

Responses to Objections Round 2 (Received on 3/19/2024)

Objection 1 –

Comments:

The response to prior objection #1 stated that the methodology changes are driven by analysis of retrospective experience. Please provide a more detailed explanation of the change for each item in the list provided on page 4 of the act memo. For example, provide a response similar in format to the table of explanations provided in the prior approved filing (SERFF Tracking# CCGP-133388045) Objection Letter 2, Objection #1.

Response:

The table below provides a more detailed explanation of each methodology change.

Appendix	Table #	Table Name	Reason for Change
B	1	Medical Base Claims	We adjusted our base rate for observed changes in medical claims from 2019 to 2021
B	2	MSC Weighting by SCC	We updated cost by MSC based on observed changes in medical claims from 2019 to 2021
B	8	Medical Utilization Dampening	We refined our assumptions for impacts of plan design on utilization of "Other" MSC bucket
B	11	Community Rate Loads	We reduced the range of adjustments when opting into Pathwell based on an updated analysis of the expected financial impact of utilizing the Pathwell network
B	12	Medical OON Program Savings Factors	We updated our adjustments for maximum reimbursable charge based on an analysis of FY 2021 claims experience
B	13	Industry Load	We determined that there wasn't enough differentiation between medical and pharmacy claims by industry to warrant having separate industry factors
B	14	Medical Demographic Factors	We updated our demographic factors based on an analysis of FY 2019 claims experience
C	21	Medical Area Factor Summary	We update our area factors based on area-specific claim experience
n/a	n/a	n/a	Pricing Adjustments for tiered benefits were previously applied as a manual process, but have now been incorporated into our automated pricing. We also added functionality to tier benefits by deductible and OOP max

D	26	MH/SUD: Trend and Adjustments	We regularly review our trend assumptions based on emerging experience and expected future changes to provider contracted rates, utilization, and other considerations
F	33	Retail AWP per Script Assumptions	We updated our AWP/script assumptions based on FY 2021 claims experience
F	34	Retail Script Count PMPY Assumptions	We updated our utilization assumptions based on FY 2021 claims experience
F	35	Script Channel Distribution Assumptions	We updated our channel mix assumptions based on FY 2021 claims experience
F	36	AWP Channel Distribution Assumptions	We updated our channel mix assumptions based on FY 2021 claims experience
F	39	Pharmacy Cost Trend	We regularly review our trend assumptions based on emerging experience, new drug pipelines, patent expirations and other considerations
F	40	Pharmacy Utilization Trend	We regularly review our trend assumptions based on emerging experience, new drug pipelines, patent expirations and other considerations
F	41	Pharmacy Area Factor	We updated our area factors based on area-specific claim experience

Objection 2 –

Comments:

Regarding the response to prior objection question #4 – Please provide a weighted average for the overall: ordered hospital budget increase, assumed inpatient unit cost trend, and assumed outpatient unit cost trend.

Response:

Please see the revised exhibit below. Note that the weighted average budget increases and unit cost trends account for only the hospitals listed below.

Facility	Ordered Hospital Budget Increases (FY24)	Assumed Unit Cost Trend (FY24)	
		Inpatient	Outpatient
Brattleboro Memorial Hospital	1.5%	3.5%	3.5%
Central Vermont Medical Center	5.0%	0.0%	0.0%
Copley Hospital	8.0%	3.5%	3.5%
Gifford Memorial Hospital	3.6%	3.7%	3.7%
Grace Cottage Hospital	4.0%	--	0.0%
Mt. Ascutney Hospital	5.1%	3.5%	3.1%
North Country Hospital	4.0%	3.5%	3.5%
Northeastern Vermont Regional Hospital	8.0%	3.5%	3.5%
Northwestern Medical Center	6.0%	3.5%	3.5%
Porter Medical Center	3.1%	0.0%	0.0%
Rutland Regional Medical Center	5.6%	3.5%	3.5%
Southwestern Vermont Medical Center	6.6%	3.5%	3.5%
Springfield Hospital	6.0%	3.5%	3.5%
University of Vermont Medical Center	3.1%	4.4%	5.0%
Weighted Average - VT Hospitals Only	4.2%	3.5%	3.5%

Objection 3 –

Comments:

The response to prior objection #5d indicates that the 7.2% trend in the act memo is the prior approved trend. However, this trend is calculated as $(1+7.5%)*(1-0.3%)-1= 7.2%$ where +7.5% is the prior approved trend and -0.3% is the “difference in current approved total trend vs total proposed trend”. This suggests that 7.5% is the prior approved trend, which agrees with the VT records and reports, and 7.2% is the proposed trend. Please address the following:

- a. Please clarify whether the proposed trend in this filing is 7.2% or 8.64%.
 - i. If the proposed trend is 7.2%, please reconcile to the trends shown on page 2 of the “VT 2024 Supplemental Exhibits”.
 - ii. If the proposed trend is 8.64%,
 1. Please revise the “Comparison to Status Quo” table in the act memo such that the combination of “filed and approved claims trend” and “changes to trend” line items result in the proposed trend;
 2. Please revise the table provided in prior objection #3 to show the 8.64% proposed trend.

Response:

There was a mixup of the 7.5% and 7.2% trend numbers in our previous objection response. A revised breakdown of the trend factors in this filing is below:

- **7.5%:** listed in the Actuarial Memorandum is trend from the last filed and approved filing whereas others are proposed trends. This was calculated using the prior filed and approved manuals using illustrative effective dates of 1/1/23 vs. 1/1/22.
- **7.2%:** listed in the Actuarial Memorandum the new proposal. It is calculated using the currently filed and approved manuals using illustrative effective dates of 1/1/24 vs. 1/1/23, before any changes to trend, area factors and methodology since last approved filing. This is developed to represent a blend of Medical and Rx for policies situated in Vermont.
 - Per the “Comparison to Status Quo” exhibit, there is an additional 0.7% average revision to pricing factors (trend, area factors, and methodology) since the prior approved filing
- **8.64%:** listed on page 2 of the “VT 2024 Supplemental Exhibits” tab is a 2024 trend assumption using Inpatient, Outpatient, Professional, and Other Medical Services experience for Medical only (no Rx) and VT residence only inclusive of revisions to pricing factors since the last approved filing. Because of the different basis from the above, there is not a direct crosswalk. In the future, please let us know if this support file is causing more confusion and we can remove.