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April 11, 2023

Green Mountain Care Board
State of Vermont
144 State Street
Montpelier, VT 05602

Re: Blue Cross and Blue Shield of Vermont 2024 Large Group Filing (SERFF # BCVT-133551255)

The purpose of this letter is to provide a summary and recommendation regarding the proposed Large Group Filings for Blue Cross and Blue Shield of Vermont (BCBSVT) and to assist the Board in assessing whether to approve, modify, or disapprove the request.

Filing Description

1. BCBSVT is a non-profit hospital and medical service corporation. BCBSVT provides coverage to individuals, small and large group employers, and Medicare enrollees in Vermont.
2. This filing establishes the formula, manual rate and accompanying factors that will be used for Large Group renewals. This filing includes support for key assumptions, such as trend, benefit relativities, administrative costs, aggregate stop loss, and large claim factors. The overall impact of this filing was estimated based on the previously approved factors from the prior filings.
3. This filing addresses BCBSVT Insured and Cost Plus large groups. There are approximately 3,270 subscribers and 5,785 covered lives affected by this filing.
4. The most important component of any group's premium is their past claims experience. Group-level premiums for coverage years beginning 1Q 2024, for example, will be based on the most current experience available at the time. For this reason, no group's actual premium increase pursuant to this filing is currently known.
5. As initially filed, the average premium change of a manually rated group was approximately 10.8%¹, or roughly \$81.12 PMPM, itemized below.
 - a. Change to Projected Claims: **+8.5%**
 - b. Change from Projected Pharmacy Rebates: **-0.2%**
 - c. Change in Administrative Charges: **-0.1%**
 - d. Change in Contribution to Reserve: **+1.8%**
 - e. Change in Mandate and Assessments: **+0.1%**
 - f. Change in Additional Items²: **+0.7%**

¹ The itemized changes are multiplicative and may not add up to the total.

² Additional Items include net cost of reinsurance, Cost Plus stop loss, broker commissions, payment reform initiative costs, and fees paid to outside vendors.

6. The actual premium increase experienced by a particular group will vary from the average of +10.8%. Each group's rate increase or rate decrease will consider their recent claims experience, changes in the distribution of members enrolled, and changes in benefits. A newly formed large group would experience 1Q2024 premiums that were approximately 10.8% higher than a similar newly formed large group in 1Q2023.

Standard of Review

Pursuant to Green Mountain Care Board (Board) Rule 2.000 Health Insurance Rate Review, this letter is to assist the Board in determining whether the requested rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading, or contrary to the law, and is not excessive, inadequate, or unfairly discriminatory.

Summary of the Data Received

BCBSVT provided the proposed methodology used to calculate the Insured and Cost Plus large group premiums for groups renewing after approval of this filing. The Company provided exhibits and support for each component of the premium development, including trend, administrative costs, contribution to reserves, aggregate stop loss and risk charge factors, network changes and large claim factors.

For medical trend development, the Company used claims incurred from September 1, 2018 to August 31, 2022, paid through October 31, 2022, and pharmacy claims incurred from October 1, 2018 to September 30, 2022, paid through October 31, 2022. The data includes claims from BCBSVT Cost Plus groups, BCBSVT Administrative Services Only (ASO) groups with less than 1,001 members, BCBSVT Insured Small and Large Groups including small groups enrolled in Qualified Health Plans, BCBSVT insured AHPs, and The Vermont Health Plan (TVHP) Insured Small and Large Groups. The Company felt that combining these homogeneous populations created greater consistency and credibility within the trend factor development. Adjustments were made to the data to reflect network differences between the two companies. Trend for members who have Medicare as their primary coverage was analyzed separately.

Filing Analysis

1. *Updated Experience Base:* For the combined BCBSVT block that is used for rate development, the projected claims are expected to increase 9.4% over what was assumed in the prior filing. Because there are non-claims components of the premium, this translates to an 8.5% premium increase. The claims used were incurred from November 2021 through October 2022, paid through December 2022.

Total claims were substantially higher than projected during the experience period, resulting in financial losses on this business. However, BCBSVT is choosing not to reflect all of those claims in this filing. Consistent with prior years, the actual claims observed which exceeded \$120,000 annually for an individual are replaced by a long-term average "pooling charge" in order to maintain stability in the premiums. The pooling factor assumptions are based on data from Milliman and based on nationwide information. Due to the volatility of these high claims, BCBSVT likely does not have sufficient data to develop their own factors.

The assumed pooling charge was significantly less than the actual high claims during the base period. L&E notes that this is the second year in a row during which the pooling charge was noticeably lower than actual catastrophic claims. If this pattern continues, BCBSVT will continue to experience significant financial losses on this block. Pooling is a typical industry practice and has been seen in most filings reviewed by the Board.

