STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

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| In re: | Blue Cross and Blue Shield of Vermont 2025 Small Group Market Rate Filing | ) ) ) ) | GMCB-003-24rr<br><br>SERFF No. BCVT-133654578 |
| In re: | Blue Cross and Blue Shield of Vermont 2025 Individual Market Rate Filing | ) ) ) ) | GMCB-004-24rr<br><br>SERFF No.: BCVT-133654592 |

# DECISION AND ORDER

## Introduction

Blue Cross and Blue Shield of Vermont (BCBSVT), one of two carriers offering individual and small group health insurance coverage in Vermont, seeks to increase its premiums in 2025 by an average of 21.0% for its individual plans and an average of 24.0% for its small group plans. Based on our review of the record, including the testimony and evidence presented at a hearing on July 22, 2024, we modify the proposed rates and then approve the filings. As modified, we expect premiums to increase, on average, approximately 19.8% for BCBSVT's individual plans and 22.8% for BCBSVT's small group plans.

In the individual market, federal premium assistance will continue to be available in 2025 to an expanded group of people. The total amount of premium assistance will also be much larger than in prior years because of a decision the Board made earlier this year. As a result, despite significant increases in the gross premiums, the net premiums, after accounting for premium subsidies, are expected to decrease for most people in the individual market. We encourage people to go to Vermont Health Connect to explore their eligibility for assistance and carefully evaluate their plan options this year. For purchasers of small group plans, as well as individuals who are not eligible for premium assistance, we acknowledge that the approved premium increases are painfully high. However, considering BCBSVT's history of losses in these markets and serious concerns expressed by the Department of Financial Regulation about the company's solvency, we had limited latitude this year to require reductions to the proposed premiums.

## Procedural History

1. On May 13, 2024, BCBSVT filed its 2025 individual and small group rate filings with the Board using the System for Electronic Rate and Form Filing (SERFF). *See* Exhibits (Exs.) 1-7.

2. On May 15, 2024, the Office of the Health Care Advocate (HCA), a division of Vermont Legal Aid that represents the interests of Vermont consumers with respect to health care and health insurance, appeared as a party to the proceedings. *See* HCA Notices of Appearance; 8 V.S.A. §§ 4062(c), (e); 18 V.S.A. § 9603; GMCB Rule 2.000, §§ 2.105(b), 2.303.

3. From June 5, 2024, through July 17, 2024, BCBSVT responded to a series of interrogatories issued by the Board and its contracted actuaries at Lewis & Ellis (L&E). Exs. 8 – 13. The interrogatories included questions suggested by the HCA. *See* Ex. 13.

4. L&E reviewed the filings on behalf of the Board and issued actuarial reports on July 12, 2024, summarizing its analysis and recommending adjustments to the filings. Exs. 14 – 15. That same day, the Vermont Department of Financial Regulation (DFR) issued opinions regarding the filings' impact on BCBSVT's solvency. Exs. 16 – 17.

5. Vermont hospitals submitted their proposed fiscal year 2025 (FY 2025) budgets to the Board in early July 2024. On July 17, 2024, in response to a request from L&E, BCBSVT provided information on how different hospital budget approval scenarios would impact the 2025 individual and small group rates. Ex. 11.

6. The Board held a hearing on BCBSVT's individual and small group rate filings on July 22, 2024. The hearing was held remotely. Members of the public were able to attend the hearing using Microsoft Teams® or their phone. The Board's General Counsel, Michael Barber, served as hearing officer by designation of Board Chair Owen Foster. BCBSVT was represented by Bridget Asay and Michael Donofrio of the law firm Stris & Maher LLP. The HCA was represented by staff attorneys Eric Schultheis and Charles Becker. At the hearing, the Board heard testimony from Ruth Greene, BCBSVT's Treasurer and Chief Financial Officer; Tom Weigel, M.D., BCBSVT's Chief Medical Officer; Martine Brisson-Lemieux, BCBSVT's Chief Actuary; Michael Fisher, Chief Health Care Advocate and Co-Director of the Vermont Office of the Health Care Advocate; Jesse Lussier, Administrative Insurance Examiner at DFR; Kevin Gaffney, Commissioner of DFR; and Kevin Ruggeberg, Vice President & Consulting Actuary at L&E. *See* Hearing Transcript (Tr.).

7. On July 25 and 30, 2024, the Board asked BCBSVT follow-up questions from the hearing and from public comments that the Board had received. BCBSVT responded to the Board's questions on August 1 and 5, 2024. Resp. to Post-Hearing Board Qs (Aug. 1, 2024); Resp. to Post-Hearing Qs (Aug. 5, 2024).

8. On July 25, 2024, the Board held a public comment forum from 4:00 to 5:00 p.m. to hear from the public on the 2025 individual and small group rate filings of BCBSVT and MVP Health Plan, Inc. (MVP).

9. On July 29, 2024, the Board closed a special public comment period it had opened on the 2025 individual and small group rate filings of BCBSVT and MVP. The Board received approximately 250 comments during the public comment period.

10. On August 2, 2024, the HCA and BCBSVT filed post-hearing memorandums pursuant to GMCB Rule 2.000, § 2.307(g). HCA Post-Hearing Memorandum; BCBSVT Post-Hearing Memorandum.

## Findings of Fact

11. BCBSVT is a non-profit hospital and medical service corporation that offers health insurance products in several markets in Vermont. *See* Ex. 14, 1; Ex. 15, 1; Ex. 12, 18-22.

12. The May 13, 2024, filings under consideration in this docket outline the development of premiums or "rates" for health benefit plans BCBSVT will offer to individuals and small employers for calendar year 2025 coverage. The plans will be available for purchase either through Vermont Health Connect (VHC or the "Exchange") or directly from BCBSVT. *See* Ex. 1, 3.

13. As of March 2024, there were approximately 22,018 members enrolled in BCBSVT's small group plans and 23,164 members enrolled in BCBSVT's individual plans. Membership in BCBSVT's individual and small group plans declined from 2017 to 2021, but has increased since 2021, as reflected in the following table:

**Individual and Small Group Membership by Coverage Year**

| Coverage Year | Small Group Members | Small Group % Change | Individual Members | Individual % Change |
|---|---|---|---|---|
| **2017** | 41,325 | | 28,710 | |
| **2018** | 30,303 | -26.7% | 23,361 | -18.6% |
| **2019** | 24,508 | -19.1% | 19,431 | -16.8% |
| **2020** | 21,568 | -12.0% | 17,627 | -9.3% |
| **2021** | 18,785 | -12.9% | 15,878 | -9.9% |
| **2022** | 19,581 | +4.2% | 16,556 | +4.3% |
| **2023** | 21,943 | +12.1% | 18,517 | +11.8% |
| **2024** | 22,018 | +0.3% | 23,164 | +25.1% |

*See* Ex. 14, 1; Ex. 15, 1; *In re Blue Cross and Blue Shield of Vermont 2024 Individual and Small Group Market Rate Filings*, Docket Nos. GMCB-002-23rr & GMCB-003-23rr, Decision and Order (Aug. 7, 2023), Findings of Fact (Findings), ¶ 14.

