard.vermont.gov/node/3183>
 - b. If confirmed, please explain why the assumed inpatient and outpatient unit cost trend is so much lower than the ordered hospital budget approvals. Does the Company feel confident that these lower unit cost levels can be achieved?
2. The pricing trend supplemental exhibit (“VT 2023 Supplemental Exhibits.pdf”) provide Vermont historical claims experience for Medical and Rx claims combined. Please provide two similar exhibits for medical claims only and pharmacy claims only.

3. Regarding the following previous objection/response exchange:

Objection 4 –

Comments:

Please provide further qualitative and quantitative support for the development of the unit cost, utilization, and mix trends assumed for the medical and Rx service categories.

Response:

When forecasting local medical cost trends we rely on the contracted rates we obtain at providers within the state as well as nationally contracted rates for vendors providing medical services.

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, and industry trends.

Pharmacy trends are composed of several pieces:

1. Cost trend: the change in the average cost per script of drugs due to:
 - a. Inflation – the change in cost per unit for medications used in both the base period and current period, isolating against changes in days' supply and mix shift.
 - b. Mix shift – the change in cost due to patients filling different medications in the current period vs. the prior period. This is caused by a loss of exclusivity (patent expirations) which results in a shift from brand utilization to generic utilization, as well as a shift in utilization from existing generic medications to new generics after patent expirations.
 - c. Pipeline – The approval and launch of pipeline drugs causes a shift in utilization from older therapies to novel therapies and causes the emergence of new claims from previously untreated populations.
2. Utilization trend: the change in the number of prescriptions filled on a PMPM basis.

Pharmacy trends are lower in 2021 due to lower non-specialty unit cost and lower specialty utilization. 2022 was decreased to reflect lower growth in non-COVID Vaccines than previously expected and lower expectation of unit cost trend.

- a. Please provide a detailed quantitative summary of the national medical utilization trend study used as the basis for the assumed medical utilization trend for this filing.
- b. Please provide further support citing data and/or sources used as the basis for the pharmacy trend components. In addition to citing, please also provide detailed quantitative summar(ies) of such data and/or source material.

We appreciate responses as expeditiously as possible to every objection in our letter, but no later than November 11, 2022.

Sincerely,

Allison Young, ASA, MAAA
Consulting Actuary
Lewis & Ellis, Inc.
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