

July 25, 2023

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

Subject: Your 07/24/2023 Questions re:
Blue Cross and Blue Shield of Vermont
2024 Vermont ACA Market – Individual Rate Filing (SERFF Tracking #: BCVT-133654578)
And
2024 Vermont ACA Market – Small Group Rate Filing (SERFF Tracking #: BCVT-133654592)

Dear Mr. Rugeberg:


In response to your requests dated July 24, 2023, here is *your question* and our answer:

1. *On July 18th, BCBSVT provided a response to a GMCB information request regarding unit cost trends. That document provided information for two years, labeled "2023" and "2024". Please provide a revised version of this exhibit where those labels are replaced by "FY 2023" and "FY 2024" and completed accordingly.*

We have revised the labels in the attached *Responses to Blue Cross VT 2024 ACA Filings – Inquiry 6 – Individual and Small Group.xlsx*. For facility contracts, we included the effective date of the increase included. Fiscal years do not always align with the experience period used and can differ between facilities. For the professional increases, the tables include the annual year-over-year trend as the concept of fiscal year is not used when setting the cost trends for professional services. We also revised one label to align with Exhibit 3A.

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 B. Lemieux, F.S.A., M.A.A.A.
Actuarial Director, Financial Integrity

**BLUE CROSS AND BLUE SHIELD OF VERMONT
2024 VERMONT ACA MARKET RATE FILINGS - INDIVIDUAL AND SMALL GROUP**

**RESPONSES TO ACTUARIAL INQUIRY 6, DATED JULY 24, 2023
QUESTION 1**

Derivation of Inpatient Trends, 2023-2024, by Provider - Submitted Budgets								
	Percentage of Inpatient Claims in CY 2022	FY 2024 Inpatient Contract	Effective Date of Increase	Source	Projected Percentage of Inpatient Claims in CY 2023 (only due to change in cost)	FY 2025 Inpatient Contract	Effective Date of Increase	Source
Brattleboro		1.50%	10/1/2023	Hosp Budget Narrative, Page 2		1.50%	10/1/2024	Hosp Budget Narrative, Page 2
CVMC (1)			1/1/2023	Negotiated Increase		10.95%	1/1/2024	Hosp Budget Narrative, Page 17
Copley		15.00%	10/1/2023	Hosp Budget Narrative, Page 8		15.00%	10/1/2024	Hosp Budget Narrative, Page 8
Gifford		3.00%	10/1/2023	Hosp Budget Narrative, Page 5		3.00%	10/1/2024	Hosp Budget Narrative, Page 5
Grace Cottage		4.00%	10/1/2023	Hosp Budget Narrative, Page 2		4.00%	10/1/2024	Hosp Budget Narrative, Page 2
Mt. Ascutney		6.50%	10/1/2023	Hosp Budget Narrative, Page 4		6.50%	10/1/2024	Hosp Budget Narrative, Page 4
North Country		4.50%	10/1/2023	Hosp Budget Narrative, Page 2		4.50%	10/1/2024	Hosp Budget Narrative, Page 2
Northeastern		16.75%	10/1/2023	Hosp Budget Narrative, Page 8		16.75%	10/1/2024	Hosp Budget Narrative, Page 8
Northwestern		7.10%	10/1/2023	Hosp Budget Narrative, Page 6		7.10%	10/1/2024	Hosp Budget Narrative, Page 6
Porter (1)			1/1/2023	Negotiated Increase		6.86%	1/1/2024	Hosp Budget Narrative, Page 17
RRMC		5.62%	10/1/2023	Hosp Budget Narrative, Page 6		5.62%	10/1/2024	Hosp Budget Narrative, Page 6
Southwestern		9.50%	10/1/2023	Hosp Budget Narrative, Page 8		9.50%	10/1/2024	Hosp Budget Narrative, Page 8
Springfield		6.95%	10/1/2023	Hosp Budget Narrative, Page 4		6.95%	10/1/2024	Hosp Budget Narrative, Page 4
UVMMC (1)			1/1/2023	Negotiated Increase		13.45%	1/1/2024	Hosp Budget Narrative, Page 17
DHMC			7/1/2023	Negotiated Increase			7/1/2024	Best estimate of contract negotiation
All Other (2)			Many	Blend of best estimates and effective contracts			Many	Blend of best estimates and effective contracts
GMCB Subtotal (2)	52.2%	14.6%			54.0%	11.4%		
Total (2)	100.0%	10.7%			100.0%	9.1%		

(1) - These hospitals have contract dates of January 1. The increase included under "FY 2024" is the increase for January 1, 2023 and the increase included under "FY 2025" is for January 1, 2024.