14. Plans in Vermont's individual and small group markets are offered in bronze, silver, gold, and platinum metal levels. "Catastrophic" coverage is also available to certain individuals.[1] Each metal level corresponds to an "actuarial value" (AV), which reflects the percentage of claims for essential health benefits that a health insurer expects to cover, on average. Bronze plans have the lowest AV and the least generous coverage, while platinum plans, with the highest AV, have the most generous coverage. *See* 42 U.S.C. §§ 18022(d) – (e); Ex. 3, 4.

15. In its individual filing, BCBSVT initially proposed an average annual rate increase of 16.3%, or approximately $144.82 per member per month (PMPM), with plan-level increases ranging from 8.5% to 44.9%.[2] Ex. 2, 49; Ex. 6, 3. In its small group filing, BCBSVT initially proposed an average annual rate increase of 19.1%, or approximately $145.98 PMPM, with plan-level increases ranging from 14.4% to 22.2%. Ex. 2, 63; Ex. 7, 3.

16. Prior to the hearing, BCBSVT made several adjustments to its proposed premiums. With these adjustments, BCBSVT is now requesting an average annual premium increase of 21.0% for

[1] Catastrophic coverage is characterized by low premiums and high deductibles. *See* 42 U.S.C. § 18022(e).
[2] The gross premium increase for "loaded" silver plans in the individual market was significantly higher than the increase for other plans as a result of the Board's guidance on silver loading.

its individual plans and 24.0% for its small group plans.[3] Ex. 21, 5.

17. The significant rate increases BCBSVT is proposing for 2025 come on the heels of double-digit rate increases last year and the year before. In 2024, BCBSVT's average rate increases were 14.0% for individual plans and 13.3% for small group plans. Ex. 14, 2; Ex. 15, 2. In 2023, BCBSVT's average rate increases were 11.4% for individual plans and 11.7% for small group plans. *In re Blue Cross and Blue Shield of Vermont 2023 Individual and Small Group Market Rate Filings*, GMCB-003-22rr & GMCB-004- 22rr, Decision and Order, 1 (Aug. 4, 2022).

18. If BCBSVT's proposed rate increases are approved, its individual and small group rates will have increased 165% and 144% respectively since 2014. *See* HCA Post-Hearing Memorandum, 8. BCBSVT's individual and small group rate increases have far outpaced Vermont's real GDP and real wage growth since 2014, and the proposed rates would accelerate that trend. *Id.*

19. Each plan covered by these filings has its own cost sharing rules (e.g., deductibles, copays, and coinsurance). Within certain limits, these rules require members to pay out of their own pockets for costs covered by the plan. This year, certain cost sharing elements of the plans were increased, while others were decreased. For example, bronze deductible plans saw decreases in generic pharmacy copays and in the medical out of pocket maximum (MOOP), while platinum deductible plans saw an increase in the medical and pharmacy MOOP. *See* Ex. 3, 23.

20. People who purchase one of BCBSVT's individual plans through VHC may be eligible for subsidies that help lower premiums, cost sharing, or both. Subsidies are not available for most employees of small group employers. People who enroll in an individual plan directly with BCBSVT are also not eligible for subsidies. *See* 26 C.F.R. § 1.36B-2(a)(1).

21. Premium subsidies take the form of federally funded premium tax credits (PTC), as well as supplemental state funded premium assistance. *See* 26 U.S.C. § 36B; 33 V.S.A. § 1812(a). Cost sharing subsidies take the form of federally mandated but "unfunded" cost sharing reductions, as well as supplemental state funded cost-sharing assistance. *See* 42 U.S.C. § 18071; 33 V.S.A. § 1812(b). The mechanics of the federal subsidies are described briefly below.

22. The PTC is typically paid directly to the insurance carrier by the federal government to lower an eligible individual's monthly premium.[4] The PTC covers the difference between the premium for the second-lowest cost silver plan in the market and a specified percentage of an individual's household income (the "required contribution"). *See* 26 U.S.C. § 36B(b). The required contribution varies with income such that individuals with lower incomes are eligible for a larger credit than individuals with higher incomes. While the PTC is calculated by reference to the second lowest cost silver plan in the market, it can be used to purchase a plan at any metal level.

23. In 2021, the American Rescue Plan Act (ARPA) made significant enhancements to the

[3] These final proposed rates do not account for the University of Vermont Medical Center's updated commercial rate increase described in paragraph 33, *supra*.

[4] Most taxpayers choose to have the credit estimated and paid to the carrier in advance to lower monthly premiums (referred to as an advanced premium tax credit or APTC). However, taxpayers can also pay the fully monthly premium and claim the credit when they file their tax returns.

PTC. *See* 26 U.S.C. § 36B(c)(1). For individuals already eligible for the PTC, ARPA increased the size of the credit they could receive by reducing their required contribution. ARPA also expanded eligibility for the PTC to individuals with household incomes above 400% of the federal poverty level (FPL). 26 U.S.C. § 36B(c)(1)(E). ARPA's enhancements to the PTC were extended through 2025 by the Inflation Reduction Act of 2022. *See* Pub.L. 117-169, Sec. 12001. Unless these enhancements are extended again or made permanent, the "cliff" that existed at 400% FPL prior to ARPA will return in 2026. *See id*.

24. Federal law requires carriers to offer cost sharing assistance to members with household incomes between 100% and 250% FPL. *See* 45 C.F.R. § 155.305(g)(2)(i) – (iii). These cost-sharing reductions (CSRs) take the form of different plan designs at the silver metal level (CSR variants) – plan designs that have lower member cost-sharing and higher AVs than a base silver plan. *See* 45 C.F.R. § 156.420. The federal government used to reimburse carriers directly for the cost of providing CSRs. In October 2017, however, the Trump Administration announced that it would stop making these payments, notwithstanding carriers' continued obligation to provide CSRs to eligible individuals. Carriers responded by building the cost of CSRs (CSR loads) into their premiums. In most states, including Vermont, CSR loads were applied to on-Exchange silver plans only, a practice known as "silver loading." *See* 33 V.S.A. § 1813. Because the PTC is calculated using the second lowest cost silver plan in the market, silver loading had the effect of increasing PTC for eligible individuals. In connection with silver loading, carriers also began to offer "reflective silver" plans directly to individuals (i.e., "off-Exchange"). These plans are almost identical to "on-Exchange" silver plans, except their premiums are lower because they do not include the additional cost of the CSR benefit. *See* 33 V.S.A. § 1813(a)(1); Ex. 3, 6-7.

