BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

June 16, 2020

Mr. Kevin Ruggeberg, A.S.A., M.A.A.A.
Consulting Actuary
Lewis & Ellis, Inc.

Subject: Your 06/11/2020 Questions re:
Blue Cross and Blue Shield of Vermont
2021 Vermont Individual and Small Group Rate Filing
(SERFF Tracking #: BCVT-131936226)

Dear Mr. Ruggeberg:

In response to your requests dated June 11, 2020, here are *your questions* and our answers:

1. *Provide total claims PMPM by incurral month for the most recent three years of experience, normalized for contract changes, for individual, small group, and combined.*

   Please see attached *Responses to BCBSVT 2021 VISG Rate Filing - Inquiry 2.xlsx, tab Q1.*

   The table includes individual and small groups enrolled in a BCBSVT VISG product and small groups who enrolled in an AHP in 2019. The PMPM figures are total medical allowed charges, removing claimants in excess of $500,000. We also excluded a sizable group that was established for a specific and temporary effort, as we do not expect them to continue enrollment into 2021.

2. *Provide total claims PMPM by incurral month for the most recent three years of experience, normalized for contract changes and changes in PLRS, for individual, small group, and combined.*

   Please see attached *Responses to BCBSVT 2021 VISG Rate Filing - Inquiry 2.xlsx, tab Q2.*

   The table includes individual and small groups enrolled in a BCBSVT VISG product and small groups who enrolled in an AHP in 2019. The PMPM figures are total medical allowed charges, removing claimants in excess of $500,000. We also excluded a sizable group that was established for a specific and temporary effort, as we do not expect them to continue enrollment into 2021. Finally, we excluded members for which the CMS DIY risk score calculator could not produce a risk score due to invalid or incompatible data.

   To adjust for changes in PLRS, BCBSVT recalculated the risk score for each year using the 2019 HHS-HCC model. This normalizes for model changes over time, although it does have the limitation of potential misalignment of expected costs by condition inasmuch as that may change over the course of the experience period (i.e. coefficient changes may be reflective of changes expected cost by calendar year, for instance where a new

pharmacological treatment is introduced). The PMPM shown in the Q2 tab divides the raw PMPM by the monthly average risk score.

The results of normalizing allowed charges for HHS-HCC risk scores are extremely sensitive to the assumed degree of coding growth implicit in the risk data. Baseline coding growth has been estimated to fall in the range of one to three percent, but coding growth can be much larger in specific situations[1]. In Vermont, the following factors contribute to coding growth that is higher—potentially much higher—than average:

- The baseline level of completeness of risk coding in Vermont is much lower than that in nearby states, likely driven by one of the lowest Medicare Advantage penetration rates in the country.
- At least four major provider groups implemented new electronic medical records (EMR) platforms in 2018 through 2019.
- OneCare Vermont has encouraged improved coding, as its internal measurement of medical service areas is impacted by risk score.
- in light of the magnitude of risk adjustment transfers now that BCBSVT no longer has a dominant market share, we have engaged with providers throughout our service area to improve coding and capture more complete information on claims submissions.

It is challenging to parse coding growth from true changes in population morbidity within a small cohort. Mathematically, each one percent difference in assumed coding growth will yield a one percent difference in assumed trend. We have not attempted to normalize these data for coding growth.

Finally, we note that the HHS-HCC model is intended to apply to plan liability rather than allowed charges. Any attempt to apply HHS-HCC risk scores to allowed charges would require normalization of the data and/or the risk scores. We have not attempted to apply such normalization.

Given the difficulties in accurately gauging the impact of coding growth and the one-to-one sensitivity of results to this factor, we believe that it is inappropriate to use the HHS-HCC model to normalize claims for the purpose of crafting a utilization trend assumption specific to the Vermont market.

3. *Reconcile the market-adjusted index rate in Exhibit 5 to the market-adjusted index rate in the URRT.*

The URRT only allows three decimals while our rate development applies rounding only to the final rates.

