

March 31, 2021

Mr. Kevin Ruggeberg, FSA, MAAA
Vice President & Consulting Actuary
Consulting Actuary

**Subject: Your 3/30/2021 Questions re: Blue Cross and Blue Shield of Vermont
2022 AHP Rating Program Filing (SERFF Tracking #: BCVT-132760913)**

Dear Mr. Kevin Ruggeberg:

In response to your request dated March 30, 2021, here are *your questions* and our answers

- 1) *Provide a revised “Impact of Formula and Factor Changes” table and “Administrative Charges – Reasons for Required Increase” table as contained in the memorandum reflecting any corrections to the administrative charge, as applicable.*

While preparing our response to the March 16, 2021 questions on the BCBSVT/TVHP 3Q Large Group Rating Program Filings (SERFF# BCVT-132713612 & BCVT-132713919) we discovered an error in the allocations used to determine the experience for the large group administrative charges, which we use as a proxy for administrative expenses for AHPs. One cost center misstated an allocation applied to the account unit. Correcting it results in a reduction in the per-account charge and a slight increase in the charges for other units (as overhead dollars are now allocated less heavily to the account unit). Please see the attached file *2022 AHP Filing - Revised Exhibit 5A.xlsx* for the revised schedule of administrative expenses.

The table below shows the table from section 2.3 of the actuarial memorandum updated with the new administrative factors. As filed, the admin component increase was 14.6 percent and the total premium change was -0.3 percent.

Impact of Formula and Factor Changes				
Renewal and Filing Year	2021	2022	Component Increase	Premium Impact
Manual Claims (a)	\$102,052,473	\$102,338,374	0.3%	0.3%
Projected Rebates	(\$3,968,654)	(\$6,154,397)	55.1%	-2.0%
Pediatric Vision and Dental	\$0	\$363,283		0.3%
Admin	\$7,868,974	\$7,986,387	1.5%	0.1%
Reserve	\$1,651,664	\$1,630,665	-1.3%	0.0%
Mandates and Assessments	\$2,086,746	\$2,136,660	2.4%	0.0%
Additional Items (b)	\$419,729	\$409,998	-2.3%	0.0%
Total				-1.3%

The table below shows the table from section 6.3 of the actuarial memorandum updated with the new administrative factors. As filed, the total increase was 14.3 percent.

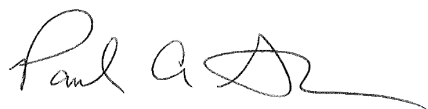
Administrative Charges – Reasons for Required Increase				
		Admin Charges PMPM	Change PMPM	Percent Change
1	Approved January 2021 admin from Q3 2020 filing	\$53.82		
2	Rebase experience and allocations	\$51.29	(\$2.52)	-4.7%
3	Net enterprise membership adjustment	\$53.54	\$2.24	4.4%
4	Additional year of trend	\$54.71	\$1.17	2.2%
	Total Increase		\$0.89	1.7%

2) *Please clarify if there is currently a Pathway 1 AHP in force, or if the members projected to be affected are for a new AHP to be formed in 2021.*

We confirm the projected members affected by this filing are currently enrolled in a Pathway 1 AHP.

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 A. Schultz, F.S.A., M.A.A.A.

BLUE CROSS AND BLUE SHIELD OF VERMONT
2022 ASSOCIATION HEALTH PLAN RATING PROGRAM FILING
ADMINISTRATIVE CHARGES DEVELOPMENT

EXHIBIT 5A - REVISED

Administrative Charges PUPM

Unit		Account	Member	Contract	Invoice Counts	Medical Claim	Projected Claims	Large Group Subtotal	CP Medsup
Administrative Expenses	A	\$775,879	\$1,192,717	\$334,373	\$3,848	\$423,657	\$1,540,183	\$4,270,657	
Unit Months	B	505	90,520	51,021	661	76,324	44,273,199		
Expense PUPM	C = A / B	\$1,536.39	\$13.18	\$6.55	\$5.82	\$5.55	3.48%		\$39.47
Increase for Membership	D	4.4%	4.4%	4.4%	4.4%	4.4%			4.4%
Updated Expense PUPM	E = (1+D) x C	\$1,603.61	\$13.75	\$6.84	\$6.08	\$5.79	3.48%		\$41.19
Annual Trend 2021	F	0.0%	0.0%	0.0%	0.0%	0.0%			0.0%
Monthly Trend Factor	G = (1+F)^(1/12)	1.0000	1.0000	1.0000	1.0000	1.0000			1.0000
Months of Trend to First Effective Period in 2021	H	12	12	12	12	12			12
Annual Trend 2022	I	2.2%	2.2%	2.2%	2.2%	2.2%			2.2%
Monthly Trend Factor	J = (1+I)^(1/12)	1.0018	1.0018	1.0018	1.0018	1.0018			1.0018
Months of Trend to First Effective Period in 2022	K	7	7	7	7	7			7

Projection Periods Effective Date		Account	Member	Contract	Invoice Counts	Medical Claim	Projected Claims	CP Medsup
Jul-21	L = E x G ^ (H) x J ^ (K)	\$1,623.94	\$13.93	\$6.93	\$6.15	\$5.87	3.48%	\$41.72
Aug-21	M = L x J	\$1,626.86	\$13.95	\$6.94	\$6.16	\$5.88	3.48%	\$41.79
Sep-21	N = M x J	\$1,629.79	\$13.98	\$6.95	\$6.18	\$5.89	3.48%	\$41.87
Oct-21		\$1,632.73	\$14.00	\$6.96	\$6.19	\$5.90	3.48%	\$41.94
Nov-21		\$1,635.67	\$14.03	\$6.98	\$6.20	\$5.91	3.48%	\$42.02
Dec-21		\$1,638.61	\$14.05	\$6.99	\$6.21	\$5.92	3.48%	\$42.09
Jan-22		\$1,641.56	\$14.08	\$7.00	\$6.22	\$5.93	3.48%	\$42.17
Feb-22		\$1,644.52	\$14.10	\$7.01	\$6.23	\$5.94	3.48%	\$42.24
Mar-22		\$1,647.48	\$14.13	\$7.03	\$6.24	\$5.95	3.48%	\$42.32
Apr-22		\$1,650.45	\$14.15	\$7.04	\$6.25	\$5.96	3.48%	\$42.40
May-22		\$1,653.42	\$14.18	\$7.05	\$6.26	\$5.97	3.48%	\$42.47
Jun-22		\$1,656.40	\$14.21	\$7.07	\$6.28	\$5.98	3.48%	\$42.55
Jul-22		\$1,659.38	\$14.23	\$7.08	\$6.29	\$6.00	3.48%	\$42.63
Aug-22		\$1,662.37	\$14.26	\$7.09	\$6.30	\$6.01	3.48%	\$42.70
Sep-22		\$1,665.37	\$14.28	\$7.10	\$6.31	\$6.02	3.48%	\$42.78
Oct-22		\$1,668.37	\$14.31	\$7.12	\$6.32	\$6.03	3.48%	\$42.86
Nov-22		\$1,671.37	\$14.33	\$7.13	\$6.33	\$6.04	3.48%	\$42.93
Dec-22		\$1,674.38	\$14.36	\$7.14	\$6.34	\$6.05	3.48%	\$43.01