25. According to the most recent data from the Centers for Medicare and Medicaid Services (CMS), approximately 88% of households in Vermont's individual market receive APTC. Earlier this year, the Board revised its guidance on silver loading. *See* Green Mountain Care Board Guidance on Silver Loading (eff. Mar. 8, 2024). The guidance had the effect of increasing PTC amounts substantially. Thus, despite significant gross premium increases being proposed in the individual market, *net* premiums may decrease in 2025 for a large majority of households purchasing these plans. For example, using the initial filings from BCBSVT and MVP and assuming those filings were approved without modification, a hypothetical family of four with an income of $60,000 would be able to purchase a gold plan on VHC for a $0 premium or buy a platinum plan for $441.04 per month, saving nearly $6,500 per year on premiums for the platinum plan. *See* Ex. 14, 3.

26. L&E reviewed BCBSVT's individual and small group filings to assist the Board in determining whether to approve, modify, or disapprove the proposed rates. *See* Ex. 14, 1; Ex. 15, 1. L&E's review focused on whether BCBSVT's proposed rates are "'excessive, inadequate, and unfairly discriminatory,' specifically from an actuarial perspective." These terms have definitions that are included in Actuarial Standard of Practice (ASOP) No. 8. Ex. 22, 4. L&E bases its evaluation of a filing on these actuarial standards and, if necessary, recommends that the Board adjust the filing to meet the standards. L&E does not review a filing to determine whether the proposed rates are affordable or whether they promote access and quality. *See* Ex. 22, 4-5; Testimony of Kevin Ruggeberg, Tr., 269:11 – 19.

27. ASOP No. 8 defines rates as adequate if they provide for payment of claims, administrative expenses, taxes, and regulatory fees and have reasonable contingency or profit margins. ASOP No. 8 defines rates as "excessive" if they exceed the amount necessary for these items. *See* Ex. 22, 4-5; Ex. 18, 12.

28. Based on its review of the filings, L&E recommends that the Board make six modifications to the individual filing and five modifications to the small group filing. Ex. 14, 23; Ex. 15, 22.

29. L&E's first recommendation relates to BCBSVT's medical unit cost trend. The medical unit cost trend reflects projected changes in the cost of medical services, whereas the medical utilization trend reflects projected changes in the utilization and intensity of medical services. Ex. 14, 7; Ex. 15, 6. In each filing, the medical unit cost trend is 4.4% and the medical utilization trend is 2.9%, which combine to produce a total allowed medical trend of 7.4%. Approximately 54% of BCBSVT's medical costs are related to Vermont facilities and providers impacted by the Board's hospital budget review process. The medical unit cost trend for these facilities and providers is 3.9%, while the medical unit cost trend for other medical facilities and providers is 5.0%. Ex. 14, 7; Ex. 15, 6.

30. To project medical unit costs from 2023, the base experience period, to 2024, BCBSVT used actual negotiated provider payment changes. To project medical unit costs from 2024 to 2025, the projection period, BCBSVT took several approaches. For Board-regulated facilities and providers, BCBSVT started by assuming that the commercial increase approved by the Board in its FY 2025 and FY 2026[5] hospital budget decisions will be equal to the Board's FY 2025 hospital budget guidance maximum of 3.4%. For providers within the broader BCBSVT service area that are not regulated by the Board, BCBSVT used expected contract changes based on negotiations. Finally, for providers outside its service area, BCBSVT used the fall 2023 Blue Trend Survey conducted by the Blue Cross Blue Shield Association. Ex. 14, 7-8; Ex. 15, 6-7.

31. If updated information regarding unit cost trends is known at the time of the Board order, L&E recommends updating the assumed unit cost trends in each filing. Ex. 14, 23; Ex. 15, 22. BCBSVT agrees with this recommendation. Ex. 21, 3.

32. Vermont hospitals submitted proposed FY 2025 budgets in July 2024 with systemwide commercial rate increases above the Board's guidance. If the medical unit cost trend for Board-regulated facilities and providers is set equal to the initially submitted budget increases, BCBSVT's rates would increase by about 1.0% in the individual market and 0.9% in the small group market. If hospital budgets were approved at a zero unit cost change for FY 2025, BCBSVT's individual rates would decrease by 1.6% and its small group rates would decrease by 1.5%. Ex. 11, 2.

33. On July 19, 2024, the University of Vermont Medical Center (UVMMC) sent a letter to the Board seeking to amend the commercial rate increase included in its FY 2025 budget from 6.51% to 7.91% to reflect the terms of the three-year collective bargaining agreement it reached recently with

[5] Hospital fiscal years run from Oct. 1 through Sept. 30, while individual and small group premium rates are in effect for a calendar year. Thus, to develop unit cost trends for GMCB-regulated facilities and providers in these filings, BCBSVT makes assumptions about two hospital fiscal year budget approvals.

the Vermont Federation of Nurses and Health Professionals. *See* Letter from Dr. Stephen Leffler to Green Mountain Care Board re FY25 Budget (July 19, 2024), *available at* https://gmcboard.vermont.gov/sites/gmcb/files/documents/UVMMC%20Letter%20to%20GMCB%20Re%20FY25%20Budget%20071924.pdf.

34. The Board typically orders some hospitals to reduce their requested overall budgets and commercial rate increases. Last year, the Board ordered BCBSVT to assume hospitals' requested increases would be reduced by 50%. The year before, the Board ordered BCBSVT to assume hospitals' requested increases would be reduced by 17%. BCBSVT did not assume a specific reduction percentage for this year's hospital budget cycle and will apply whatever percentage reduction the Board directs it to use. Ex. 21, 4.

35. UVMMC, Porter Medical Center (PMC), Rutland Regional Medical Center (RRMC), and Northeastern Vermont Regional Hospital (NVRH) exceeded their FY 2023 budgeted net patient revenues. *See* GMCB Letter to UVMHN re FY23 Budget Violations (May 30, 2024); GMCB Letter to RRMC re FY 2023 Budget Violations (June 5, 2024); GMCB Letter to NVRH re FY 2023 Budget Violations (June 5, 2024). These budget overages could lead to enforcement actions that affect the Board's consideration of these hospitals' FY 2025 budgets. *See* GMCB Rule 3.401(c).

36. After the 2025 individual and small group rate filings were submitted but prior to the hearing, BCBSVT renewed its contracts with New Hampshire hospitals that have a July 1 renewal date. BCBSVT seeks to amend its filed rates to incorporate the final contract terms, which decreases the proposed rates in each filing by 0.2%. Ex. 21, 4-5.

