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BY EMAIL ONLY

July 10, 2023

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144 State Street
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RE: Lewis and Ellis June 15, 2023, Information Request – GMCB-002-23rr and GMCB-003-22rr

Michael Barber and Laura Beliveau:

The Green Mountain Care Board (GMCB) requested Lewis and Ellis (L&E) provide the GMCB with information regarding health insurance costs on June 15, 2023. On July 5, 2023, L&E provided the requested information to the GMCB and the parties in the above dockets (Information). We have several concerns about the Information and the methods L&E used to generate the Information. We raise these concerns with the hope that they inform future GMCB activities and how the GMCB uses the Information in the above dockets.

First, the Information does not include a discussion of how it was derived. Although it is possible to generally reproduce all data points within a few dollars, the lack of formulas used to derive the Information prevents us from identifying the source of these discrepancies. For reference, we calculated several of the net premium and deductible numbers for 2023 using the official Vermont Health Connect 2023 plan designs and an advanced premium tax credit form produced by the Vermont Department of Health Access. In addition, we had several members of our advocacy team, people who calculate these numbers regularly, attempt to reproduce the Information. No person from the Office of the Health Care Advocate, advocates who serve individual clients or counsel in this matter, was able to reproduce all of the Information. The only source of variance not attributable to underling methodological errors is rounding error. Rounding errors would likely only account for small discrepancies and cannot explain some of the several dollar discrepancies we encountered. The inability to identify the source(s) of the discrepancies is problematic.

Second, L&E includes a paragraph discussing median income and why, in their opinion, it is not a meaningful concept in the context of net premium and medical deductible exposure. July 5, 2023, L&E Letter to Michael Barber at 3 (concluding that L&E is "not sure that median household income, across households of various sizes, it a meaningful concept in this context."). It appears that L&E bases its conclusion on the fact that that a household's federal poverty level (FPL) varies substantially when the overall median income is used to calculate percent of FPL. Id. The issue L&E identifies is accurate although it is caused by, in our opinion, L&E's choice to use a specific data element. We believe that the issue could be avoided by using median household income by household size (for instance, Table B19019 of the 2021 5-year American Community Survey). Considering this fact, we do not believe that L&E's conclusion about the usefulness of household median income is accurate, although it is accurate given the data element used by L&E. Lastly, we note that using the median income for a specific household size increases the median household income for households of two ($67,674 to $80,266 based on Table B19019) and four ($67,674 to $106,768 based on Table B19019). However, we believe that, regardless of the value of a specific data point, Vermonters are best served by the GMCB having the most accurate data available.

Third, household median income reported in the various American Community Survey instruments is, in all instances, in a specific dollar year. Absent an adjustment to put median household income in the same year's dollars as premium and deductible spend, the comparison is "apples to oranges". The issue of the dollar year mismatch is particularly tricky for the current year and for future years as the inflation data needed to convert dollar years lags by approximately two years. For instance, annual inflation data is currently available for 2022 and prior but not for 2023 or 2024. The dollar year mismatch issue, at least, bears some discussion and L&E should explain the various assumptions used in any comparison of household median income to current or future year net premium and medical deductible exposure.

Fourth, we are concerned that the included graphs of net premium and medical deductible exposure by year are inadvertently confusing and/or problematic. Id at

10-14. The first issue is that the years are in the middle of the area created by the gray lines. Combined with the placement of the gray lines, this results in the viewer being directed towards the intersection of the gray lines even though data is not known for this moment. This likely creates issues for viewers. Further, the large y-axis range ($0 to $35,000) compresses the net premium and medical deductible exposure lines. This compression minimizes the perceived magnitude of the net premium and medical deductible exposure. In no case is the net premium and medical deductible exposure larger than $25,000. Given this fact, it is unclear why $25,000 is not used as the upper value of the y-axis and believe that having the upper value of the y-axis over $10,000 above the highest data point has the effect of minimizing the magnitude of net premium and medical deductible exposure perceived by the viewer.

Lastly, we do not understand why L&E functionally assumed all plans had a stacked deductible, by assuming an individual deductible for a family plan, when the type of deductible, stacked or aggregate, is known in all instances. Id at 10 ("Note that in the case of the family of four, we have included the individual deductible."). This assumption leads to an underestimate of the net premium and deductible exposure of a household. Further, in some cases, the magnitude of this underestimate is material.

For instance, the lowest cost 2023 BCBSVT Gold plan (the BCBSVT Vermont Preferred Gold plan) has an aggregate deductible. The family deductible of this plan is the relevant deductible for a household of four. L&E estimates that the total net premium and deductible exposure for a family of four enrolled in this plan at 400% FPL is $12,449. It appears this estimate is arrived at by adding the individual deductible for this plan and the net annual premium liability. However, it is the family deductible not the individual deductible which should be applied. The application of the individual deductible results in an estimate that is $1,250 lower than the exposure using the family deductible. This $1,250 is material and is roughly 10% of the L&E's estimated net premium and medical deductible exposure. At the very least, L&E's assumption regarding the application of the individual deductible in all cases should include a reference to the fact that the exposure estimate is an underestimate in cases where the deductible is aggregate.

In conclusion, we are pleased the GMCB is seeking information that may inform its analysis of affordability and access. However, our concerns about L&E's

presentation of the information requested by the Board are significant enough that they warranted a comment that brings the issues to the Board's attention.

Respectfully,

<u>/s/ Eric Schultheis</u>
Eric Schultheis
Staff Attorney

<u>/s/ Charles Becker</u>
Charles Becker
Staff Attorney

cc: Bridget Asay and Michael Donofrio, Counsel for BCBSVT