

August 13, 2014

Public Comment #41  
Green Mountain Care Board  
89 Main Street, 3<sup>rd</sup> floor  
Montpelier, VT 05620

To the Green Mountain Care Board,

The Vermont Public Interest Research Group (VPIRG) submits the following comment to the Green Mountain Care Board (GMCB or Board) regarding the MVP Health Plan (MVP) and Blue Cross and Blue Shield of Vermont (BCBSVT) 2015 exchange filings.

MVP and BCBSVT have submitted premium requests that would raise the cost of premiums by an average of 15.4%, and 9.8% respectively. VPIRG is concerned the requests could make insurance unaffordable for many Vermonters. The Board, when it reviews a rate filing, must decide “whether to approve, modify, or disapprove each rate request, the Board shall determine whether the requested rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, is not unjust, unfair, inequitable, misleading, or contrary to law, and is not excessive, inadequate, or unfairly discriminatory.”<sup>1</sup> We ask the Board to modify the proposed rates in order to make them more affordable for Vermonters purchasing coverage through Vermont Health Connect.

VPIRG is concerned with a number of factors impacting the affordability of health insurance in Vermont. Currently, Vermonters have the fifth most expensive health insurance exchange plans in the country.<sup>2</sup> This last year, Vermonters without financial assistance paid an average of \$4000 to \$7000 in premiums for their Vermont Health Connect plans.<sup>3</sup> More than a third of Vermonters are currently enrolled in a high deductible plan requiring them to pay a significant amount of money to meet their deductibles.<sup>4</sup> If the GMCB approves the requested rate increases, insurance will become less affordable for many Vermonters. We ask that the Board look at the recommendations for modifications proposed by L&E Actuaries and Consultants as well as recommendations made by the Health Care Advocate in considering how to make the proposed rates more affordable for Vermonters.

Both BCBSVT and MVP 2015 exchange filing were reviewed by L&E Actuaries & Consultants, who then made recommendations to the GMCB. L&E made several recommendations as to how both BCBSVT and MVP’s proposed rates could be modified to make them more affordable. The following highlights the recommendations by L&E that we hope the Board will consider when reviewing the 2015 Vermont Health Connect filings.

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<sup>1</sup> 8 V.S.A. 4062(a)(3), GMCB Rule 2.00§ §2.301 and 2.401

<sup>2</sup> <http://vtdigger.org/2013/10/15/vermonts-pre-subsidy-health-care-exchange-premiums-fifth-highest-u-s/>

<sup>3</sup> <http://health.usnews.com/health-insurance/vermont>

<sup>4</sup> [http://www.dfr.vermont.gov/sites/default/files/ASSR\\_2012\\_Commercial\\_Health\\_Insurance\\_in\\_Vermont.pdf](http://www.dfr.vermont.gov/sites/default/files/ASSR_2012_Commercial_Health_Insurance_in_Vermont.pdf)

## BCBSVT

L&E reviewed BCBSVT's rate request and made several recommendations to GMCB to make some modifications to reduce the rate from 9.8% to 7.2%.<sup>5</sup> BCBSVT asked for a rate increase to cover changes in taxes and fees from 2014 to 2015. L&E recommends that the insurer fee should be modified to 2.5% of premium instead of 2.8%.<sup>6</sup> L&E makes this recommendation because it found that BCBSVT's estimate was not quantifiably supported. BCBSVT calculated 2014 insurer fee was rounded up to account for unknown factors such as incentives for large groups to become self-insured as a means to avoid federal and state fees and mandates. When BCBSVT felt that the unknown factors could result in misestimating their share of total insured premiums, because of this BCBSVT feels it is necessary to charge a higher percentage than the unrounded 2014 calculation in order to fully fund the federal assessment.<sup>7</sup> L&E concluded that BCBSVT lacked means to perform a more specific estimate of this impact and that they rounded up to the nearest whole percentage in the 2014 Exchange filing.<sup>8</sup>

L&E also recommends using the reduced reinsurance parameter of \$45,000 instead of \$70,000 as requested. If BCBSVT's federal transitional reinsurance recoveries request is granted as requested the 2015 premiums will increase by 3.4%. BCBSVT based the reinsurance recoveries on the official 2015 parameters; however, the Department of Health and Human Services (HHS) Final Rule, dated May 27, 2014 states "we intend to propose to lower the 2015 attachment point from \$70,000 to \$45,000".<sup>9</sup> HHS performed a similar action in 2014 when they lowered the original attachment point to \$45,000 after the 2014 premiums were finalized.<sup>10</sup> Based upon the statements of HHS, we believe the 2015 attachment point is likely to be reduced to \$45,000 just like in 2014, and request the Board modify BCBSVT's proposed rate to reflect the likely change.

## MVP

L&E's modifications of MVP's rate request would reduce the anticipated overall rate increase from 15.3% to 11.6%.<sup>11</sup> MVP asked for 9.0% increase for pharmacy trends. L&E recommends using a Vermont-specific pharmacy trend of 8.4%.<sup>12</sup> L&E concluded that MVP had not used historic pharmacy claim experience to form assumptions for future pharmacy trends as they believe prior experience is not indicative of future trends.<sup>13</sup> L&E analyzed 36 months of

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<sup>5</sup> [http://ratereview.vermont.gov/sites/dfr/files/018\\_14rr\\_Final\\_Actuarial\\_Memo.pdf](http://ratereview.vermont.gov/sites/dfr/files/018_14rr_Final_Actuarial_Memo.pdf) at page 9

<sup>6</sup> *Id.* at page 7.

<sup>7</sup> *Id.* at page 7.

<sup>8</sup> *Id.*

<sup>9</sup> <http://www.cms.gov/CCHIO/Resources/Regulations-and-Guidance/Downloads/508-CMS-9949-F-OFR-Version-5-16-14.pdf> at 74

<sup>10</sup> *Id.* at page 6.

<sup>11</sup> [http://ratereview.vermont.gov/sites/dfr/files/017\\_14rr\\_Final\\_Actuarial\\_Memo.pdf](http://ratereview.vermont.gov/sites/dfr/files/017_14rr_Final_Actuarial_Memo.pdf) at page 8.

<sup>12</sup> *Id.* at page 5.

<sup>13</sup> *Id.*

MVP's historic pharmacy trend experience and discovered that pharmacy trends experienced from January 2013 to December 2013 was -1.9%.<sup>14</sup>

L&E also recommends that the single conversion factor be changed to 9.8% instead of the 16.5% proposed by MVP based on 2014 actual enrollment figures. L&E recommends the modification based on that the average contract size has been reduced from 1.79 in the experience period to 1.53 in the projected period, resulting in a decrease to the single conversion factor.

### **Conclusion**

VPIRG asks the GMCB to carefully review the requests and ensure that health insurance premiums do not become unaffordable for Vermonters. The recommendations by L&E and the Health Care Advocate offer insight in to ways that the Board could modify the proposed rates in order to make them more affordable to Vermonters. The Board should keep those recommendations in mind when deciding whether to approve, deny or modify BCBSVT and MVP's 2015 Exchange filings.

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<sup>14</sup> [http://ratereview.vermont.gov/sites/dfr/files/017\\_14rr\\_Final\\_Actuarial\\_Memo.pdf](http://ratereview.vermont.gov/sites/dfr/files/017_14rr_Final_Actuarial_Memo.pdf) at page 5.