37. L&E's second recommendation relates to assumed claims costs for a hearing aid benefit. Beginning in 2024, individual and small group plans must cover hearing aids as an Essential Health Benefit (EHB). The only experience BCBSVT has offering hearing aids is from early 2024. Each filing includes $1.26 PMPM in expected claims costs for hearing aid coverage. However, actual claims for this benefit in the first four months of 2024 amount to about $0.50 PMPM. Because this coverage is new, L&E would generally expect an early peak in claims due to pent up demand. L&E recommends that the assumption be reduced to the midpoint of $1.26 and $0.50, or $0.88, resulting in a rate decrease of approximately $0.38 PMPM. Ex. 14, 17-18; Ex. 15, 16-17. BCBSVT does not object to this recommendation, which reduces the individual rates by 0.03% and the small group rates by 0.04%. Ex. 21, 3, 5.

38. L&E's third recommendation relates to risk adjustment transfer projections. Under the Affordable Care Act's risk adjustment program, premiums are transferred between carriers in the individual and small group markets based on the age, sex, and health status of the enrolled members. BCBSVT consistently receives funds through this program, which reduces premiums. However, BCBSVT is expecting to receive less funds under the program than last year, resulting in rate increases of 6.5% for individual plans and 1.3% for small group plans. Ex. 14, 16; Ex. 15, 15.

39. BCBSVT projected the 2025 risk adjustment transfer payments based on the most recent data available at the time of the rate filings: (1) CMS's 2023 interim risk adjustment report, published March 14, 2024, and (2) BCBSVT's internal risk adjustment data. The projections consider changes to the number and demographics of the enrolled population, changes to the market-wide

average premium, and changes to the statistical model used by CMS to calculate transfer payments. L&E reviewed the changes and found them to be reasonable and consistent with how BCBSVT projected future claims. However, actual 2023 risk adjustment transfer amounts were published on July 22, 2024. L&E recommends that these final figures be used in place of the initial 2023 estimates. *See* Ex. 14, 23; Ex. 15, 22. BCBSVT agrees that this modification should be made, which will decrease individual rates by 0.4% and small group rates by 0.2%. *See* Ex. 21, 2, 5.

40. L&E's fourth recommendation relates to plan benefit designs. On May 10, 2024, the Internal Revenue Service (IRS) released its final guidance on the 2025 HSA limit, which required BCBSVT to adjust the design of certain plans. *See* Ex. 8, 7; Ex. 18, 10; Ex. 21, 2; L&E recommends that the rates in each filing reflect final benefit designs complying with the final IRS guidance. Ex. 14, 23; Ex. 15, 22. BCBSVT agrees with this recommendation, which has an immaterial impact on the proposed rates. Ex. 14, 23; Ex. 15, 22; Ex. 21, 2-3.

41. L&E's fifth recommendation relates to H.766 (Act 111), which became law on May 20, 2024, and which impacts BCBSVT's use of step-therapy protocols, health care claims edits, and prior authorization requirements. *See* Act No. 111 (2024), Act Summary. BCBSVT initially projected that the bill would increase individual premiums by 1.7% and small group premiums by 1.9%. Ex. 14, 16; Ex. 15, 15. In June, however, a law was enacted that delayed the effective date of certain provisions of Act 111 related to claims edits. These provisions of Act 111 will now take effect on January 1, 2026, rather than January 1, 2025. Act No. 185 (2024). BCBSVT estimated that by delaying the effective date of these provisions, Act 185 will reduce the proposed premium increases in each market by 0.6%. Ex. 21, 3, 5. L&E recommends that the filings be revised to reflect these lower estimates. Ex. 14, 16; Ex. 15, 15. BCBSVT agrees with this recommendation. Ex. 21, 2.

42. L&E's sixth recommendation relates silver loading and therefore only impacts the individual filing. L&E recommends that BCBSVT's pricing AVs reflect the corrected silver loading methodology mandated by the Board. Ex. 13, 23. This would reduce the rates for "silver loaded" plans by about 2.1%, increase the rates for all other plans by about 0.3%, and have an immaterial impact on the overall rate change. Ex. 14, 8. BCBSVT agrees that this modification should be made. Ex. 21, 2.

43. The following table reflects the administrative charges included in BCBSVT's 2024 and 2025 filings as a PMPM and as a percentage of premium:

| | 2024 Filing | | 2025 Filing | |
|---|---|---|---|---|
| **Market** | **Individual** | **Small Group** | **Individual** | **Small Group** |
| **Admin Expense PMPM** | $61.32 | $48.62 | $63.61 | $52.24 |
| **Admin Expense % Premium** | 7.3% | 6.5% | 6.4% | 5.9% |

Ex. 14, 18; Ex. 15, 17.

44. L&E reviewed the development of BCBSVT's proposed administrative charge,

which is based on actual 2023 administrative cost data, adjusted for trend and membership changes. L&E also compared BCBSVT's combined administrative costs across the individual and small group markets to other nationwide individual and small group plans using the public use files (PUFs) produced by the Center on Consumer Information & Insurance Oversight (CCIIO). These files contain 2024 data on all individual and small group carriers nationwide. BCBSVT's administrative costs were in the 43rd percentile on a PMPM basis and the 3rd percentile on a percentage of premium basis. L&E concluded that BCBSVT's administrative cost assumptions are reasonable. *See* Ex. 14, 18-20; Ex. 15, 17-19.

45. As initially proposed, BCBSVT's rates included a 3.0% contribution to reserve (CTR) or margin. In the individual market, BCBSVT also included a 0.1% provision for bad debt based on the actual unpaid premium experienced by BCBSVT on individual plans between 2020 and 2023. These requests increased BCBSVT's individual rates by 1.0% and its small group rates by 1.1%. The proposed 3.0% CTR was twice as high as the 1.5% CTR included in most of BCBSVT's filings prior to 2024 and 1.0% higher than the CTR approved in BCBSVT's 2024 individual and small group filings. Ex. 14, 21; Ex. 15, 19.

46. On July 10, 2024, BCBSVT informed the Board it was increasing its CTR request from 3.0% to 7.0%, which increased the rates in each filing by an additional 4.3%. *See* Ex. 21, 5.