(2) - The changes in the 'All Other', 'GMCB Subtotal' and 'Total' columns are year-over-year unit cost trend changes.

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Derivation of Outpatient Trends, 2023-2024, by Provider - Submitted Budgets								
	Percentage of Outpatient Claims in CY 2022	FY 2024 Outpatient Contract	Effective Date of Increase	Source	Projected Percentage of Outpatient Claims in CY 2023 (only due to change in cost)	FY 2025 Outpatient Contract	Effective Date of Increase	Source
Brattleboro		1.50%	10/1/2023	Hosp Budget Narrative, Page 2		1.50%	10/1/2024	Hosp Budget Narrative, Page 2
CVMC (1)			1/1/2023	Negotiated Increase		10.95%	1/1/2024	Hosp Budget Narrative, Page 17
Copley		15.00%	10/1/2023	Hosp Budget Narrative, Page 8		15.00%	10/1/2024	Hosp Budget Narrative, Page 8
Gifford		4.00%	10/1/2023	Hosp Budget Narrative, Page 5		4.00%	10/1/2024	Hosp Budget Narrative, Page 5
Grace Cottage		4.00%	10/1/2023	Hosp Budget Narrative, Page 2		4.00%	10/1/2024	Hosp Budget Narrative, Page 2
GMSC				Negotiated Increase			6/1/2024	Best estimate of contract negotiation
Mt. Ascutney		6.50%	10/1/2023	Hosp Budget Narrative, Page 4		6.50%	10/1/2024	Hosp Budget Narrative, Page 4
North Country		4.50%	10/1/2023	Hosp Budget Narrative, Page 2		4.50%	10/1/2024	Hosp Budget Narrative, Page 2
Northeastern		16.75%	10/1/2023	Hosp Budget Narrative, Page 8		16.75%	10/1/2024	Hosp Budget Narrative, Page 8
Northwestern		7.10%	10/1/2023	Hosp Budget Narrative, Page 6		7.10%	10/1/2024	Hosp Budget Narrative, Page 6
Porter (1)			1/1/2023	Negotiated Increase		6.86%	1/1/2024	Hosp Budget Narrative, Page 17
RRMC		5.62%	10/1/2023	Hosp Budget Narrative, Page 6		5.62%	10/1/2024	Hosp Budget Narrative, Page 6
Southwestern		9.50%	10/1/2023	Hosp Budget Narrative, Page 8		9.50%	10/1/2024	Hosp Budget Narrative, Page 8
Springfield		6.95%	10/1/2023	Hosp Budget Narrative, Page 4		6.95%	10/1/2024	Hosp Budget Narrative, Page 4
UVMMC (1)			1/1/2023	Negotiated Increase		13.45%	1/1/2024	Hosp Budget Narrative, Page 17
DHMC			7/1/2023	Negotiated Increase			7/1/2024	Best estimate of contract negotiation
All Other (2)			Many	Blend of best estimates and effective contracts			Many	Blend of best estimates and effective contracts
GMCB Subtotal (2)	71.5%	13.2%			72.7%	10.1%		
Total (2)	100.0%	11.4%			100.0%	9.2%		

(1) - These hospitals have contract dates of January 1. The increase included under "FY 2024" is the increase for January 1, 2023 and the increase included under "FY 2025" is for January 1, 2024.

(2) - The changes in the 'All Other', 'GMCB Subtotal' and 'Total' columns are year-over-year unit cost trend changes.