Please see attached *Responses to BCBSVT 2021 VISG Rate Filing - Inquiry 2.xlsx, tab Q3* for the comparison of the rounded and unrounded section 2 of worksheet 1 of the URRT.

[1] https://milliman-cdn.azureedge.net/-/media/products/mara/pdfs/shared-savings-agreements.ashx.

4. *Demonstrate that the population changes to projected claims contained in factors b9 and c3 were developed in a manner consistent with the projection of CY2021 risk transfers.*

The 2021 risk transfer projection was developed in a similar manner to the population changes impacting the claims projections. Each projection makes assumptions about the individual and small group markets separately and blends their respective impacts to create a total impact.

In order to align the various factors in the rate projection, we ensured that we assigned the same categories to each member or group. Individuals who voluntary cancelled their BCBSVT plan were assumed to have gone to MVP, with the exception of the 414 members who were assumed to have left the market. Their claims were excluded from b_9 and their experience risk score was transferred to MVP in the calculation of the risk transfer. Groups that were known to have left the VISG market were excluded from both b_9 and the risk transfer altogether. Groups that left BCBSVT and were known or assumed to have enrolled with MVP were excluded from b_9 and included in MVP's projected PLRS calculation.

The population adjustments made in b_9 and c_3 included in their development the AHP members that moved back to BCBSVT VISG. The risk transfer projection calculated the AHP impact explicitly, but identified experience period membership in the same fashion as the population change factors.

The population changes made for the changes in demographics (c_3) used age-gender factors applied to the projected subsets of BCBSVT membership. The risk transfer projection did not include an explicit impact for changes in demographics. While it is true that risk scores are dependent on a carrier's demographic profile, we assumed that the adjustments we made to our own claims would be proportional to the changes in MVP's demographic profile and therefore would cancel each other out from a risk transfer point of view. The calculation of c_3 also made assumptions about retirement and newborn rates. Again, we assumed that these changes would be proportional to the changes in MVP's demographic profile and therefore cancel each other.

5. *Demonstrate how the trend factor developed in Exhibit 3E is reflected in the trend compilation of trend factors in Exhibit 3J.*

   While answering this question, we realized that the weights used to calculate the overall medical utilization trend were incorrect. We used the trend data, which excludes some populations and excludes claimants above $500,000.

   The correct approach is to use the PMPMs from the index rate build-up by claim category. Please see *BCBSVT 2021 VISG Rate Filing - Inquiry 2.xlsx, tab Q5* for the updated calculation for both medical utilization and cost trend components.

   Changes to medical trend impact many other factors in the rate calculation, including pooling, risk adjustment, and plan level adjustments that are calculated as a percent of premium. After adjusting all factors impacted by this change, the 2021 VISG average rate increase is 6.47 percent, which is 0.12 percent higher than the filed rates.

6. *How has COVID-19 affected non-benefit costs (expenses such as claims adjudication, overhead, travel, profit, etc)?*

   The impacts of COVID-19 on BCBSVT's non-benefit costs have been numerous and varied, and not all of them can be precisely quantified. In terms of administrative expenses, through May 31, BCBSVT has realized savings of approximately $250,000 from lower claims processing transaction costs, and roughly $100,000 from reduced travel expenditures. However, those savings are offset by both direct incremental costs incurred and indirect costs related to work being performed by BCBSVT employees. Examples of items that have directly increased administrative expenses include the costs of moving all employees out of the home office and providing them with remote access capabilities; printing and mailing a variety of COVID-related notices to both our customers and our providers; and working with our vendors to configure our claims system for the various benefit changes that have occurred, such as waiving member cost sharing for COVID-19 testing and treatment claims. To date, the incremental costs have been more than $275,000, and that figure is likely to increase.