47. As a reasonableness check of the proposed CTR, L&E compared it to filed CTR requests nationally. Based on a review of the 2024 PUFs, there were 377 carriers that submitted on-Exchange individual or small group ACA filings. The filed CTR varied from -17% to +8%, but most often fell between 0% and 5%. The premium weighted average CTR for all carriers was filed as 3.0%. BCBSVT's filed base CTR of 3.0% was around the 59th percentile for all QHP carriers. In the individual filing, BCBSVT's additional 0.1% margin for bad debt put the request at the 61st percentile. BCBSVT's final CTR request of 7.0% is abnormally high for the individual and small group market; it is higher than at least 98% of the carriers included in the PUF. *See* Ex. 14, 22; Ex. 15, 21; Testimony of Kevin Ruggeberg, Tr., 275:6 - 15. Given BCBSVT's current RBC position, L&E estimates that the CTR could reasonably fall between roughly 3% and 7%, depending on factors outside the scope of its review. L&E recommends that the Board consult with DFR to determine the appropriate level of CTR for this business. Ex. 14, 22; Ex. 15, 21.

48. [redacted] Ex. 19, 13. The table below shows the actual CTR on BCBSVT's combined individual and small group business from 2014 through 2023, as well as the expected CTR based on BCBSVT's forecasting model, which incorporates final premiums and modifications ordered by the Board. The material deviation between actual and expected results in recent years points to volatility and market trends that have been materially unfavorable to BCBSVT.

ACTUAL-TO-EXPECTED BASE CTR

| Year | Company Expected | Company Actual[15] |
|---|---|---|
| **2014** | -0.1% | 1.0% |
| **2015** | 1.0% | -2.5% |
| **2016** | 0.8% | -3.8% |
| **2017** | 1.0% | 1.0% |
| **2018** | -3.8% | -1.8% |
| **2019** | 0.0% | -0.7% |
| **2020** | 1.5% | 7.2% |
| **2021** | 0.5% | -0.2% |
| **2022** | 1.0% | -5.2% |
| **2023** | -0.3% | -8.8% |
| **Cumulative** | **0.1%** | **-1.7%** |

Ex. 14, 21; Ex. 15, 20.

49. The table below shows the premiums, claims, and administrative costs used to calculate the "actual" CTR figures in the immediately preceding table:

| Year | Incurred Claims | Administrative Charges | Earned Premium | Gain/(Loss) |
|---|---|---|---|---|
| 2014 | $225,552,535 | $24,876,874 | $252,999,782 | $2,570,373 |
| 2015 | $299,694,497 | $33,343,065 | $329,390,859 | ($3,646,703) |
| 2016 | $356,939,763 | $37,020,681 | $385,409,679 | ($8,550,764) |
| 2017 | $374,482,083 | $30,769,754 | $409,489,115 | $4,237,279 |
| 2018 | $319,269,837 | $37,924,041 | $351,033,856 | ($6,160,022) |
| 2019 | $293,513,224 | $25,882,078 | $317,274,454 | ($2,120,848) |
| 2020 | $252,424,584 | $35,962,084 | $308,892,896 | $20,506,228 |
| 2021 | $257,470,409 | $31,831,304 | $290,401,034 | $1,099,320 |
| 2022 | $288,308,963 | $24,004,389 | $296,933,566 | ($15,379,786) |
| 2023 | $381,172,623 | $27,868,522 | $376,046,311 | ($32,994,834) |

Ex. 1, 6.

50. BCBSVT's cumulative operating margin on QHP business since inception is a loss of $40.4 million, including federal risk corridor recoveries of $10 million.[6] Ex. 1, 6.

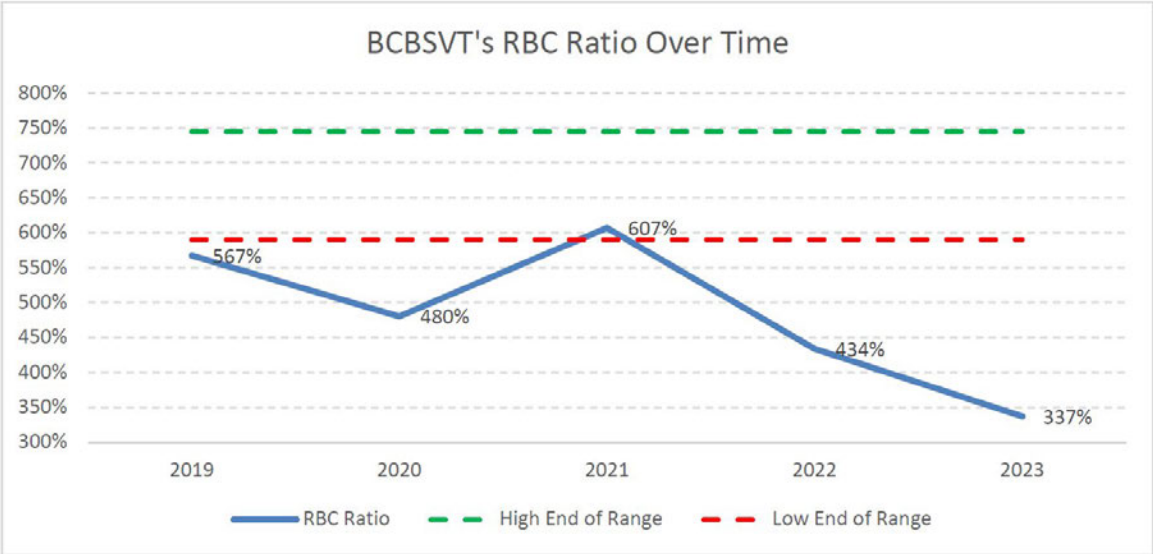
51. Risk Based Capital (RBC) is a method of measuring the appropriate amount of capital for an insurance entity to support its overall business operations in consideration of its size and risk profile. Ex. 19, 26. RBC is measured as a ratio. The numerator of this ratio is the insurer's capital or reserves and the denominator is the Authorized Control Level (ACL), which reflects the insurer's risk. *See* Ex. 26; Testimony of Ruth Greene, Tr., 43:5-18.

52. Between 2011 and 2019, BCBSVT targeted an RBC ratio between 500% and 700%. In 2019, however, DFR approved a target range for BCBSVT of between 590% and 745%. Ex. 19, 26-

[6] The Affordable Care Act's temporary risk corridor program was designed to protect insurers against uncertainty in setting premiums in 2014 – 2016, the first three years of the state health insurance exchanges.

28. DFR's order approving this new range states that if BCBSVT's RBC ratio falls below or increases above the range, BCBSVT must promptly develop a plan to move within the range within a reasonable time and must submit that plan to the DFR Commissioner. Ex. 19, 28.

