

April 15, 2019

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

**Subject: Your 04/08/2019 Questions re: Blue Cross and Blue Shield of Vermont  
3Q 2019 Large Group Rating Program Filing (SERFF Tracking #: BCVT-131835151) and  
re: The Vermont Health Plan 3Q 2019 Large Group Rating Program Filing (SERFF Tracking  
#: BCVT-131835292)**

Dear Mr. Ruggeberg:

In response to your requests dated April 8, 2019, here is *your question* and our answer:

BCBSVT requests confidential handling of the redacted portions of its response to question 2 because it is exempt from public inspection under 1 V.S.A. § 317 (c)(9), and other applicable law.

Question 2 requests confidential business processes, procedures and formulae, and the accompanying answer could reveal information that would disadvantage BCBSVT competitively. This information is exempt from public inspection under the Vermont Public Records Act because it is a trade secret and proprietary information under 1 V.S.A. § 317 (c)(9). Specifically, this information consists of confidential business records or information which BCBSVT has made significant and reasonable efforts to keep secret and is only known to certain individuals within BCBSVT and gives BCBSVT a business advantage over competitors that do not know it. Knowing this data permits BCBSVT to accurately price its products and, in the context of this filing, will permit BCBSVT to request rates that are competitive. As such, the information is protected from public inspection under 1 V.S.A. § 317 (c)(9) and other applicable law.

*2. Are there written guidelines for when and how underwriting and/or management discretion is applied to a rate? If so, please provide any written guidelines, separately for BCBSVT and TVHP.*

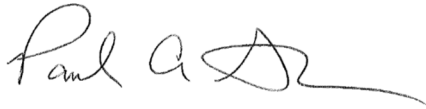
### **Management Discretion**

We also make adjustments that are not risk based (management discretion) which are subject to review by both our Finance and Client Solutions staff. The level of management doing review is based on the dollar amount under consideration. The request will include a business justification for the rate modification as well as data on group size and total proposed premium and must be approved by both Finance and Client Solutions staff. Adjustments of

██████████ (limited to a maximum of ██████████) or less are generally handled at the manager/director level, subject to certain restrictions. Adjustments above this threshold are handled at the VP level or higher. The parameters of allowable rate modifications at the manager/director level are subject to regular review and modification at the VP level or higher.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Schultz", with a long horizontal flourish extending to the right.

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