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2024 VERMONT ACA MARKET RATE FILINGS - INDIVIDUAL AND SMALL GROUP**

**RESPONSES TO ACTUARIAL INQUIRY 6, DATED JULY 24, 2023
QUESTION 1**

Derivation of Pharmaceutical Trends, 2023-2024, by Provider - Submitted Budgets								
	Percentage of Pharmaceuticals Claims in CY 2022	FY 2024 Pharmaceuticals Contract	Effective Date of Increase	Source	Projected Percentage of Pharmaceuticals Claims in CY 2023 (only due to change in cost)	FY 2025 Pharmaceuticals Contract	Effective Date of Increase	Source
Brattleboro		1.50%	10/1/2023	Hosp Budget Narrative, Page 2		1.50%	10/1/2024	Hosp Budget Narrative, Page 2
CVMC (1)			1/1/2023	Negotiated Increase		10.95%	1/1/2024	Hosp Budget Narrative, Page 17
Copley		15.00%	10/1/2023	Hosp Budget Narrative, Page 8		15.00%	10/1/2024	Hosp Budget Narrative, Page 8
Gifford		4.00%	10/1/2023	Hosp Budget Narrative, Page 5		4.00%	10/1/2024	Hosp Budget Narrative, Page 5
Grace Cottage		4.00%	10/1/2023	Hosp Budget Narrative, Page 2		4.00%	10/1/2024	Hosp Budget Narrative, Page 2
GMSC				Negotiated Increase				Best estimate of contract negotiation
Mt. Ascutney		6.50%	10/1/2023	Hosp Budget Narrative, Page 4		6.50%	10/1/2024	Hosp Budget Narrative, Page 4
North Country		4.50%	10/1/2023	Hosp Budget Narrative, Page 2		4.50%	10/1/2024	Hosp Budget Narrative, Page 2
Northeastern		16.75%	10/1/2023	Hosp Budget Narrative, Page 8		16.75%	10/1/2024	Hosp Budget Narrative, Page 8
Northwestern		7.10%	10/1/2023	Hosp Budget Narrative, Page 6		7.10%	10/1/2024	Hosp Budget Narrative, Page 6
Porter (1)			1/1/2023	Negotiated Increase		6.86%	1/1/2024	Hosp Budget Narrative, Page 17
RRMC		5.62%	10/1/2023	Hosp Budget Narrative, Page 6		5.62%	10/1/2024	Hosp Budget Narrative, Page 6
Southwestern		9.50%	10/1/2023	Hosp Budget Narrative, Page 8		9.50%	10/1/2024	Hosp Budget Narrative, Page 8
Springfield		6.95%	10/1/2023	Hosp Budget Narrative, Page 4		6.95%	10/1/2024	Hosp Budget Narrative, Page 4
UVMMC (1)			1/1/2023	Negotiated Increase		13.45%	1/1/2024	Hosp Budget Narrative, Page 17
DHMC			7/1/2023	Negotiated Increase			7/1/2024	Best estimate of contract negotiation
All Other (2)			Many	Blend of best estimates and effective contracts			Many	Blend of best estimates and effective contracts
GMCB Subtotal (2)	64.2%	14.2%			65.6%	10.9%		
Total (2)	100.0%	11.6%			100.0%	9.7%		

(1) - These hospitals have contract dates of January 1. The increase included under "FY 2024" is the increase for January 1, 2023 and the increase included under "FY 2025" is for January 1, 2024.

(2) - The changes in the 'All Other', 'GMCB Subtotal' and 'Total' columns are year-over-year unit cost trend changes.

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**RESPONSES TO ACTUARIAL INQUIRY 6, DATED JULY 24, 2023
QUESTION 1**

Derivation of Physician Trends, 2023-2024, by Provider - Submitted Budgets				
	Percentage of Professional Claims in CY 2022	Professional Trend from CY 2022 to CY 2023	Projected Percentage of Professional Claims in CY 2023 (only due to change in cost)	Professional Trend from CY 2023 to CY 2024
Total	100.0%	6.2%	100.0%	6.1%

The changes above are year-over-year unit cost trend changes, which may not be equivalent to an increase value that is assumed to occur in 2023 or 2024 depending on the contract effective date.