If the base period experience were used without any adjustments for outlier claims, L&E estimates that the implied premium increase would be 8% higher than what is proposed in this filing. See below for our estimate of the impact:

Increase As Filed	+8.5%
L&E-Estimated Increase with no Pooling	+17%

L&E believes pooling is reasonable, as this block is small enough that some amount of random fluctuation is likely. BCBSVT's pooling methodology appropriately reduces the volatility in premiums. Thus, a 17% increase would not be reasonable in this context.

However, it is difficult to know whether the pooling charges used are inadvertently producing a claims estimate which is systematically high or low. We believe the uncertainty created by the recent unfavorable experience with high-cost claimants should impact how the Board considers other assumptions like trend and Contribution to Reserves. This uncertainty makes precise quantification difficult, but an increase to the manual rate projections claims of three to four percent could be reasonable.

2. *Medical Trend Development:* Medical trend varies by plan type due to contracting differences. For all products combined, the Company is requesting a total allowed³ medical trend of 10.3% per year. This total allowed medical trend amount is broken down into 10.9% for hospital claims, 9.5% for Mental Health professional claims, 7.4% for other professional claims, and 14.0% for outpatient drugs.⁴

Category	Unit Cost	Utilization	Total
Hospital	9.5%	1.3%	10.9%
Mental Health Professional	5.1%	4.2%	9.5%
Other Professional	5.1%	2.2%	7.4%
Outpatient Drugs	9.7%	3.9%	14.0%
Total			10.3%

Utilization and Intensity

The Company normalized the allowed costs to remove the impact of unit cost changes and to isolate the change in utilization and intensity of services. To reduce fluctuation and capture only trend, the Company also removed outlier claimants. This data was then analyzed by using exponential regression and other methods. It is important to note that the experience period includes the impact from COVID-19.

L&E reviewed the data and analysis provided by the Company, which includes:

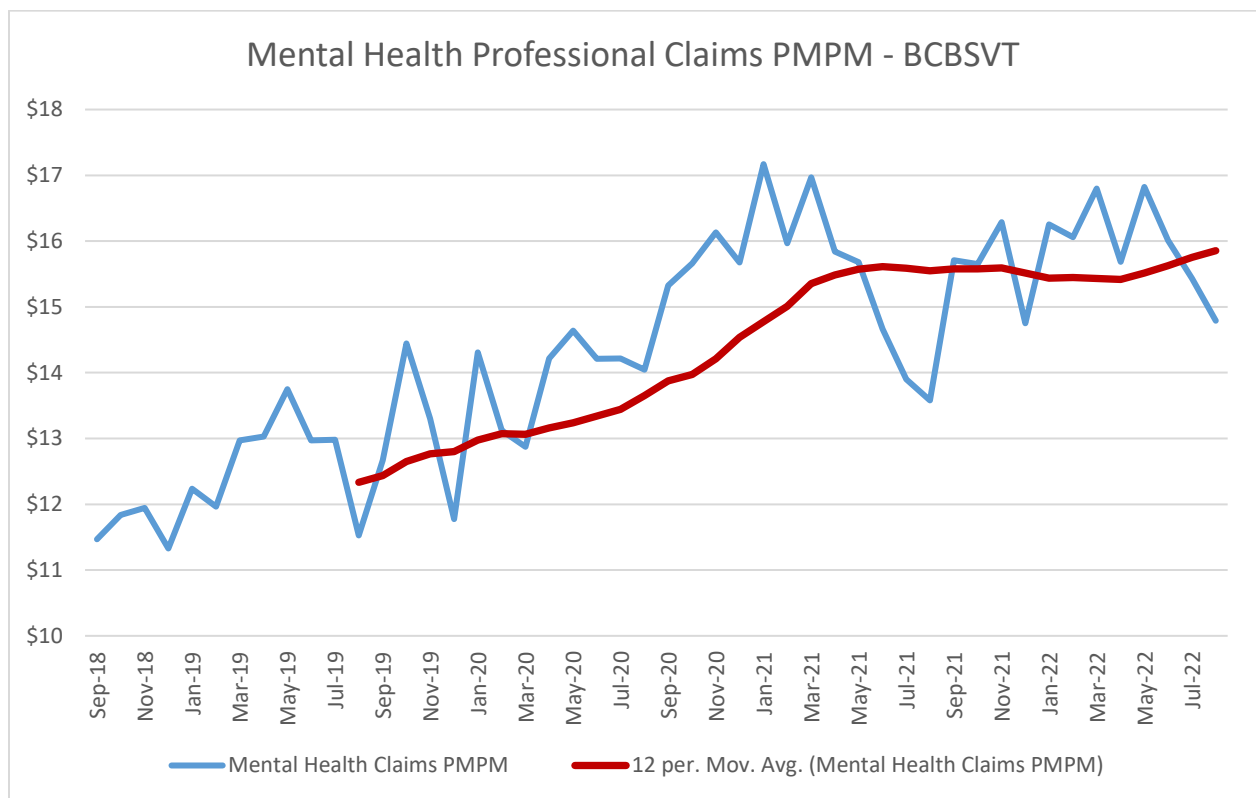
³ Allowed cost trends are based on charges that reflect the total amount of claims paid by both the carrier and the policyholder. Paid trends reflect the actual claim payment made by the carrier only. Paid trends are usually higher because the member's share of the cost is often limited to fixed copays which do not increase with cost trend.