   Additionally, BCBSVT has incurred an enormous amount of indirect costs as a result of our employees managing the move to a remote workforce along with related business continuity tasks; communicating and disseminating critical information to customers, providers, and regulators; performing financial and other analyses; and many other tasks too numerous to list. While this aggregate cost has not been quantified and has not directly increased our administrative expenses, it has clearly reduced the amount of time we've been able to spend performing our core functions and driving other initiatives on behalf of our customers. Further, BCBSVT has made a commitment to continuing to pay all of our employees their full salary and benefits during the pandemic, including those who are unable to perform at full capacity due to the impacts of working remotely, reduced claims and call volumes, or child care challenges related to school and daycare closings. While this service to Vermonters and the economy does not add to our expenses, it similarly impacts our ability to be as efficient in providing services to our customers and other stakeholders.

The impact of COVID-19 extends beyond claims and administrative costs. In the interest of protecting our customers during the pandemic, BCBSVT has been providing payment flexibility to both individuals and groups, allowing them additional time to make their premium payments in the event they are struggling financially due to the economic slowdown, job loss or layoff, etc. As some customers may not be able to catch up fully on their premium payments even as the economy recovers, BCBSVT expects it will ultimately experience a premium shortfall due to keeping our members covered; the magnitude of that loss is likely to be much greater than the administrative expense impacts described above.

Additionally, the COVID-19 pandemic has had a significant impact on financial markets during 2020. As of May 31, BCBSVT has experienced losses in the value of its investment portfolio of approximately $3.0 million as a result of the market volatility caused by COVID-19. Further, as a result of the lower interest rate environment, returns on BCBSVT's fixed income portfolio have been reduced as well.

7. *Describe how Vermont consumers were considered in light of the current savings due to the COVID-19 pandemic and this unprecedented time.*

The needs of our members, along with the entire Vermont community, were and will remain the guiding principle of BCBSVT's response to the COVID-19 pandemic. We are Vermonters and a Vermont company, we live and work here, and we have a strong interest in protecting our neighbors and supporting our providers as we navigate this unprecedented situation. We are stewards of the premiums and reserves entrusted to us on behalf of our members to guarantee health care coverage in any circumstance. We continue to balance many competing and urgent concerns as we get through this first phase of coronavirus infections in our state.

We are all navigating uncharted waters this year. BCBSVT is responding to highly unusual circumstances and attempting to plan for continued uncertainty. The pandemic and its impact on health care and the economy are continuing to unfold—there are many unknowns that we will not truly understand for months or years to come. *None of the expected costs of COVID-19 are included in the 2021 premiums.* While Vermonters were diligent with social distancing and other government directives to mitigate the impact of the COVID crisis, we fully expect many more claims for COVID-19 testing, treatment and, optimistically, vaccination over the next 18 months. This crisis will continue to unfold until we find a vaccine or effective treatment.

This question references "current savings" related to the pandemic. As you know, savings only accrue to BCBSVT for reduced claims costs in our insured business, which represents about a third of our total book. We don't know, and won't know for some time, the amount of claims costs that were avoided as opposed to deferred, and how that potential savings weighs against COVID-19 related costs and increased morbidity associated with deferred care.

We are working to analyze and estimate the impact to claims costs over the balance of 2020 and into 2021. We are still too early in that process to perform those analyses with sufficient certainty to present to the Board. As the balance of this response explains, we

have targeted our resources in ways that will be most effective to maintain Vermonters' access to care and alleviate financial hardship. Given the high degree of uncertainty about the future impact of the pandemic, it is our view that the most prudent course of action at this time is this targeted use of finite resources to immediately help the Vermonters who need it most.

Expanding Coverage for the benefit of patients, providers, and public health

The first response was to expand coverage. We immediately configured the claims system to identify COVID-19 cases with the new federal CPT codes, and in cooperation with federal and state regulators, applied zero cost share for COVID-19 testing and associated office, urgent care, and emergency visits. This supported the state's efforts to eliminate the financial barriers for patients that could impede the work of our health officials and our shared public health objectives.