53. As reflected in the following table, which shows BCBSVT's RBC ratio over the past five years, except for 2021, BCBSVT has ended each year since 2019 with an RBC ratio below the bottom end of the range:




54. In 2021, BCBSVT began offering a Medicare Advantage (MA) product through a joint venture with Blue Cross Blue Shield of Michigan. Including implementation costs of $3.4 million in 2020, BCBSVT has lost approximately $43.4 million on this MA business, with losses increasing from $6 million in 2021, to $11.5 million in 2022, and to $22.5 million in 2023. Ex. 26; Testimony of Ruth Greene, Tr., 216:2 – 217:1. BCBVT's losses represent 49% of the total losses on the MA business; BCBSVT's ownership share in the joint venture is 49%. *See* Testimony of Ruth Greene, Tr., 216:2 – 13; *see also* Resp. to Post-Hearing Qs (Aug. 1, 2024), 9. BCBSVT's $43.4 million loss on MA business over the past four years equates to 140 points of RBC. Testimony of Ruth Greene, Tr., 218:12 – 13. When BCBSVT entered the MA market, it planned to lose approximately 100 percentage points of RBC. Testimony of Ruth Greene, Tr., 218:13 – 15.

55. BCBSVT lost approximately $35.2 million in pension assets in 2020 and regained approximately $26.7 million of those losses through litigation in 2022. *See* Ex. 26; Testimony of Ruth Greene, Tr., 45:25 – 46:5.

56. BCBSVT's reserves decreased from approximately $111,440,000 as of December 31, 2022, to $87,681,000 as of December 31, 2023, which translates to an RBC ratio of 337%. Ex. 16, 2; Ex. 17, 2. To reach the bottom of its approved RBC range, BCBSVT would need $154 million in reserves, or $66 million more than the company had at the end of 2023. Ex. 19, 5.

57. A 1.0% reduction in the proposed individual and small group rates would decrease BCBSVT's projected year-end 2025 RBC by approximately 17% and its surplus by approximately

$5.4 million. *See* Ex. 12, 7. Each 1.0% of CTR in these filings equates to approximately $10 - $11 PMPM of premium. *See* Testimony of Ruth Greene, Tr., 154:7 – 12.

58. When it requested a 3.0% CTR in the initial filings, BCBSVT possessed preliminary 2024 financial results through March 2024. Overall, although March claims were high, the preliminary results suggested that the 2024 pricing was holding up and BCBSVT was tracking close to forecast. [redacted]. *See* Ex. 19, 9. BCBSVT's financial trends and outlook for 2024 have changed since the time of the filing and its April and May results show high claims, namely facility medical claims, and substantial underwriting losses. This increase in claims costs has contributed to a decrease in BCBSVT's RBC ratio from what it was at the end of 2023. Ex. 19, 10-11. The table below outlines the changes in BCBSVT's RBC ratio from year-end 2023 through May 31, 2024.

| | **Risk-Based Capital at year-end 2023** | **337%** |
|---|---|---|
| 2024 Year-to-Date Impacts | Net Income Losses | [redacted] |
| | Increase in non-admitted assets | |
| | Unrealized gains | |
| | Loss on investment in VBA | |
| | Decrease in VBA claims volume | |
| | Increase in insured claims volume | |
| | **Total 2024 year-to-date net decrease** | |
| | **Risk-Based Capital as of May 31, 2024** | |

Ex. 19, 9.

59. BCBSVT's preliminary results through May 2024 have triggered a company action level event under 8 V.S.A. § 8303. This means BCBSVT must develop and provide DFR with a risk-based capital plan to identify corrective actions to improve the company's RBC level. If BCBSVT's RBC ratio were to decrease further, it would risk triggering more severe regulatory actions. Ex. 18, 1; Ex. 19, 1.

60. BCBSVT states that it has shared with DFR the company's plans for moving toward the approved RBC range, "the key component of which is gaining approval for fully funded insured rates including a CTR that supports restoration of reserves." Ex. 19, 5. BCBSVT also states that, "[g]iven our current financial position with RBC of [redacted] as of May 31, 2024, and the imperative to protect Blue Cross VT's solvency in the near-term and the need to move towards the ordered range in the longer-term, management believes the 2025 QHP premium rates need to include a higher CTR than the 3% CTR we requested in the original rate filing." Ex. 19, 11. When asked to provide its timeline for moving into the approved RBC range, BCBSVT stated that "[e]ven with a 7% CTR included in premiums for the foreseeable future, the RBC recovery will be slow and take a number of years for RBC to reach 590%." Ex. 12, 4-5.

61. DFR notes that the adequate level of surplus is necessarily different for every insurer, since it depends heavily on the volume and type of the insurance business conducted, as well as the quality and nature of the insurer's underlying assets and the environment in which the insurer operates.

DFR uses several tools to assess surplus adequacy, including review of quarterly financial statements filed by the company, periodic financial examinations, corporate governance review, and analysis of such areas as RBC, claims reserve development, and risk mitigation strategies. DFR notes that the decrease in BCBSVT's surplus from $111,440,027 on December 31, 2022, to $87,681,386 on December 31, 2022, together with higher-than-expected claims experienced in 2024, has contributed to the company's current RBC ratio triggering a company action level event, and therefore it is DFR's recommendation that BCBSVT increase the filed 3.0% CTR in order to increase surplus. DFR believes the original proposed CTR of 3.0% is insufficient and must be significantly adjusted upward. DFR supports BCBSVT's request for a 7.0% CTR and finds it necessary to increase and stabilize BCBSVT's reserves. DFR cautions that any downward adjustments to the filings' other rate components that are not actuarially supported may prevent BCBSVT from achieving the CTR. *See* Ex. 16, 4; Ex. 17, 4.

62. BCBSVT is taking actions in other lines of business to move toward the approved RBC range, including requesting a 7.0% CTR in its insured large group and association health plan filings and Medicare Supplement business. *See* Tr., 7-9. [redacted] *See* Testimony of Ruth Greene, Exec. Sess. Tr., 17:17 – 18:14. Thus, BCBSVT is not targeting a 7.0% CTR for its MA products in 2025. *See* Testimony of Ruth Greene, Tr., 59:18 – 23. [redacted] Testimony of Ruth Greene, Exec. Sess. Tr., 19:15 – 21.

63. BCBSVT modeled the impact of a 3%, 5%, and 7% CTR assumption[7] on its estimated year-end RBC ratios. The results are outlined in the following table:

| | With 3% CTR | | With 5% CTR | | With 7% CTR | |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| Median RBC[3] | [redacted] | | | | | |
| Probability greater than 590% | | | | | | |
| Probability less than 375% | | | | | | |
| Probability less than 200% | | | | | | |

The slight difference in the 2024 median RBC is a result of rounding. Ex. 19, 11.

64. An RBC ratio of 375% is the Blue Cross Association's monitoring level for blues plans. *See* Testimony of Ruth Greene, Tr., 89:19 – 24. An RBC ratio of 200% is the company action level RBC. 8 V.S.A. § 8301(13)(A).