⁴ Many specialty drugs, such as certain chemotherapy treatments, are often covered under a policy's medical benefit. These drugs are separate from the Rx experience and trend discussed in the next section but have exhibited similarly high trend in recent years.

- Month-by-month claims data;
- Year-over-year rolling PMPMs;
- Exponential and linear regressions; and
- Holt-Winters times series analysis.

BCBSVT's utilization trend analysis breaks medical claims into four broad categories: Hospital Facility, Mental Health Professional, Other Professional, and Outpatient Rx. These classifications are reasonable due to the unique patterns of utilization and response to the COVID-19 pandemic that these claims have exhibited in recent years.

Mental Health utilization rose steadily in the early years of the COVID-19 pandemic, steepening a pre-existing trend towards higher utilization during 2019. Utilization fell sharply during Summer 2021 before rising back to its peak. A summary of this historical data is provided below.



BCBSVT noted that supply issues during 2021 likely dampened the underlying trend temporarily. In balancing the modest increases in 2021/2022 against the steep increases to utilization that occurred in 2019 and 2020, BCBSVT selected a utilization trend assumption of 4.2% for mental health services. L&E believes this assumption is reasonable.

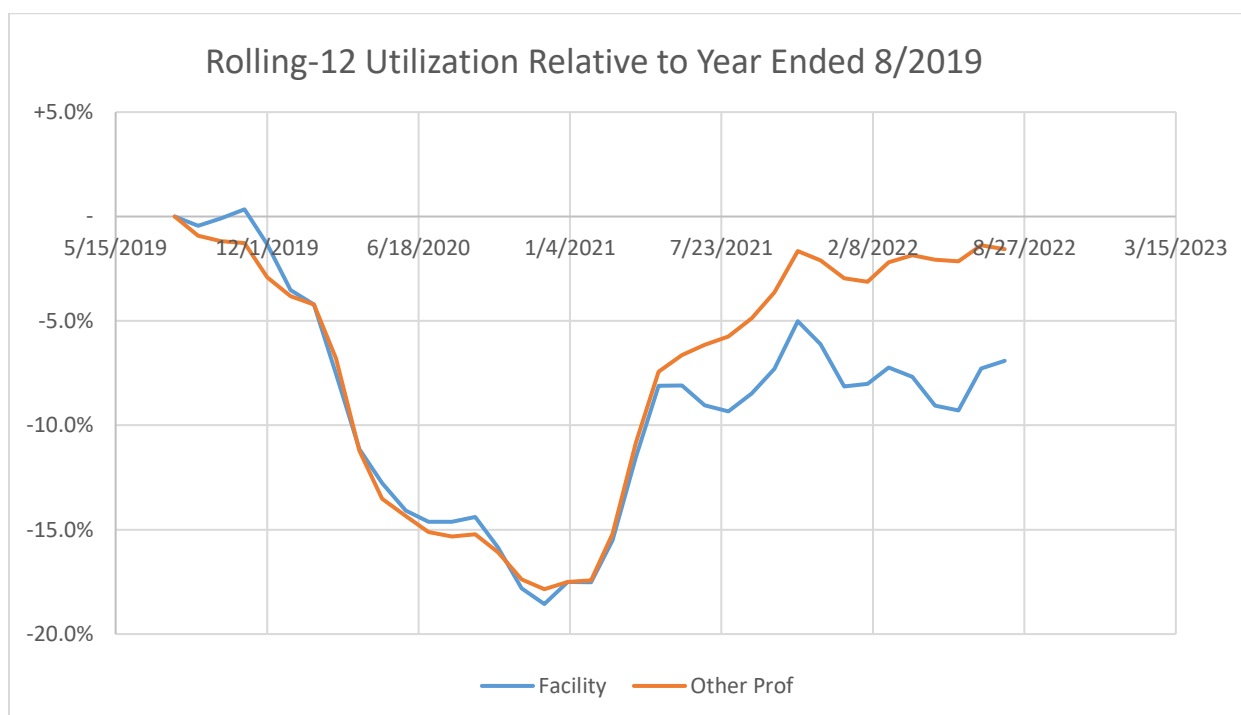
Outpatient Rx trend is analyzed jointly between utilization and unit cost. See the unit cost section below for discussion of trend in these claims.

The remaining two categories of claims, Facility and Other Professional, have utilization trend assumptions set using very similar methods. In both cases, BCBSVT calculated 9 different statistics related to the historical utilization trend and selected the average of these nine statistics as their assumption for future trend. Of these nine statistics, four of them look at the most recent 48 months of

data, whereas the other five consider the most recent 24 months of data. The 48-month period begins in September 2018, whereas the 24-month period begins in September 2020.