Our pharmacy division changed the prescription drug refill policy to enable our members to receive up to a 180-day supply of essential medications—more expansive than the Department of Financial Regulation (DFR) prescription drug refill bulletin requirement. We also put a system in place to empower pharmacists to manage the supply chain and prevent shortages of essential medications. Subsequently, we worked with DFR and a large stakeholder group to waive the deductible for a targeted list of essential, preventive medications. We also developed our own Pharmacy Assistance Program to ensure our members' access to vital medications when cost sharing would otherwise be a barrier. In each of these instances we are striking a balance by responding to our members' needs, while also targeting and efficiently using limited member resources.

We worked quickly to support our members and providers by promoting telemedicine as a way for our members to get the medical care they need while maintaining social distancing. Our medical officers have substantially expanded options for telehealth services and remote alternatives for our membership and the provider community, most notably telephone visits, always taking into consideration appropriate standards of care. Like the Board, we heard from providers fearing financial ruin by the elimination of most of their patient appointments. Telemedicine simultaneously allows providers to care for patients in a safe environment and provides revenue for vital, ongoing medical and mental health care. We purposefully pursued the telephone visit option before expanding traditional telemedicine to ensure that our local providers, many of whom are not equipped to perform audio-visual telemedicine, remain the primary source for members to seek and receive care. These telephone visits are reimbursed at the same rate as an office visit to minimize cash flow disruption for providers.

BCBSVT is not merely complying with DFR regulations. We are offering suggestions, collaborating to improve the proposals, and urging our self-funded customers to comply. Implementing these changes in cooperation with the health insurance regulator ensures widespread adoption and adherence. With our strong encouragement, self-funded employers have adopted most of these modifications in recognition that they benefit not only their employees, but the public good and health of all Vermonters.

Keeping Vermonters covered during a time of financial hardship

We offered premium flexibility through grace periods and payment plans for individuals and businesses of all sizes, while continuing to pay for all health care costs. Coverage has not been terminated for anyone, regardless of the status of their premium payments. We have taken further steps to increase flexibility for large groups, with the overriding goal of keeping as many Vermonters covered as possible during this crisis. We have also joined DVHA in providing a special open enrollment period to give the uninsured an opportunity to access coverage. As noted in Question 6, we anticipate that these measures will result in a premium shortfall that must be covered from reserves.

Supporting our communities

As the pandemic has rocked Vermont businesses and our health care system, our customer service teams provided ongoing communication and support for all our constituencies, including our employer groups, members, and the provider community. We have listened and responded to the needs and concerns of the people who count on us.

We have supported our employees, Vermonters themselves, in their efforts to give back to our community. With over 450 trusted Vermont employees, we made a rapid transition to work from home to keep our community safe and flatten the curve. We matched our employee's generous Vermont Foodbank donation; company volunteers have made over 825 masks for our local hospitals (Gifford and CVMC) and community members in need; and we supported the Abbey Food Group to prepare meals for our vulnerable neighbors in transitional housing. Our employees initiated and engaged in these local efforts independently.

Supporting the economic vitality of health care providers

Along with expanded coverage for telemedicine, we have taken concrete steps to support the economic viability of our providers. These steps include continued Blueprint payments, ACO care coordination and capitated payments, and a pilot program for hospital fixed prospective monthly payments in lieu of fee-for-service payments. We have eased administrative burdens through suspending audits, credentialing, and prior authorization and utilization management during this state of emergency.

We know that protecting the financial viability of providers is critical to protecting access to care for our members. We therefore initiated an advanced payment program for both hospitals and independent practices, through which we have advanced nearly $11 million to local providers.

Naturally, BCBSVT member reserves and resources alone cannot stabilize the Vermont health care system. Federal support is essential to seeing our hospitals and independent providers through this crisis.

Planning for uncertainty

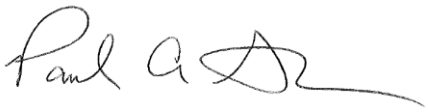
This pandemic has demonstrated the critical importance of having an adequate reserve fund. Therefore, while we have engaged in all the activities described above and continue to act to protect members, providers, employers and the larger Vermont community, we also continue to model and forecast potential future scenarios. Policyholder reserves are

vital as Vermont approaches a likely a second or third wave of this virus. Policyholder reserves were designed for just this circumstance—they protect and support our members during unexpected events.