65. The modeling BCBSVT used to develop RBC projections assumes that BCBSVT

[7] It is unclear whether these scenarios are based on CTR assumptions across all BCBSVT's insured products, including large group plans, or just individual and small group plans. We assume the former.

continues to lose money on its MA business in 2024 and 2025, with losses of [redacted] in 2024 and [redacted] in 2025. These losses are projected to reduce BCBSVT's year-end 2025 RBC ratio by [redacted] percentage points. Resp. to Post-Hearing Qs (Aug. 1, 2024), 9.

66. The Board received approximately 250 comments during the public comment period. Comments were submitted by individuals and small businesses and non-profits. Commenters expressed dismay and frustration at another year of premium increases outpacing their wage increases. This sentiment was particularly acute for small group market participants. Many commenters expressed the negative impacts on their households of increasing premiums, particularly when combined with deductibles and out-of-pocket expenses. Others described the experience of foregoing care to avoid high health care costs and the burden of "drowning in medical bills." In addition, multiple employees of Vermont non-profits emphasized the strain the proposed increases would place on these organizations' budgets and their ability to continue providing vital community services.

67. In its post-hearing memorandum, the HCA urges the Board to define the term "affordable" as Vermonters' ability to pay for and use health care. The HCA asserts that BCBSVT is attempting to redefine affordability as cost control and administrative cost reduction efforts, which removes Vermonters' voices from the rate review process and collapses the affordability criterion into the actuarial criteria. The HCA writes that Board regulation is not responsible for BCBSVT's solvency position, which is evident by comparing the slight difference between proposed and approved rates to BCBSVT's massive losses. The HCA asserts that BCBSVT must change its organizational culture and take ownership of decisions it has made that have negatively impacted its solvency position, such as multi-year price guarantees in its large group book of business and cumulative losses of over $43 million on its MA products. The HCA encourages the Board to align its health insurance rate review and hospital budget review processes. The HCA argues that BCBSVT's proposed rates are unaffordable, citing the high increases in recent years, the difference between these rate increases and Vermont's real GDP and real wage growth, and public comments that speak to the inability of people and businesses to afford significant rate increases. The HCA asserts that BCBSVT's proposed rates over-privilege solvency and thus maximize the pain Vermonters will experience in 2025 and recommends that the Board limit BCBSVT's CTR to 4%.

68. In its post-hearing memorandum, BCBSVT asserts that the Board must approve the proposed rates, including a 7.0% CTR, to protect the company's solvency. BCBSVT emphasizes DFR's opinion that the filed rates were insufficient and must be significantly adjusted upwards, as well as DFR's support for the 7.0% CTR as necessary to increase and stabilize BCBSVT's reserves. BCBSVT states that AM Best, an independent rating firm that has been rating BCBSVT for the past 21 years, announced recently that it has downgraded BCBSVT's rating from "Good" to "Fair." BCBSVT writes that even with the proposed rates approved, it will be well below its RBC range at year-end 2025. Between its historically low reserves and the claims surge it has experienced so far in 2024, BCBSVT states there is no room to reduce the rates without putting its business at risk. BCBSVT argues that rates in these markets are not the only contributor to its current solvency concerns, but they are a major contributor. BCBSVT asserts that its CTR request in these markets is not offsetting MA losses and it highlights the actions it is taking to move toward break-even and then profitability in this market, as well as factors limiting the actions it can take, such as its inability to directly build a CTR

into premium. BCBSVT argues that reducing the rates on the theory that the company's CTR needs can be delayed in part and spread over future years would be irresponsible and would not benefit Vermonters because 2026 rates would need to be even higher, and its solvency position will be even more precarious. BCBSVT argues that because it must give notice six weeks before the Board's rate decision if it wants to leave these markets, reducing the proposed rates effectively forces BCBSVT to continue operating in these markets at a loss, in violation of Constitutional protections against rate restrictions that are unjust and confiscatory.

## Authorities and Standards of Review

The Board is required to approve, modify, or disapprove a rate request within 90 calendar days of receiving an initial rate filing. 8 V.S.A. § 4062(a)(2)(A). The Board reviews proposed rates to determine whether they are affordable; promote quality care; promote access to health care; protect insurer solvency; are not unjust, unfair, inequitable, misleading, or contrary to the laws of this State; and are not excessive, inadequate, or unfairly discriminatory. 8 V.S.A. § 4062(a)(3); GMCB Rule 2.000, § 2.301(b). In its review, the Board considers changes in health care delivery, changes in payment methods and amounts, and other issues at its discretion. 18 V.S.A. § 9375(b)(6); GMCB Rule 2.000, § 2.401. The Board must also consider DFR's analysis and opinion regarding the impact of the proposed rates on the insurer's solvency and reserves, as well as any public comments the Board receives. 8 V.S.A. §§ 4062(a)(2)(B), (a)(3), (c)(2)(B); GMCB Rule 2.000, §§ 2.201(d), 2.401(d).

The Board's review of proposed rates is plainly not limited to actuarial considerations and mathematical calculations. The Vermont Supreme Court has recognized that the general and open-ended nature of the rate review standards reflects the practical difficulty of establishing more detailed, narrow, or explicit standards – a difficulty due to the fluidity inherent in concepts of quality care, access, and affordability. *See* In re MVP Health Insurance Co., 2016 VT 111, ¶ 16.

The burden is on the insurer proposing a rate change to justify the requested rate. GMCB Rule 2.000, § 2.104(c).

## Conclusions of Law

As we have recognized in prior decisions, the rate review criteria are interrelated and often in tension with one another and we seek to balance them as best we can in light of the facts and circumstances before us. *See In re Blue Cross and Blue Shield of Vermont 2023 Individual and Small Group Market Rate Filings*, GMCB-003-22rr & GMCB-004-22rr, Decision and Order (Aug. 4, 2022), 15.

BCBSVT's proposed 2025 individual and small group premium increases are extremely high and come on the heels of double-digit increases implemented in 2024 and 2023. Findings, ¶¶ 15-17. Rate increases in these markets have far outpaced Vermont's real GDP and real wage growth since 2014 and the proposed rates would accelerate that trend. Findings, ¶ 18. If the proposed rates are approved without modification, BCBSVT's individual premiums will have increased 165% and its small group premiums will have increased 144% since 2014. *Id.* We received many comments describing the real hardship that premium increases of this magnitude, as well as rising out-of-

pocket-costs, place on individuals, families, small businesses, and nonprofits. *See* Findings, ¶ 66. We share the frustration that Vermonters expressed during the rate review process about the unaffordability of these plans and health care generally.

