

1
2
3
4
5
6
7
8
9

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

10 In re: Blue Cross Blue Shield of Vermont) GMCB-004-24rr
11 2025 Individual Market Rate Filing)
12) SERFF No. BCVT-134091560

13
14
15 In re: Blue Cross Blue Shield of Vermont) GMCB-003-24rr
16 2025 Small Group Market Rate Filing)
17) SERFF No. BCVT-134096633

18
19
20
21
22
23
24

SUPPLEMENTAL PREFILED TESTIMONY OF MARTINE BRISSON-LEMIEUX

25
26
27
28
29
30

Dated: July 16, 2024

Ms. Martine Brisson-Lemieux, being duly sworn, deposes and says as follows:

Have you reviewed the July 12, 2024 letters from Lewis & Ellis (L&E) to the Green Mountain Care Board providing analysis and recommendations regarding Blue Cross VT's 2025 Vermont QHP Market Individual and Small Group rate filings (the Filings)?

Yes.

Did L&E recommend that the Board modify the Filings?

Yes. On page 23 of the July 12 letter for the individual market, L&E recommended six modifications for Blue Cross VT's proposed individual market rates and designated them as follows: consider updated hospital budget information; reduce assumed cost for hearing aids; reflect updated risk adjustment transfers; reflect updated benefits; modify silver loading method; and reduce impact of bill H.766. On page 22 of the July 12 letter for the small group market, L&E recommended five of those six modifications for Blue Cross VT's proposed small group

1 market rates. L&E omitted the recommendation to modify the silver loading methodology
2 because silver loading does not impact the small group market.

3 **What is Blue Cross VT’s position regarding L&E’s recommendation to “reflect updated**
4 **risk adjustment transfers?”**

5 We agree that L&E’s recommended modification should be made. While the final 2023 risk
6 adjustment transfers will not be published by CMS until July 22, 2024, L&E estimated the final
7 transfers using both carriers’ data. Since the calendar year 2023 risk adjustment transfers are the
8 starting point for the 2025 estimates, we agree that they should be incorporated in the calculation
9 of the final premium rates.

10 **What is Blue Cross VT’s position regarding L&E’s recommendation to “reflect updated**
11 **benefits?”**

12 We agree that L&E’s recommended modification should be made to reflect the benefit
13 changes implemented by DVHA and Blue Cross VT based on final federal guidance that was
14 released after the filing date.

15 **What is Blue Cross VT’s position regarding L&E’s recommendation to “modify silver**
16 **loading method?”**

17 We agree that L&E’s recommended modification should be made to correct the application of
18 the silver loading methodology.

19 **What is Blue Cross VT’s position regarding L&E’s recommendation to “reduce the impact**
20 **of bill H.766?”**

21 We agree that L&E’s recommended modification should be made to reflect the fact that, after
22 we submitted the Filings on May 13, the Vermont Legislature deferred the effective date of

1 certain sections of Act 111 to 2026. However, the required reduction of our proposed rates is 0.6
2 percent, not the 1.0 percent included in L&E’s reports. I conferred with L&E about this
3 discrepancy on July 15, 2024, and L&E agreed that 0.6 is the appropriate reduction.

4 **What is Blue Cross VT’s position regarding L&E’s recommendation to “reduce assumed**
5 **cost for hearing aids?”**

6 We do not object to L&E’s recommended modification to reduce the assumed cost for hearing
7 aids.

8 **What is Blue Cross VT’s position regarding L&E’s recommendation to “consider updated**
9 **hospital budget information?”**

10 We agree with L&E’s recommendation that to the extent updated information regarding unit
11 cost trends is available via the hospital budget submissions, that information should be used to
12 update the assumed unit cost trends in the Filings.

13 **Are the hospital budget submissions available to estimate the impact of this**
14 **recommendation?**

15 Yes, for the most part. All hospital budget narratives were posted on the GMCB website on
16 July 12, 2024. The hospital budget narrative for Northwestern Medical Center does not include
17 an aggregate requested rate increase. Therefore, we are able to estimate the impact of this
18 recommendation for all of the hospitals other than Northwestern Medical Center at this point in
19 time.

20 **What is the impact of the hospital budgets as submitted to date?**

21 To estimate the impact of the submitted hospital budgets, we replace the assumptions we
22 made in the original Filings for hospital commercial rate increases for fiscal years 2025 and 2026

1 with the commercial rate increases from the hospital budget submissions posted on the GMCB
2 website. In aggregate, submitted hospital budgets were higher than the estimates we included in
3 the Filings. If the unit cost trend is set equal to the submitted budget increases, rates would
4 increase by about 1.0 percent for the individual market and 0.9 percent for the small group
5 market.

6 **Does the GMCB typically approve all hospital budgets as submitted?**

7 No. The GMCB typically orders some hospitals to reduce their requested overall budgets and
8 commercial rate increases. Last year, the GMCB ordered us to implement L&E's unit cost trend
9 recommendation by assuming that the GMCB would reduce the increases requested by Vermont
10 hospitals in their FY 2024 budget proposals by 50 percent. The year before, the GMCB ordered
11 us to assume that they would reduce the increases requested by Vermont hospitals in their FY
12 2023 budget proposals by 17 percent.