For more details about our programs in response to the COVID-19 pandemic, please refer also to Attachment C of the original filing.

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

Sincerely,



Paul Schultz, F.S.A., M.A.A.A.
Chief Actuary

BLUE CROSS AND BLUE SHIELD OF VERMONT
2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING

RESPONSE TO ACTUARIAL INQUIRY DATED JUNE 11, 2020

	Medical Allowed PMPM, excluding claimants exceeding $500,000					
	Individual		Small Group*		Total	
Month	Members	PMPM	Members	PMPM	Members	PMPM
Jan-17	28,181	$513.48	41,367	$440.89	69,548	$470.31
Feb-17	28,546	$490.94	41,318	$390.35	69,864	$431.45
Mar-17	28,336	$540.54	41,308	$442.81	69,644	$482.57
Apr-17	28,008	$470.23	41,282	$396.53	69,290	$426.32
May-17	27,695	$535.47	41,210	$457.61	68,905	$488.90
Jun-17	27,384	$521.87	41,201	$442.73	68,585	$474.33
Jul-17	27,181	$496.52	41,073	$427.88	68,254	$455.22
Aug-17	26,871	$512.47	41,057	$447.99	67,928	$473.49
Sep-17	26,553	$503.82	40,984	$416.48	67,537	$450.82
Oct-17	26,251	$574.12	40,922	$493.17	67,173	$524.81
Nov-17	25,911	$539.58	40,936	$450.89	66,847	$485.27
Dec-17	25,359	$541.80	40,826	$441.98	66,185	$480.23
Jan-18	24,001	$514.56	30,764	$498.89	54,765	$505.76
Feb-18	23,511	$542.71	30,428	$472.13	53,939	$502.89
Mar-18	23,126	$586.64	30,276	$493.44	53,402	$533.80
Apr-18	22,798	$542.64	30,213	$501.04	53,011	$518.93
May-18	22,511	$560.14	30,299	$516.99	52,810	$535.38
Jun-18	22,306	$514.34	30,265	$482.59	52,571	$496.06
Jul-18	22,046	$508.64	30,300	$481.39	52,346	$492.87
Aug-18	21,709	$514.59	30,246	$497.00	51,955	$504.35
Sep-18	21,412	$525.95	30,246	$451.62	51,658	$482.43
Oct-18	21,166	$609.90	30,315	$523.36	51,481	$558.94
Nov-18	20,866	$566.54	30,334	$473.76	51,200	$511.57
Dec-18	20,602	$567.59	30,215	$473.84	50,817	$511.85
Jan-19	19,734	$584.54	30,216	$524.63	49,950	$548.30
Feb-19	19,531	$523.87	30,179	$449.50	49,710	$478.72
Mar-19	19,330	$592.87	30,153	$548.08	49,483	$565.57
Apr-19	19,169	$548.81	30,005	$495.17	49,174	$516.08
May-19	19,035	$608.29	30,002	$532.01	49,037	$561.62
Jun-19	18,920	$525.26	29,914	$479.26	48,834	$497.08
Jul-19	18,831	$560.38	29,912	$478.81	48,743	$510.33
Aug-19	18,705	$496.32	29,867	$477.64	48,572	$484.83
Sep-19	18,522	$525.46	29,855	$469.41	48,377	$490.87
Oct-19	18,287	$629.35	29,825	$549.87	48,112	$580.08
Nov-19	18,096	$530.69	29,837	$467.74	47,933	$491.51
Dec-19	17,787	$537.20	29,691	$489.55	47,478	$507.40

* Small Group includes groups that joined AHP in 2019 and excludes a sizable group that was established for a specific and temporary effort.