Because of the disruptions resulting from COVID-19, all of these methods present significant challenges when determining future trend assumptions. In particular, use of 24-month periods for regression analysis effectively compares utilization during early COVID lockdowns to utilization in Summer 2022, when most lockdowns had been lifted. BCBSVT has argued that by taking the average of 48-month and 24-month measures, or by incorporating 18-month measures, they have addressed this concern in their analysis. However, such methods, particularly the Holt-Winters analysis, tend to be unreliable when applied to such small datasets.

L&E wishes instead to focus on a more holistic, qualitative analysis of the available data. Below is a summary of how utilization of these services has evolved over time.



Neither Facility claims nor Other Professional claims have returned to the level observed prior to the pandemic. There are two plausible explanations of this. One is that claims quickly returned to their “new normal” and have since exhibited fairly minimal trend, particularly in facility services. However, the other is that claims remained suppressed during 2021 and early 2022 by the impact of the pandemic and will resume an upward trend in the near future.

It is difficult to distinguish between these possibilities with the available data. L&E notes that for these services, the proposed trend assumptions (+1.3% for Facility and +2.2% for Other Professional) would together produce utilization that is approximately at the level observed prior to the pandemic. That is, BCBSVT’s proposed trend assumptions for these categories assume a return to the pre-COVID level of utilization.

L&E also considered the pooling charge when evaluating BCBSVT’s proposed trend assumptions. As previously noted, BCBSVT is assuming that the levels of high claims observed over the last two years were anomalous and will return to a more long-term average in 2024. However, this reversion to the

mean might well be understood as a negative trend in utilization. The possibility that the pooling charge is understated makes a higher utilization trend assumption reasonable. While it is possible that this utilization trend appears to be on the higher side, L&E cautions against lowering the utilization based on the potentially aggressive pooling charge.

L&E does not recommend any changes to the medical utilization trend assumptions.

Unit Cost

The unit cost trend for medical costs is projected to be 8.3% based on an analysis of the hospital budget increases implemented in recent years as well as other providers in the BCBSVT service area outside of the Board's review.

This projection includes an 11.4% increase for Vermont facilities and providers impacted by the GMCB's hospital budget review and an increase of 4.6% for other facilities and providers. The increase for GMCB-regulated facilities is consistent with the budget orders approved in 2022. The assumed hospital budget increases to be approved in 2023 are assumed to be the average of approvals in 2021 and 2022, excluding mid-year increases. Unit cost increases for providers outside the BCBSVT service area were derived from the Blue Trend Survey.⁵

Certainly, the hospital budget approvals in 2022 were abnormal, even excluding mid-year increases. So, incorporating 2022 rate changes into an average for projection purposes could be understood as conservative. However, many Vermont hospitals continue to experience significant financial difficulties, and L&E is not in a position to make a determination on the reasonableness of the assumption that 2023 budget submissions continue at an elevated level.

L&E does not recommend any changes to the medical unit cost trend assumptions. However, we note that BCBSVT last year submitted a second Large Group filing to reflect the abnormally high budget submissions subsequently submitted by hospitals. We urge the Board to consider requiring that BCBSVT repeat this should submitted hospital budget increases be materially different than what is assumed in this filing.

Outpatient Rx

Consistent with last year's filing, BCBSVT has isolated claims related to pharmaceuticals covered by the medical benefit (as opposed to pharmaceuticals dispensed in a retail pharmacy setting). These prescriptions are differentiated from others due to their being subject to medical deductibles and cost sharing rather than the prescription drug benefits. This is often because they are dispensed in an outpatient medical facility. For simplicity, we will refer to these as "Outpatient Rx" in this report.

The trend for these drugs is complicated by the movement of some treatments between single-source and biosimilar equivalents, which can exhibit very different unit costs. For this reason, BCBSVT considers the trend in each of four categories developing unit cost and utilization assumptions based on whether the drug is a biosimilar or has a competing biosimilar available. The table below shows the approximate changes in total Outpatient Rx costs:

⁵ The Blue Trend Survey is a proprietary and confidential dissemination of the BlueCross BlueShield Association.

Year	Total Cost Change
2019	18%
2020	-21%
2021	8%
2022	24%

These figures demonstrate dramatic volatility in this important category of spending. Moreover, the decrease in cost from 2020 was impacted by reductions to utilization generally during COVID-19 lockdowns, as well as a rapid shift towards less-expensive biosimilars at the time. The shift towards biosimilars is a one-time phenomenon, and it would not be reasonable to assume that 100% of claims will ever be dispensed as biosimilars. As such, the favorable trend in Outpatient Rx costs in 2020 is not likely to be repeated in future years.

