

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: Blue Cross Blue Shield Vermont)	GMCB-002-23rr
2024 Vermont ACA Market —)	
Individual Rate Filing)	SERFF No. BCVT-133654578

In re: Blue Cross Blue Shield Vermont)	GMCB-003-23rr
2024 Vermont ACA Market —)	
Small Group Rate Filing)	SERFF No. BCVT-133654592

HCA SUGGESTED QUESTIONS FOR BLUE CROSS BLUE SHIELD OF VERMONT

The Office of the Health Care Advocate (HCA) suggests the following questions to the Green Mountain Care Board (GMCB) to pose to Blue Cross and Blue Shield of Vermont (BCBSVT).

1. Please provide the dollar amount that BCBSVT drew from reserves related to the COVID-19 pandemic (presumably more than the amount provided in response to Objection 2 question 1) and indicate where on the 2022 Annual Statement these monies are reflected.
2. Please explain the logic of assuming that members enrolled in Silver 70, 73, and 77 plans will migrate to Gold, Reflective Silver, or Bronze plans in proportion with current plan enrollment due to silver alignment. Actuarial Mem. at 16 (“we assume that members moving to another metal would be distributed in proportion with current enrollment in the Gold, Silver-Reflective, and Bronze plans.”); Actuarial Mem. Ex. 2A. (indicating that roughly 100 members will move to a Silver Reflective plan). If members currently enrolled in a Silver plan move to a Reflective Silver plan, they will not be eligible for Premium Tax Credits (PTC/APTC) and/or Cost Sharing Reductions (CSR). Given this lack of subsidy eligibility and current subsidy eligibility rules, movement to a Reflective Silver plan appears to be financially irrational, particularly for members with incomes below 300% FPL as they would lose both PTC/APTC and CSR eligibility.
3. In 2021, BCBSVT’s pension benefit obligation at the end of the year was *underfunded* by \$67,802,608. 2022 Annual Statement at 26.12, Table 1. In 2022, BCBSVT’s pension benefit obligation was *overfunded* by \$53,626,436. 2022 Annual Statement at 26.12, Table 1. Please elaborate on the causes of this fact (i.e. the pension over and underfunding) and how the amount of overfunding is reflected in the Five-Year Historical Data table on page 29 of the 2022 Annual Statement.
4. BCBSVT states that the litigation related to its substantial losses in its pension assets held in the National Retirement Trust (NRT) due, at least in part, to the management of

NRT assets by Allianz Global Investors U.S. LLC (Allianz) was settled during 2022 (Settlement). 2022 Annual Statement at 26.18, n. 14(F). Please detail the amount that BCBSVT will/has receive/received as part of the Settlement and state where the Settlement monies are reflected in the Five-Year Historical Data table on page 29 of the 2022 Annual Statement.

5. On a PMPM basis for 2022, BCBSVT reported substantially different “Total General and Administrative” expenses for its three fully insured books of business – \$26.56 PMPM for Individual; \$16.79 PMPM for Small Group; and \$18.12 PMPM for Large Group. 2022 Annual Statement - Supplemental Health Care Exhibit at 5, line 10.5. This variance is even more substantial if we look at the “Other General and Administrative Expenses” line — \$26.56 PMPM for Individual, \$16.79 PMPM for Small Group, and \$14.16 PMPM for Large Group. 2022 Annual Statement - Supplemental Health Care Exhibit at 5, lines 10.4. Please state the drivers of the different PMPM costs by book of business for both “Total General and Administrative” (line 10.5) and “Other General and Administrative” (line 10.4) expense lines.
6. BCBSVT experienced a substantial increase in its net underwriting loss from 2021 to 2022 (\$28,940,813 or a 62% increase over the 2021 dollar amount). 2022 Annual Statement at 29, line 9; 2022 Annual Statement at 4. In 2022, claims were 95.8% of premium earned, not including reinsurance, and 96.6% of premium including reinsurance. In 2021, claims were 87.7% of premium earned, not including reinsurance, and 88.1% of premium including reinsurance. It appears that the largest driver of the change in underwriting gain/loss from 2021 to 2022 is a change in the “reserves for life and accident and health contracts” line, - \$509,000 in 2022 and + \$18,688,000 in 2021. 2022 Annual Statement, p. 4, line 22. Please identify the drivers of this difference in “reserves for life and accident and health contracts” and explicate the subcomponents of the reported “reserves for life and accident and health contracts” line.
7. Please provide the calculation(s) and data that support the statement that members receive “substantial savings” from BCBSVT’s use of a pharmacy benefit manager (PBM). Actuarial Mem. at 35 (stating that contracted rates with Blue Rx’s PBM “continue to provide substantial savings to consumers.”). BCBSVT’s answer should include a definition of what constitutes a “substantial” consumer saving, on a PMPM basis, and state how these savings are passed on to consumers.
8. Please provide the calculation(s) and data that support BCBSVT’s statement that programs and services instituted since 2018 have reduced 2024 premiums by 13.9 percent. Actuarial Mem. at 9 (“since 2019, Blue Cross VT has implemented a variety of programs and services that have the cumulative impact of mitigating 2024 premiums by 13.9 percent, or approximately \$61 million based on projected membership.”).
9. BCBSVT experienced a \$14,410,141 operations loss in its ASO Uninsured Plans. 2022 Annual Statement at p. 26.20, n. 18. Please detail the likely consequences (both positive and negative) of terminating this book of business on both BCBSVT as an entity and on the small group and individual books of business.

10. Describe BCBSVT's negotiations with hospitals subject to GMCB regulation for FY2023. BCBSVT's answer should identify any savings off the GMCB approved rates and quantify the impact of these savings on medical cost trend in these rate filings.

Dated in Montpelier, Vermont, this 8th day of June 2023.

/s/ Charles Becker

Charles Becker, Esq.
Office of the Health Care Advocate
Vermont Legal Aid
1085 U.S. Route 4, Suite 1A
Rutland, VT 05701
Voice (802) 775-0021 ext. 435
HCAraterreview@vtlegalaid.org

/s/ Eric Schultheis

Eric Schultheis, Ph.D., Esq.
Office of the Health Care Advocate
Vermont Legal Aid
56 College Street
Montpelier, VT 05602
Voice (802) 223-6377 ext. 325
HCAraterreview@vtlegalaid.org

CERTIFICATE OF SERVICE

I, Eric Schultheis, hereby certify that I have served the above HCA Suggested Questions for Blue Cross Blue Shield of Vermont on Michael Barber, Laura Beliveau, Jennifer DaPolito, and Geoffrey Battista of the Green Mountain Care Board; and Bridget Asay and Michael Donofrio, Stris & Maher LLP, representatives of Blue Cross Blue Shield of Vermont in the above-captioned matters, by electronic mail, delivery receipt requested, this 8th day of June, 2023.

/s/ Eric Schultheis

Eric Schultheis

Staff Attorney

Office of the Health Care Advocate

Vermont Legal Aid

56 College Street

Montpelier, VT 05602