BLUE CROSS AND BLUE SHIELD OF VERMONT
2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING

RESPONSE TO ACTUARIAL INQUIRY DATED JUNE 11, 2020

	Medical Allowed PMPM Normalized for Average PLRS, excluding claimants exceeding $500,000					
	Individual		Small Group*		Total	
Month	Members	PMPM	Members	PMPM	Members	PMPM
Jan-17	28,164	$386.99	41,361	$377.55	69,525	$381.67
Feb-17	28,522	$366.35	41,309	$333.72	69,831	$348.14
Mar-17	28,317	$401.73	41,288	$378.41	69,605	$388.69
Apr-17	27,992	$350.12	41,256	$340.73	69,248	$344.85
May-17	27,682	$398.32	41,177	$393.18	68,859	$395.43
Jun-17	27,360	$389.65	41,161	$381.85	68,521	$385.24
Jul-17	27,154	$370.55	41,028	$370.83	68,182	$370.71
Aug-17	26,840	$383.59	41,002	$388.76	67,842	$386.53
Sep-17	26,527	$375.59	40,923	$365.43	67,450	$369.83
Oct-17	26,223	$433.13	40,853	$435.02	67,076	$434.21
Nov-17	25,879	$408.13	40,867	$400.10	66,746	$403.52
Dec-17	25,327	$409.58	40,759	$395.36	66,086	$401.39
Jan-18	23,997	$362.39	30,759	$393.24	54,756	$378.86
Feb-18	23,509	$376.81	30,423	$371.19	53,932	$373.81
Mar-18	23,125	$406.33	30,271	$387.13	53,396	$396.03
Apr-18	22,797	$372.96	30,208	$393.27	53,005	$383.87
May-18	22,510	$382.47	30,294	$405.80	52,804	$395.05
Jun-18	22,305	$353.45	30,260	$381.46	52,565	$368.61
Jul-18	22,045	$348.56	30,295	$383.53	52,340	$367.50
Aug-18	21,708	$353.99	30,239	$396.37	51,947	$377.12
Sep-18	21,411	$362.24	30,239	$363.71	51,650	$363.04
Oct-18	21,164	$420.38	30,300	$426.90	51,464	$423.95
Nov-18	20,855	$388.65	30,309	$387.84	51,164	$388.20
Dec-18	20,578	$392.41	30,171	$386.20	50,749	$388.97
Jan-19	19,734	$367.21	30,212	$398.23	49,946	$384.55
Feb-19	19,531	$329.27	30,173	$338.43	49,704	$334.43
Mar-19	19,330	$371.84	30,147	$413.82	49,477	$395.53
Apr-19	19,169	$345.16	29,999	$374.32	49,168	$361.65
May-19	19,035	$381.16	29,995	$401.46	49,030	$392.67
Jun-19	18,920	$330.53	29,907	$361.46	48,827	$348.13
Jul-19	18,831	$355.61	29,905	$367.17	48,736	$362.17
Aug-19	18,705	$319.49	29,860	$368.65	48,565	$347.56
Sep-19	18,522	$344.90	29,848	$364.82	48,370	$356.39
Oct-19	18,287	$414.22	29,819	$431.92	48,106	$424.44
Nov-19	18,096	$350.53	29,831	$369.38	47,927	$361.45
Dec-19	17,784	$360.07	29,685	$391.08	47,469	$378.16

* Small Group includes groups that joined AHP in 2019 and excludes a sizable group that was established for a specific and temporary effort.

BLUE CROSS AND BLUE SHIELD OF VERMONT
2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING

RESPONSE TO ACTUARIAL INQUIRY DATED JUNE 11, 2020

URRT - Worksheet 1 - Section 2 **UNROUNDED**

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend Cost	Year 1 Trend Utilization	Year 2 Trend Cost	Year 2 Trend Utilization	Trended EHB Allowed Claims PMPM
Inpatient Hospital	119.11	1.033	1.031	1.038	1.040	$137.02
Outpatient Hospital	261.42	1.033	1.031	1.038	1.040	$300.74
Professional	87.60	1.033	1.031	1.038	1.040	$100.77
Other Medical	71.49	1.032	1.030	1.037	1.039	$81.96
Capitation	10.92	1.033	1.031	1.038	1.040	$12.56
Prescription Drug	114.53	1.101	1.030	1.101	1.030	$147.17
Total	665.07					$780.23