In consideration of these factors, L&E believes it is reasonable that BCBSVT set the utilization assumption with particular attention to the most recent two years of trend data. The proposed utilization trend assumption is 4.6%, which is based on regression analysis on the most recent two years. L&E considered that the overall cost trend implied, when combined with the unit cost component, is 14.0%. This is approximately the average of the most recent two years of total cost changes, which accelerated in 2022 and do not appear to be related to COVID-19 “bounce -back”. This figure includes both increase to the overall number of drugs and shifts between higher- and lower-cost drugs. L&E finds the assumed 4.6% utilization trend for Outpatient Rx reasonable.

Unit cost changes for Outpatient Rx were assumed to mirror those for Outpatient Facility charges, given this is the setting in which they are dispensed. L&E believes this assumption is reasonable.

Total Allowed Medical Trend

With the combination of the utilization and intensity trends, the unit cost trend, and the outpatient drugs trend, the total medical allowed trend in the filing is 10.2%. The components are shown in the table below:

Medical Cost Type	Cost Trend	Utilization Trend	Total Allowed Trend
Facility	9.5%	1.3%	10.9%
Mental Health	5.1%	4.6%	9.9%
Other Professional	5.1%	2.2%	7.3%
Outpatient Rx	9.7%	3.9%	14.0%
Total			10.2%

3. *Pharmacy Trend Development:* The Company is requesting a total allowed pharmacy trend, including the impact of contracting changes with the Pharmacy Benefit Manager (PBM), of 12.4%. This aggregate assumption is composed of the following components:
 - Non-specialty utilization trend
 - Generic cost trend, separately for new and established generics
 - Brand cost trend, separately for new and established brands
 - Impact of brand drugs going generic

- Specialty trend
- Vaccines, OTC, etc.

The Company modeled the costs for generic and brand drugs separately; however, they did combine the data to analyze utilization patterns. A separate adjustment was then made to incorporate the impact of brand drug patent expiration, which results in a decrease in cost as lower-cost generics become available.

The Company modeled separately the total PMPM trends for specialty drugs due to their relatively low utilization and high cost nature. The following table shows the results of the Company's analysis and the requested 12.4% overall allowed pharmacy trend.

Pharmacy Trends	Cost Trend	Utilization Trend	Total Annual Trend ⁶
Generic	1.9%	2.4%	+4.3%
Brand	10.6%	2.4%	+13.3%
Brands Going Generic	-34.6%	2.4%	-34.6%
Specialty			+15.8%
Total			+12.4%

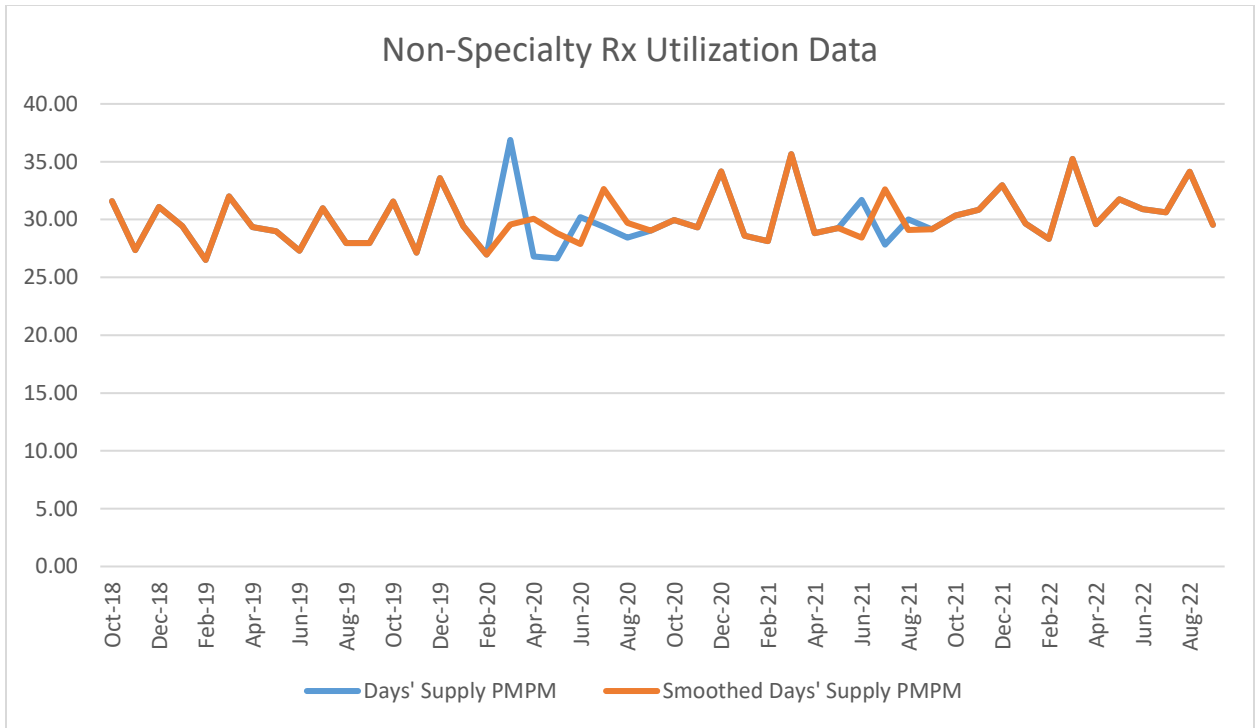
The Company calculated unit cost trends of 1.9% for generic and 10.6% for brand drugs. Both of these are consistent with recent trends in the observed changes in cost for these categories, as demonstrated in the Company's Exhibit 2D.