ARPA's enhancements to the PTC will thankfully continue to be in place through 2025, and the benefit this subsidy provides will be greatly enhanced due to the Board's guidance on silver loading. *See* Findings, ¶¶ 23, 25. As a result, the approximately 88% of households in Vermont's individual market that receive APTC may see a decrease in their net premiums despite very significant increases in gross premium. *See* Findings, ¶ 25. Subsidies are not available, however, to most employees of small employers or to people who enroll in an individual plan directly with BCBSVT or are otherwise ineligible. *See* Findings, ¶ 20. And the subsidy "cliff" is expected to return in 2026. *See* Findings, ¶ 23.

Given the above, we have serious concerns about the affordability of the rates BCBSVT proposed, particularly in the small group market. Unfortunately, however, this is not a year where we have latitude to make significant adjustments. BCBSVT's reserves are historically low, and its solvency concerns are serious. *See* Findings, ¶¶ 53, 56, 58-59. It is important that BCBSVT stabilize and begin to increase its reserves.

I

First, we require BCBSVT to implement L&E's recommendations to (1) reflect updated risk adjustment transfer figures in each filing; (2) reflect final plan benefit designs in each filing; (3) reduce the assumed cost for the hearing aid benefit in each filing to $0.88 PMPM; (4) reduce the impact of Act 111 in each filing to reflect the delayed effective dates resulting from Act 185; and (5) modify the silver loading methodology in the individual filing. BCBSVT either agrees with these recommendations, or does not object to them, and we conclude that they are reasonable and appropriate. *See* Findings, ¶¶ 31, 34, 37-42.

II

Second, we require BCBSVT to incorporate the final terms of contracts with New Hampshire hospitals that were renewed after the filings were submitted, as BCBSVT proposed. *See* Findings, ¶ 36.

III

Third, we require BCBSVT to assume that Vermont hospitals' commercial rate increases for FY 2025 and FY 2026 will be equal to the 3.4% commercial rate maximum included in the Board's FY 2025 hospital budget guidance. This was the assumption BCBSVT used in its filings initially. *See* Findings, ¶ 30. Even though hospitals submitted FY 2025 budgets with commercial rate increases that are collectively higher than 3.4%, the guidance is still the most reasonable assumption available. *See* Findings, ¶¶ 32-33. It is not reasonable to assume that the Board will approve hospital budgets as submitted given the Board's guidance, its past record of reducing hospital requests, and the potential FY 2023 enforcement actions. *See* Findings, ¶¶ 34-35.

IV

Fourth, we reluctantly approve BCBSVT's 7.0% CTR proposal. BCBSVT's financial problems are not due entirely to its performance in the individual and small group markets or to the rate reductions we have ordered in these markets. In the past four years, the company has lost $43.4 million on its Medicare Advantage product, which equates to 140 points of RBC. Findings, ¶ 54. These losses are expected to continue in 2024 and 2025, further drawing down the company's reserves. Findings, ¶ 65. BCBSVT's reserves have also been reduced by pension losses that occurred in 2020. *See* Findings, ¶ 55. At the same time, BCBSVT's individual and small group plans [redacted] and, instead of contributing to reserves, the plans have generated a loss of more than $40 million since 2014. *See* Findings, ¶¶ 48-50. BCBSVT may not recoup its losses here, but it is important that the company has an opportunity to earn a reasonable margin on these plans in 2025.

We carefully considered and debated whether the proposed CTR of 7.0% is in fact reasonable and whether it could be reduced to make the proposed rates slightly more affordable. The 7.0% CTR in both filings is expected to add over $35 million to BCBSVT's reserves, helping to bring its RBC ratio back up to approximately [redacted] by the end of 2025, [redacted]. *See* Findings, ¶¶ 53, 63. While BCBSVT did not make a strong showing that this level of increase in its reserves in one year is "necessary," it is also far from certain that it will be realized. In recent years, there has been a material deviation in expected and actual financial results for these plans, evidencing volatility and market trends that have been materially unfavorable to BCBSVT. *See* Findings, ¶ 48. BCBSVT lost more than $48 million on the plans in 2023 and 2022 alone. Findings, ¶ 49. To put this loss in perspective, the company only had around $87.7 million in reserves at the end of 2023. *See* Findings, ¶ 56. Since then, BCBSVT has seen a "surge" in claims costs that has further reduced its reserves and triggered a company action level event. *See* Findings, ¶¶ 58-69.

In light of the material deviation in expected and actual results, the recent adverse experience that has driven the company's reserves and RBC ratio to historically low levels, and DFR's conclusion that a 7.0% CTR is necessary, we will not reduce the proposed CTR this year. This is not to say, however, that we will necessarily approve this level of CTR in future filings.

V

Finally, we are not persuaded by BCBSVT's argument that reducing the proposed rates "effectively forces Blue Cross VT to continue operating in these markets at a loss" and would be "confiscatory." *See* Findings, ¶ 68. Assuming the jurisprudence cited by BCBSVT applies, which has not been adequately briefed, it is not apparent how rates that are projected to add significantly to the company's reserves could be considered "confiscatory." *See* Anthem Health Plans of Maine, Inc. v. Superintendent of Ins., 2012 ME 21, ¶ 28, 40 A.3d 380, 389 ("Because Anthem suffers no losses, and indeed anticipates that it will earn a profit on the rate approved by the Superintendent, neither the rating nor the method used in arriving at the approved rate results in an unconstitutional taking.").

## Order

For the reasons discussed above, we modify and then approve BCBSVT's 2025 Individual and Small Group Rate Filings. Specifically, we order BCBSVT to (1) reflect updated risk adjustment

transfer figures in each filing; (2) reflect final plan benefit designs in each filing; (3) reduce the assumed cost for the hearing aid benefit in each filing to $0.88 PMPM; (4) reduce the impact of Act 111 in each filing to reflect the delayed effective dates resulting from Act 185; (5) modify the silver loading methodology in the individual filing; (6) incorporate the final terms of contracts with New Hampshire hospitals that were renewed after the filings were submitted; and (7) assume that Vermont hospitals' commercial rate increases for FY 2025 and FY 2026 will be equal to the 3.4% commercial rate maximum included in the Board's FY 2025 hospital budget guidance.

With the modifications required by this order, we expect that the overall average rate increase for individual plans will be reduced from approximately 21.0% to approximately 19.8% and the overall average rate increase for small group plans will be reduced from approximately 24.0% to approximately 22.8%.

**SO ORDERED.**

Dated: August 12, 2024, at Montpelier, Vermont

s/ Owen Foster, Chair )
)
s/ Jessica Holmes ) GREEN MOUNTAIN CARE BOARD OF VERMONT
)
s/ Robin Lunge )
)
s/ David Murman )

Filed: August 12, 2024

Attest: s/ Jean Stetter, Administrative Services Director
Green Mountain Care Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by email, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made (email address: Tara.Bredice@vermont.gov).*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed within ten days of the date of this decision and order.*