Morbidity Adjustment	1.00285
Demographic Shift	1.00685
Plan Design Changes	0.99628
Other	0.99195
Adjusted Trended EHB Allowed Claims PMPM for	**$778.56**
Manual EHB Allowed Claims PMPM	0
Applied Credibility %	100%
Projected Index Rate for	**$778.56**
Reinsurance	0
Risk Adjustment Payment/Charge	$65.44
Exchange User Fees	0
Market Adjusted Index Rate	**$713.12**

URRT - Worksheet 1 - Section 2 **ROUNDED**

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend Cost	Year 1 Trend Utilization	Year 2 Trend Cost	Year 2 Trend Utilization	Trended EHB Allowed Claims PMPM
Inpatient Hospital	119.11	1.033	1.031	1.038	1.040	$136.94
Outpatient Hospital	261.42	1.033	1.031	1.038	1.040	$300.56
Professional	87.60	1.033	1.031	1.038	1.040	$100.71
Other Medical	71.49	1.032	1.030	1.037	1.039	$81.88
Capitation	10.92	1.033	1.031	1.038	1.040	$12.55
Prescription Drug	114.53	1.101	1.030	1.101	1.030	$147.29
Total	665.07					$779.93

Morbidity Adjustment	1.00300
Demographic Shift	1.00700
Plan Design Changes	0.99600
Other	0.99200
Adjusted Trended EHB Allowed Claims PMPM for	**$778.32**
Manual EHB Allowed Claims PMPM	0
Applied Credibility %	100%
Projected Index Rate for	**$778.32**
Reinsurance	0
Risk Adjustment Payment/Charge	$65.44
Exchange User Fees	0
Market Adjusted Index Rate	**$712.88**

BLUE CROSS AND BLUE SHIELD OF VERMONT
2021 VERMONT INDIVIDUAL AND SMALL GROUP RATE FILING

RESPONSE TO ACTUARIAL INQUIRY DATED JUNE 11, 2020

Experience Medical Allowed Claims by Category		Inpatient	Outpatient	Pharmaceuticals	Professional	Total
Total Experience Period Allowed Claims PMPM	a1	$118.58	$208.85	$63.37	$148.51	$539.32
Experience Period Allowed Claims PMPM for Non-EHB	a2	$0.00	$0.06	$0.00	$0.02	$0.08
Index Rate : Experience Period Allowed Claims for EHB	A	$118.58	$208.79	$63.37	$148.49	$539.24
Impact of Association Health Plans	$1+b_5$	0.9916	0.9996	0.9985	0.9998	
Index Rate Projection Factors - Morbidity and Others	b and c	1.0079	1.0079	1.0079	1.0079	
Adjusted Experience Period Allowed Claims for EHB		$118.52	$210.36	$63.77	$149.63	$542.29

Updated Exhibit 3J calculation for Medical claims	Inpatient	Outpatient	Pharmaceuticals	Professional	Total	From Original Exhibit 3J	Change from Filed
Starting PMPM	$118.52	$210.36	$63.77	$149.63	$542.29	$542.29	$0.00
Selected Utilization Trend for 2019 to 2020	1.011	1.011	1.185	1.011	1.032	1.031	0.06%
Selected Utilization Trend for 2020 to 2021	1.011	1.011	1.185	1.034	1.041	1.040	0.05%
Projected Period Allowed Claims - Utilization Only	$121.15	$215.04	$89.56	$156.52	$582.27		
Cost Trend for 2019 to 2020	1.034	1.048	1.043	1.007	1.033	1.033	0.03%
Cost Trend for 2020 to 2021	1.035	1.048	1.047	1.023	1.039	1.038	0.02%
Projected Period Allowed Claims for Experience EHB	$129.72	$236.01	$97.85	$161.37	$624.94	$623.85	$1.10