

March 23, 2023

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

Subject: Your 03/17/2023 Questions re: Blue Cross and Blue Shield of Vermont 2024 Large Group Rating Program Filing (SERFF Tracking #: BCVT-133551255)

Dear Mr. Ruggeberg:

In response to your request dated March 17, 2023, here are [your questions](#) and our answers:

- 1. The memorandum indicates that unit cost trends for budget-impacted facilities will vary significantly between CY2023 and CY2024. However, it also states that “the GMCB will approve hospital budgets for October 1, 2023, and October 1, 2024, that support identical commercial increases as those approved for October 1, 2022.” The statement regarding adjustments for adjustments based on recent information was withdrawn in your prior response. Please provide further detail regarding the assumed unit cost increases for budget-impacted hospitals.*

We assume the GMCB would approve hospital budgets for the FY 2024 cycle that support commercial increases halfway between those approved for October 1, 2022 and those approved for October 1, 2021.¹

- 2. Please provide the parameters (auto-regressive and seasonality) of the Holt-Winters models used in setting the facility and professional trends (48-, 24-, and 18-month).*

Please see [Response to 2024 LG Filing 03.17.2023 Inquiry – 2.xlsx](#).

- 3. Please provide the number of professional visits PMPM by month from September 2018 through August 2022, consistent with the population used to population exhibit 2B, separated between PCP and non-mental health other professional.*

Please see [Response to 2024 LG Filing 03.17.2023 Inquiry – 3.xlsx](#).

¹ We do not include the impact of the mid-year budget modifications approved by the GMCB in April 2022 in the average.

Please let us know if you have any further questions, or if we can provide additional clarity on any of the items above.

Sincerely,



Martine Lemieux, F.S.A., M.A.A.A.

Category	Months	Forecasting Model	Parameter Name	Value of Parameter Estimate
Facility	48	Holt Winters Multiplicative	LEVEL	0.146
Facility	48	Holt Winters Multiplicative	TREND	0.001
Facility	48	Holt Winters Multiplicative	SEASON	0.235
Facility	48	Holt Winters Additive	LEVEL	0.406
Facility	48	Holt Winters Additive	TREND	0.001
Facility	48	Holt Winters Additive	SEASON	0.001
Facility	24	Holt Winters Multiplicative	LEVEL	0.001
Facility	24	Holt Winters Multiplicative	TREND	0.875
Facility	24	Holt Winters Multiplicative	SEASON	0.513
Facility	24	Holt Winters Additive	LEVEL	0.040
Facility	24	Holt Winters Additive	TREND	0.001
Facility	24	Holt Winters Additive	SEASON	0.001
Facility	18	Holt Winters Multiplicative	LEVEL	0.003
Facility	18	Holt Winters Multiplicative	TREND	0.999
Facility	18	Holt Winters Multiplicative	SEASON	0.436
Facility	18	Holt Winters Additive	LEVEL	0.054
Facility	18	Holt Winters Additive	TREND	0.001
Facility	18	Holt Winters Additive	SEASON	0.001
Professional (Non-MH)	48	Holt Winters Multiplicative	LEVEL	0.278
Professional (Non-MH)	48	Holt Winters Multiplicative	TREND	0.001
Professional (Non-MH)	48	Holt Winters Multiplicative	SEASON	0.273
Professional (Non-MH)	48	Holt Winters Additive	LEVEL	0.999
Professional (Non-MH)	48	Holt Winters Additive	TREND	0.001
Professional (Non-MH)	48	Holt Winters Additive	SEASON	0.001
Professional (Non-MH)	24	Holt Winters Multiplicative	LEVEL	0.021
Professional (Non-MH)	24	Holt Winters Multiplicative	TREND	0.010
Professional (Non-MH)	24	Holt Winters Multiplicative	SEASON	0.499
Professional (Non-MH)	24	Holt Winters Additive	LEVEL	0.094
Professional (Non-MH)	24	Holt Winters Additive	TREND	0.001
Professional (Non-MH)	24	Holt Winters Additive	SEASON	0.001
Professional (Non-MH)	18	Holt Winters Multiplicative	LEVEL	0.071
Professional (Non-MH)	18	Holt Winters Multiplicative	TREND	0.005
Professional (Non-MH)	18	Holt Winters Multiplicative	SEASON	0.432
Professional (Non-MH)	18	Holt Winters Additive	LEVEL	0.135
Professional (Non-MH)	18	Holt Winters Additive	TREND	0.001
Professional (Non-MH)	18	Holt Winters Additive	SEASON	0.001

Professional Visits PMPM		
Month	PCP (1)	Non-Mental Health Other Professional
Sep-18	0.1439	0.5112
Oct-18	0.1782	0.6467
Nov-18	0.1566	0.5627
Dec-18	0.1538	0.5570
Jan-19	0.1845	0.6150
Feb-19	0.1657	0.5459
Mar-19	0.1729	0.5857
Apr-19	0.1701	0.5761
May-19	0.1698	0.5758
Jun-19	0.1510	0.5254
Jul-19	0.1625	0.5488
Aug-19	0.1585	0.5351
Sep-19	0.1568	0.5387
Oct-19	0.1790	0.6609
Nov-19	0.1528	0.5478
Dec-19	0.1633	0.5656
Jan-20	0.1878	0.6024
Feb-20	0.1603	0.5432
Mar-20	0.1089	0.4535
Apr-20	0.0355	0.3158
May-20	0.0580	0.3986
Jun-20	0.1053	0.5261
Jul-20	0.1138	0.5508
Aug-20	0.1162	0.5232
Sep-20	0.1182	0.5668
Oct-20	0.1264	0.6373
Nov-20	0.1069	0.5088
Dec-20	0.1112	0.5524
Jan-21	0.1142	0.5458
Feb-21	0.1112	0.5243
Mar-21	0.1410	0.6280
Apr-21	0.1303	0.5830
May-21	0.1285	0.5710
Jun-21	0.1446	0.5829
Jul-21	0.1371	0.5382
Aug-21	0.1467	0.5593
Sep-21	0.1483	0.5973
Oct-21	0.1450	0.6411
Nov-21	0.1452	0.6016
Dec-21	0.1359	0.5519
Jan-22	0.1307	0.5261
Feb-22	0.1193	0.5143
Mar-22	0.1548	0.6408
Apr-22	0.1331	0.5492
May-22	0.1469	0.5770
Jun-22	0.1421	0.5735
Jul-22	0.1287	0.5147
Aug-22	0.1436	0.5715

(1) Primary Care Physician (PCP) Office Visit

Local claims only with CMS Place of Service Codes (2, 11, 15, 17, 18, 49, 50, 71, 72).

CPT codes that begin with 992, 993, and 994.

Specialty Provider Types: Internist (11), Family Practice (08),

OB/GYN (16) (only CPT codes 99381-99429), Pediatrician (37), Physician Assistant (CZ),

Adv Registered NP (4A), Nurse Practitioner (RX), Acute Care NP (RY), Adult Health

NP (RZ), Family NP (SC), Gerontology NP (SD), Neonatal NP (SE), Pediatric NP (SH),

Psych Ment Hlth NP (SL), and Womens Health NP (SN).