When the patent expires for a brand drug, lower-cost generic alternatives become available. The Company projected the quantity and reduced cost for drugs which will become genericized during the projection period. These drugs are assumed to reduce in price by 34.6% due to the availability of generic alternatives.

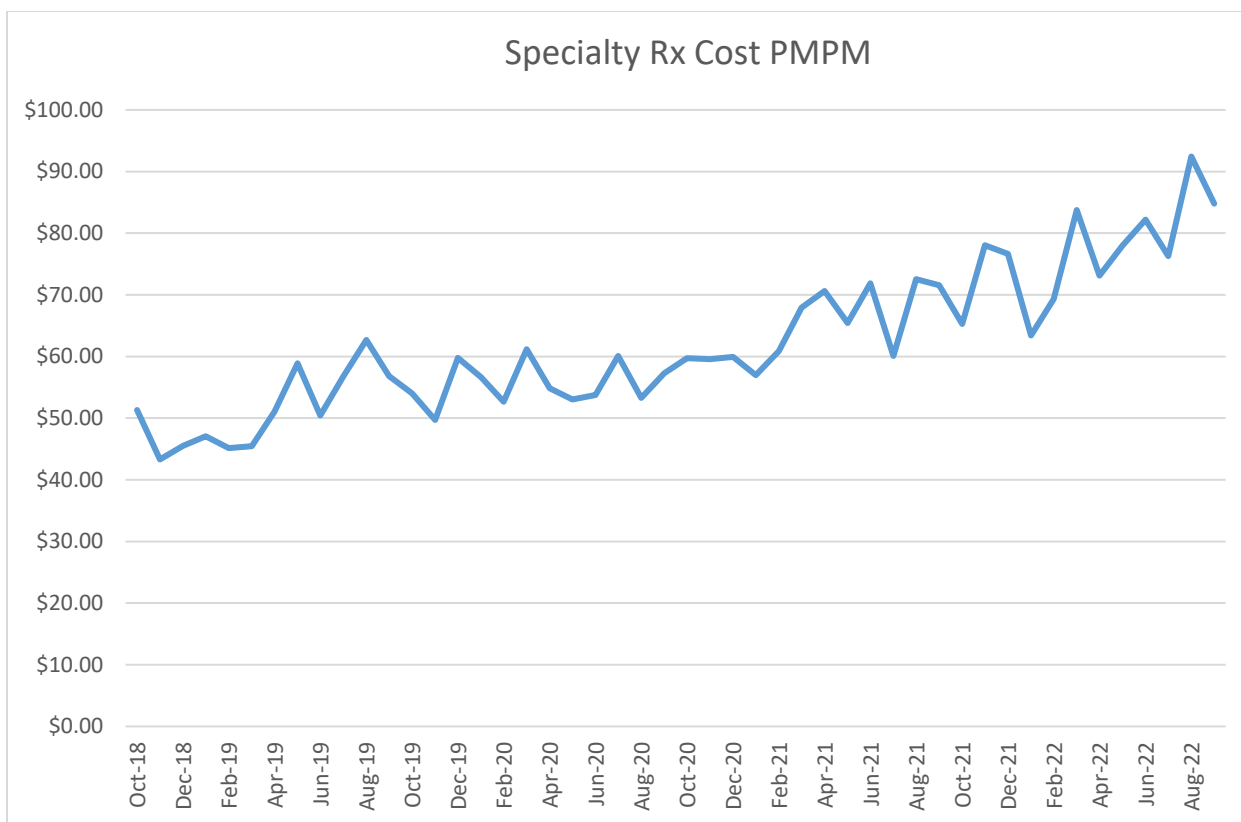
L&E believes the method of projecting brands going generic is reasonable and appropriate. The assumed unit cost trends for generic, brand, and brand-going-generic are reasonable.

The utilization trend for non-specialty drugs is projected to be 2.4% per year. This is based on historical utilization rising steadily between 2018 and 2022. Given the stability of recent trend experience, the selection of a 2.4% utilization trend is reasonable. Below shows BCBSVT's utilization experience for non-specialty drugs both with and without the adjustments they made to correct for one-time events related to COVID-19 and the introduction of Vermont Blue Rx.

⁶ The total trend may not equal the combination unit cost and utilization trend due to the additional adjustment for projected mix between new and established generics/brand.