13 **What is Blue Cross VT's current assumption regarding the rate impact of the recently**
14 **submitted hospital budgets?**

15 Given the wide variance between the hospital budget reductions the GMCB ordered in the past
16 two fiscal years, we are not able to select an assumed reduction percentage for this year's
17 hospital budget cycle at this point in time. Therefore, we will apply whatever percentage
18 reduction the GMCB directs us to use for the expected reduction in hospital budgets for FY2025.
19 As a reference point, a 10 percent reduction in the average overall hospital budget commercial
20 rate increase will reduce our rates by about 0.2 percent.

21 **Do you plan to make any other changes to the originally filed rates?**

22 Yes. First, some of the New Hampshire hospitals with whom we contract directly have July 1
23 renewal dates. We therefore now have actual negotiated increases for their renewed contracts

1 (which cover the period from July 1, 2024 to June 30, 2025). Incorporating those final contract
 2 terms and assuming that the next renewal will align with the July 2024 renewal will decrease the
 3 proposed rates by 0.2 percent. Second, Blue Cross VT is now requesting a 7.0 percent
 4 contribution to reserve (an increase of 4 percent from the original Filings), in light of the
 5 circumstances spelled out in the July 10, 2024 letter from Blue Cross VT to the GMCB and the
 6 HCA, the relevant portions of Ruth Greene’s prefiled testimony, and the information contained
 7 in our July 12, 2024 responses to questions posed by the Board and the HCA.

8 **What are the impacts of all of the changes discussed above to the originally filed rates?**

9 The table below shows the incremental impacts of the changes discussed above, other than the
 10 change to reflect updated benefits and silver loading methodology, which (as L&E noted) has no
 11 material impact on the average rate increases.

	Individual	Small Group
Filed Rates	16.3%	19.1%
Updating the risk adjustment transfer	-0.4%	-0.2%
Updating Increasing for the impact of Act 111 delays	-0.6%	-0.6%
Reducing assumed costs for hearing aids	-0.03%	-0.04%
Updating medical cost trends for Vermont hospitals	+1.0%	+0.9%
Updating medical cost trend for New Hampshire hospitals	-0.2%	-0.2%
Increasing CTR to 7.0 percent	+4.3%	+4.3% ¹
Final Proposed Rate Increase	21.0%	24.0%

12

¹ Due to the nature of the calculations involved, translating the updated CTR request to rate impacts is not strictly additive, and thus results in a +4.3 percent impact (rather than +4.0 percent)

1 **Have you reviewed the solvency opinions from Commissioner of Insurance Kevin Gaffney**
2 **of the Department of Financial Regulation, dated July 12, 2024, as relevant to Blue Cross**
3 **VT’s filings in the individual and small group markets?**

4 Yes.

5 **What is Blue Cross VT’s position regarding DFR’s opinion?**

6 We agree with the statements that “the original proposed CTR, and therefore the rate, is
7 insufficient and must be significantly adjusted upward” and that “any downward adjustment to
8 the filing’s rate components that are not actuarially supported, . . . will reduce BCBSVT’s
9 surplus and negatively impact its solvency.”

10 **What materials did you review and rely on in preparing this prefiled testimony?**

11 I reviewed and relied on the following materials, in addition to those listed in my July 12,
12 2024 Prefiled Testimony:

- 13
- 14 • July 12, 2024 Letters from L&E to GMCB re: Blue Cross and Blue Shield of Vermont,
15 Vermont Health Connect 2025 Individual and Small Group Rate Filings
- 16 • July 12, 2024 Letters from L&E to GMCB re: MVP Health Plan, Vermont Health
17 Connect 2025 Individual and Small Group Rate Filings
- 18 • July 12, 2024 Letters from DFR Commissioner Gaffney to GMCB Chair Foster Re:
19 Solvency Impact of Blue Cross VT’s 2024 Vermont ACA Individual and Small Group
20 Rate Filings
- 21 • Hospital Budget Submissions to the Green Mountain Care Board
22 (<https://gmcboard.vermont.gov/node/11552>)

23
24
25
26
27
28

1 **Dated: July 16, 2024**

2
3 
4 **Martine Brisson-Lemieux**

5
6
7 State of Vermont, County of Washington.

8
9
10 Signed and sworn to (or affirmed) before me on July 16, 2024 by Martine Brisson-Lemieux.

11
12 Signature of notary public: Kathleen Yacavoni

13
14
15 Printed name of notary public: Kathleen Yacavoni

16
17
18 Commission number: 157.0007570

19
20
21 Commission expiration date: 1/31/2025

22
23
24
25 Title of office is Notary Public.

CERTIFICATE OF SERVICE

I certify that I served the above Prefiled Testimony of Martine Brisson-Lemieux (dated July 16, 2024) on Michael Barber, Laura Beliveau, and Tara Bredice of the Green Mountain Care Board and on Charles Becker and Eric Schultheis of the Office of the Health Care Advocate, by electronic mail, on July 16, 2024.

/s/ Michael Donofrio

Michael Donofrio

Stris & Maher LLP

15 East State Street, Suite 2

Montpelier, VT 05602

Telephone: (802) 858-4465

mdonofrio@stris.com