

**BLUE CROSS BLUE SHIELD OF VERMONT
2024 AHP RATING PROGRAM FILING
PLAIN LANGUAGE SUMMARY**

Our commitment. For more than 40 years, our nonprofit health plan has had a simple, powerful mission: make healthcare work better for all Vermonters.

Rate request summary. Blue Cross and Blue Shield of Vermont (Blue Cross VT) calculates association health plan (AHP) premiums on a case-by-case basis. The rating process uses a formula that blends recent claims experience for each AHP with a manual rate. This filing establishes the rating formula, manual rate and factors that will be used to rate AHPs.

- There are an estimated 960 contracts (1,450 members) currently enrolled in one Blue Cross VT AHP that will be affected by this filing.
- The formula and factors in this filing will produce a premium increase of 7.2 percent for an AHP that is manually-rated using none of its own experience data.
- The result for any specific group may differ from a 7.2 percent increase, depending on the AHP's own claims experience.

Reasons for the change in factors. Our premiums must be adequately funded to ensure stability and to maintain access to quality care, while protecting Vermonters' ability to pay. The primary reasons for premium increases due to the change in factors is that the cost of providing health care to our members is increasing. Specifically:

- Blue Cross VT is proposing a paid trend of 11.0 percent for medical claims, which includes hospital unit cost increases and anticipated changes in the use of services. The medical trend is driven primarily by large increases that were approved for Vermont hospitals in the most recent round of budget reviews and by expected increases in the next round of budget reviews.
- Blue Cross VT is proposing a pharmacy trend of 13.1 percent. Increases in the cost and availability of high-cost "specialty" medications are the biggest driver of pharmacy trend.

Other items also contribute to the change in factors, including:

- Due to decreases in base administrative expenses, premiums went down 1.3 percent.
- The contribution to reserves established in this filing is required to maintain a level of policyholder reserves that is in compliance with that ordered by the Vermont Department of Financial Regulation. Blue Cross VT is updating the level of contribution to reserves in this filing due to the volatility of this line of business, which increases the needed reserve level. Due to the increase in contribution to reserves, premiums increased 1.7 percent.

Our efforts to reduce premium increases. We know that paying for health insurance is a struggle for many, and we strive to keep premiums as low as possible. The proposed factors reflect our efforts to reduce rate increases, which included the launch of Vermont Blue Rx, an innovative prescription drug benefit service that will improve the consumer experience, drive better health outcomes and lower costs for members, providers, and employers.

Our experience in this market. This was a new line of business in 2021. Over the past two years Blue Cross VT has had an underwriting gain of \$1 million.

Public comment. Members of the public can submit comments to the Green Mountain Care Board about this rate request. For more information, please visit the Board's Public Comment page: https://ratereview.vermont.gov/public_comment