Due to their high cost and low frequency, specialty drugs are projected based on their allowed cost, without splitting into unit cost and utilization. L&E agrees with the Company’s decision to analyze specialty cost trend this way, as the utilization trend would be difficult to assess given the low frequency and wide variance in unit costs. Historical specialty trend is shown below:



Historical costs have increased at a steady, high rate for several years. The years ending in September of 2019, 2020, and 2021 exhibited cost increases of 8.4%, 16.7%, and 19.1% respectively. The assumed specialty trend is 15.8%, based on regression analysis of historical claims. The Company’s selection of a 15.8% trend assumption is reasonable in light of the historical increases in cost observed.

The Company projects overall pharmacy allowed trend to be about 12.4% per year. This reflects not only unit cost and utilization changes but also contracting changes with the PBM (Pharmacy Benefit Manager). This total pharmacy allowed trend is reasonable in aggregate as well as when analyzed by the components described above.

- 4. *Total Allowed Trend:* Total allowed costs are projected to increase at 10.6% per year.

Category	Allowed Trend	Approx. Percent of Claims
Medical	10.3%	83%
Rx	12.4%	17%
Total	10.6%	100%

- 5. *Leverage Adjustments to Allowed Trends:* The Company analyzed allowed trends, as this is the clearest way to view changes in cost and utilization. However, plan liability increases at the paid trend rate, not the allowed trend rate. Therefore, an adjustment was made to the calculated allowed trends to reflect expected paid trends given the mix of benefits enrolled in the program.

The leveraged trend values were determined using the Company's Benefit Relativity models⁷ by calculating the change in paid claims with and without the allowed trends. The paid trends are summarized in the table below.

	Allowed Trends	Paid Trends	Approx. Percent of Claims
Medical	10.3%	11.6%	83%
Rx	12.4%	13.0%	17%
Total	10.6%	11.9%	100%

The methodology of using the Benefit Relativity models to estimate the impact on paid claims with and without the allowed trend is consistent with last year's filing. The approach that the Company used to adjust allowed trends to paid trends is reasonable and appropriate.

6. *Administrative Costs:* In previous years, BCBSVT has attributed administrative costs to per-member, per-group, and per-invoice costs. In this filing, BCBSVT is proposing that all administrative costs be charged on a per-member basis. This change should not have an overall impact on the administrative costs collected but will generally increase the contributions to administrative expense from larger groups and reduce premiums for smaller groups. L&E believes this change is reasonable.

Additionally, administrative costs were projected based on historical administrative costs. The administrative experience period for this filing is January 2021 through December 2021. Transitional costs related to one-time events such as enabling full-time remote work, which will not recur in the future, were removed. Using the various administrative cost components approved in the last filing and BCBSVT's current block of business, the average administrative charge PMPM was \$61.34. The proposed administrative charge is \$60.41 PMPM. This decrease of \$0.93 PMPM is attributable to the following factors:

- *Updated Experience:* The actual 2021 administrative costs differed from anticipated in the prior filing. Reflecting this updated information resulted in a decrease to admin costs of about \$6.74 PMPM. This decrease in administrative cost flows through to the projected 2024 administrative costs.
- *Administrative Cost Inflation:* The proposed administrative costs will be incurred in 2023 and 2024. The assumed cost inflation reflects the Company's assumption that administrative costs will increase at 4.0% per year. This reflects an increase over the prior filing's assumption, which was 2.2% inflation per year. Updating the last two years of inflation increases the projected administrative costs by about \$1.63 PMPM, and then trending forward one additional year to 2024 adds another \$2.25 PMPM. Thus, the assumed inflation results in a total increase of about \$3.88 PMPM relative to the prior filing.
- *Decrease in Total BCBSVT Membership:* BCBSVT is projecting a 4.5% decrease in overall membership across all lines of business between 2021 and 2024. Since fixed expenses will be distributed among a smaller pool of members, an increase in the total PMPM administrative charges results. While it is not practicable for BCBSVT to reduce staffing as rapidly as enrollment

⁷ The Company uses the Benefit Relativity models to calculate the impact of cost sharing for each of the plans that they offer.

has fallen, BCBSVT has developed the administrative charge as if they did.⁸ Under the assumption that 30% of costs are variable costs, this means that the impact on administrative costs is an increase of about 3.3%, or \$1.92 PMPM.

The premiums will also include allowances for the following state mandates and assessments. Some values are provisional until the relevant agencies announce the final assessment values. These are generally consistent with last year's filing.

- The Vermont Vaccine Purchasing Program is estimated to cost \$2.50 PMPM.
- The New Hampshire Purchasing Program is expected to cost \$8.50 PMPM for each child that is a resident of New Hampshire.
- New York State Health Reform Act applies an assessment based on county of residence within New York.
- The Maine Guaranteed Access Reinsurance Association produces an assessment per Maine resident.
- The Vermont Health Care Claims Tax of 0.999% of claims for all Vermont residents.
- The Health IT-Fund assessment of 0.199% has been routinely extended, so the current rate manual reflects a continued assessment. It will be updated if new information becomes available.
- BCBSVT projects that the total assessments for Vermont Blueprint for Health will be \$2.77 PMPM for the Community Health Team and \$3.21 for the PCMH team. Actual rates charged will reflect any updates made to the Blueprint Manual in renewals.
- The Green Mountain Care Board assess a billback, projected to be \$2.72 PMPM for the coverage period.

