

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Blue Cross Blue Shield of Vermont) GMCB-003-22rr
 2023 Individual Filing) SERFF NO. BCVT-133243519

In re: Blue Cross Blue Shield of Vermont) GMCB-004-22rr
 2023 Small Group Filing) SERFF NO. BCVT-133243509

**RESPONSES OF BLUE CROSS TO
THE BOARD’S POST-HEARING QUESTIONS**

Blue Cross and Blue Shield of Vermont provides the following responses to the Board’s July 20, 2022, Post-Hearing Questions:

Question 1: For each Vermont hospital and for each of the past three years, compare BCBSVT’s actual negotiated rate change to the change in charge approved by the Board.

Response: [REDACTED]

Question 2: Provide additional details regarding the return on investment for BCBSVT’s low-value care programs (see Exhibit 14), including the Prior Authorization program and the Lab Insights program. Please rank the programs in order of most cost-effective to least cost-effective.

Response: Please note that the calculations below do not consider the positive financial benefit of the “sentinel effect,” which is the tendency for human performance to improve when participants are aware that their behavior is being evaluated. The results below reflect the total book of business for Blue Cross.

- **Avalon Healthcare Solutions (“Lab Insights Program”)**

As a laboratory benefit manager, Avalon provides lab network management, lab policies and policy adherence, to drive quality outcomes and cost savings.

- **Utilization Management (Prior Approval)—not including pharmacy**

The Utilization Management department evaluates medical necessity, appropriateness, and efficiency of the use of health care services and related procedures, this number does not include pharmacy

Blue Cross is still in the process of assembling responses for programs that were referenced in Exhibit 14 but that were not expressly enumerated in the question itself. To the extent Blue Cross can provide information that is responsive to the Board’s question concerning these programs, Blue Cross will supplement its response as soon as possible.

Question 3: What is the community fee schedule increase for all Vermont community hospitals? Quantify the impact that this increase has on BCBSVT’s proposed individual and small group rates.

Response: [Redacted]

Question 4: For each of the past five years, demonstrate how BCBSVT’s actual administrative costs for its individual and small group business have compared to the administrative costs that were expected at the time of filing.

Response: The table below shows the actual and expected administrative costs per member per month for the individual and small group markets.

	Filing Base Admin	Actual Base Admin
2017	\$33.10	\$35.02
2018	\$34.60	\$45.11
2019	\$37.72	\$46.28

2020	\$46.12	\$60.41
2021	\$48.85	\$72.03

The large difference between the filing and actual PMPM in 2020 and 2021 is due to the changes in allocation methodology. This change will be reflected in the actual PMPM starting in 2022, and we expect the gap between expected and actuals to close over time.

Question 5: With respect to the table at the bottom of page 12 of Exhibit 23, page 12, please provide a three-year trend in addition to the two- and four-year trends.

Response: The table below shows the three-year trends along with the trends included on page 12 of binder Exhibit 23.

Historical Total Medical PMPM - Matched Population - Claims Normalized for Contract Changes					
From 2023 ACA Filings	Est. 2017¹	2018	2019	2020	Adj. 2021²
PMPMs	\$464.18	\$505.23	\$488.23	\$434.71	\$505.67
Annual Trend		8.84% ³	-3.36% ³	-10.96% ⁴	16.32% ⁴
Two-Year Trend			2.56%	-7.24% ⁴	1.77%
Three-Year Trend				-2.16% ⁴	0.03% ³
Four-Year Trend					2.16%

1. Using the 8.8% trend from 2017 to 2018 in the 2022 filing to estimate 2017 with the 2023 filing base
2. Adjusted 2021 by 1.004 - from line 1+c₅ of Exhibit 5
3. Result is driven by the high outlier result in 2018 and is not indicative of likely future trends
4. Result is driven by the suppression of 2020 care due to the pandemic and is not indicative of likely future trends

Question 6: Explain the process and requirements for designating facilities as Blue Distinction centers and Blue Distinction plus centers and identify any Vermont hospitals that have received such designations (specify for what services). Explain whether BCBSVT *actively* directs members to these centers to lower member costs and improve outcomes and, if so, how it does so.

Response: The Blue Distinction Specialty Care Program is a national Centers of Excellence program recognizing healthcare providers that demonstrate expertise in delivering quality specialty care safely, effectively and cost-efficiently. This is a

national program administered by the Blue Cross Blue Shield Association. The goal of the program is to help consumers find both quality and value for their specialty care needs, while providing a credible foundation for employers to design benefits tailored to meet their quality and cost objectives.

The Blue Distinction Specialty Care Program includes two levels of designation:

- **Blue Distinction Centers:** Healthcare providers recognized for their expertise and quality in delivering specialty care.
- **Blue Distinction Centers+:** Healthcare providers recognized for their expertise and cost-efficiency in delivering specialty care. Quality remains key: only those providers that first meet nationally established, objective quality measures for Blue Distinction Centers will be considered for designation as a Blue Distinction Center+.

Blue Distinction Specialty Care has eleven areas of specialty care: bariatric surgery, cancer care, cardiac care, knee and hip replacement, maternity care, spine surgery, substance use treatment and recovery, transplants, fertility care, cellular immunotherapy, and gene therapy.

Interested providers are invited by Blue Cross to apply for Blue Distinction recognition. Once the process is started, the application and evaluation processes are completed at the national level; Blue Cross is not involved directly. While each program is evaluated on the same domains, the actual metrics can vary. A nationally consistent approach is used to evaluate quality and safety by incorporating quality measures with meaningful impact. Selection criteria used evolve over time with medical and quality measurement advances in each specialty area.

The following Vermont providers are recognized as a Blue Distinction Center or a Blue Distinction Center+.

PROVIDER NAME	PROGRAM TYPE	DESIGNATION TYPE
Northeastern Reproductive Medicine	Fertility Care	BDC
Northwestern Medical Center Inc	Maternity Care	BDC+
Rutland Regional Medical Center	Knee and Hip Replacement	BDC

Southwestern Vermont Medical Center Inc	Maternity Care	BDC
University of Vermont Medical Center Inc	Bariatric Surgery	BDC
University of Vermont Medical Center Inc	Knee and Hip Replacement	BDC
University of Vermont Medical Center Inc	Maternity Care	BDC

Blue Cross does require the use of a BDC/BDC+ facility for bariatric surgery, and it is part of the member’s benefit. The University of Vermont Medical Center’s bariatric surgery program met or exceeded the established high-quality standards using the following principles:

- Utilize a credible process and produce credible results with meaningfully differentiated outcomes
- Align with other national efforts using established measures, where appropriate and feasible
- Simplify and streamline measures and reporting process
- Enhance transparency and ease of explaining program methods
- Quality differentiation of 10% or greater

The quality selection criteria include structure, process, and patient outcome measures that are specific to bariatric surgery.

Question 7: Provide the total dollar value of 4.0% increase to base administrative expenses PMPM.

Response: The total dollar value of the 4% annual increase from experience period to projection period (a two-year period) to the base administrative expenses is \$1.8 million for the individual and small group markets combined. Said differently, each year of administrative trend is increasing premiums by \$920,000.

Dated: July 26, 2022

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CERTIFICATE OF SERVICE

I certify that I have served the above Responses to the Board's Post-Hearing Questions on Michael Barber, Laura Beliveau, Christina McLaughlin, and Jennifer DaPolito of the Green Mountain Care Board; and on Jay Angoff, Eric Schultheis, and Charles Becker, counsel for the Office of the Health Care Advocate, by electronic mail, this 26th day of July, 2022.

/s/ Benjamin D. Battles

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