The admin assumptions used in the each of the components appear to be reasonable and appropriate.

7. *Federal Fees:* The projected Patient-Centered Outcomes Research Institute (PCORI) fee is approximately \$0.27 PMPM. This value is reasonable.
8. *Contribution to Reserves (CTR):* The proposed CTR is 3.0% for BCBSVT Insured Large Groups and 0.75% for Cost Plus Groups. In both cases, this updated assumption is double the CTR proposed in the previous Large Group filing.

L&E notes that the last few years have resulted in contributions to reserve that were lower than projected in the filing.

Year	Fully Insured Actual CTR	Cost Plus Actual CTR
2018	-8.5%	0.2%
2019	-6.0%	10.8%
2020	0.7%	6.7%
2021	-12.0%	-30.0%
2022	-13.4%	-44.5%

This is due in part to the high pooled claims experienced on this block. If those high pooled claims continue, the actual CTR experienced by BCBSVT will be substantially lower than the 3.0% proposed

⁸ By rebasing to 2021 costs, BCBSVT is fully reflecting all enrollment changes that occurred prior to 2021. The method they have used in recent years to dampen the effect of enrollment changes on premiums partially delays recognition of enrollment changes for two years.

this filing and may be negative. While this is a dramatic increase from BCBSVT's typical requests, the experience on this block of business and BCBSVT's corporate losses reflect a need for a greater CTR.

The results of the Department of Financial Regulation's Solvency Analysis should be considered in the approval of this assumption.

Recommendation

L&E understands that certain modifications could be made to various assumptions due to potential overestimates; however, there are potentially other assumptions that may be equally understated. For instance, the filed CTR is 3.0% of premium for fully-insured groups, which is higher than typical approvals and requests for this filing. Additionally, the trend assumptions, likely incorporate some conservatism by assuming the flattening of utilization since Summer 2021 is only temporary. However, even if these assumptions were overstated by 1.0% of projected claims, the resulting 4.0% CTR would be lower than the potential understatement embedded in BCBSVT's choice of pooling charge. L&E's best estimate is that the proposed rates are most likely to produce a CTR of approximately 0%.

L&E believes that this filing does not produce rates that are excessive, inadequate, or unfairly discriminatory. Therefore, L&E recommends that the Board approve the filing, resulting in an anticipated average premium change of approximately 8.5%. As previously noted, we urge the Board to require that BCBSVT agree to submit a supplementary filing to modify the unit cost trend should hospital budget submissions differ materially from those assumed in this filing.

Sincerely,



Kevin Ruggeberg, FSA, MAAA
Vice President & Senior Consulting Actuary
Lewis & Ellis, Inc.



Jacqueline B. Lee, FSA, MAAA
Vice President & Principal
Lewis & Ellis, Inc.

ASOP 41 Disclosures

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations⁹, promulgates actuarial standards of practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct¹⁰, to observe the ASOPs of the ASB when practicing in the United States. ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

Identification of the Responsible Actuary

The responsible actuaries are:

- Kevin Rugeberg, FSA, MAAA, Vice President & Senior Consulting Actuary at Lewis & Ellis, Inc.
- Jacqueline B. Lee, FSA, MAAA, Vice President & Principal at Lewis & Ellis, Inc.

These actuaries are available to provide supplementary information and explanation. The actuaries also acknowledge that they may be acting as an advocate.

Identification of Actuarial Documents

The date of this document is April 11, 2023. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is April 11, 2023.

Disclosures in Actuarial Reports

- The contents of this report are intended for the use of the Green Mountain Care Board. The authors of this report are aware that it will be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis Inc. is financially and organizationally independent from the health insurance issuers whose rate filings were reviewed. There is nothing that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the Board in assessing whether to approve, modify, or disapprove the rate filing.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by the issuers for reasonableness, but L&E has not audited it. L&E nor the responsible actuaries assume responsibility for these items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.
- L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.
- The findings of this report are enclosed herein.

Actuarial Findings

The actuarial findings of the report can be found in the body of this report.

⁹ The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

¹⁰ These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

Methods, Procedures, Assumptions, and Data

The methods, procedures, assumptions and data used by the actuary can be found in body of this report.

Assumptions or Methods Prescribed by Law

This report was prepared as prescribed by applicable law, statues, regulations and other legally binding authority.

Responsibility for Assumptions and Methods

The actuaries do not disclaim responsibility for material assumptions or methods.

Deviation from the Guidance of an ASOP

The actuaries have not deviated materially from the guidance set forth in an applicable ASOP.