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**RESPONSES TO ACTUARIAL INQUIRY 6, DATED JULY 24, 2023
QUESTION 1**

Derivation of Inpatient Trends, 2023-2024, by Provider - Submitted Budgets Reduced by 17%								
	Percentage of Inpatient Claims in CY 2022	FY 2024 Inpatient Contract	Effective Date of Increase	Source	Projected Percentage of Inpatient Claims in CY 2023 (only due to change in cost)	FY 2025 Inpatient Contract	Effective Date of Increase	Source
Brattleboro		1.25%	10/1/2023	Hosp Budget Narrative, Page 2		1.25%	10/1/2024	Hosp Budget Narrative, Page 2
CVMC (1)			1/1/2023	Negotiated Increase		9.09%	1/1/2024	Hosp Budget Narrative, Page 17
Copley		12.45%	10/1/2023	Hosp Budget Narrative, Page 8		12.45%	10/1/2024	Hosp Budget Narrative, Page 8
Gifford		2.49%	10/1/2023	Hosp Budget Narrative, Page 5		2.49%	10/1/2024	Hosp Budget Narrative, Page 5
Grace Cottage		3.32%	10/1/2023	Hosp Budget Narrative, Page 2		3.32%	10/1/2024	Hosp Budget Narrative, Page 2
Mt. Ascutney		5.39%	10/1/2023	Hosp Budget Narrative, Page 4		5.39%	10/1/2024	Hosp Budget Narrative, Page 4
North Country		3.74%	10/1/2023	Hosp Budget Narrative, Page 2		3.74%	10/1/2024	Hosp Budget Narrative, Page 2
Northeastern		13.90%	10/1/2023	Hosp Budget Narrative, Page 8		13.90%	10/1/2024	Hosp Budget Narrative, Page 8
Northwestern		5.89%	10/1/2023	Hosp Budget Narrative, Page 6		5.89%	10/1/2024	Hosp Budget Narrative, Page 6
Porter (1)			1/1/2023	Negotiated Increase		5.69%	1/1/2024	Hosp Budget Narrative, Page 17
RRMC		4.66%	10/1/2023	Hosp Budget Narrative, Page 6		4.66%	10/1/2024	Hosp Budget Narrative, Page 6
Southwestern		7.89%	10/1/2023	Hosp Budget Narrative, Page 8		7.89%	10/1/2024	Hosp Budget Narrative, Page 8
Springfield		5.77%	10/1/2023	Hosp Budget Narrative, Page 4		5.77%	10/1/2024	Hosp Budget Narrative, Page 4
UVMMC (1)			1/1/2023	Negotiated Increase		11.16%	1/1/2024	Hosp Budget Narrative, Page 17
DHMC			7/1/2023	Negotiated Increase			7/1/2024	Best estimate of contract negotiation
All Other (2)			Many	Blend of best estimates and effective contracts			Many	Blend of best estimates and effective contracts
GMCB Subtotal (2)	52.2%	14.5%			54.0%	9.4%		
Total (2)	100.0%	10.7%			100.0%	8.1%		

(1) - These hospitals have contract dates of January 1. The increase included under "FY 2024" is the increase for January 1, 2023 and the increase included under "FY 2025" is for January 1, 2024.

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QUESTION 1**

Derivation of Outpatient Trends, 2023-2024, by Provider - Submitted Budgets Reduced by 17%								
	Percentage of Outpatient Claims in CY 2022	FY 2024 Outpatient Contract	Effective Date of Increase	Source	Projected Percentage of Outpatient Claims in CY 2023 (only due to change in cost)	FY 2025 Outpatient Contract	Effective Date of Increase	Source
Brattleboro		1.25%	10/1/2023	Hosp Budget Narrative, Page 2		1.25%	10/1/2024	Hosp Budget Narrative, Page 2
CVMC (1)			1/1/2023	Negotiated Increase		9.09%	1/1/2024	Hosp Budget Narrative, Page 17
Copley		12.45%	10/1/2023	Hosp Budget Narrative, Page 8		12.45%	10/1/2024	Hosp Budget Narrative, Page 8
Gifford		3.32%	10/1/2023	Hosp Budget Narrative, Page 5		3.32%	10/1/2024	Hosp Budget Narrative, Page 5
Grace Cottage		3.32%	10/1/2023	Hosp Budget Narrative, Page 2		3.32%	10/1/2024	Hosp Budget Narrative, Page 2
GMSC				Negotiated Increase				Best estimate of contract negotiation
Mt. Ascutney		5.39%	10/1/2023	Hosp Budget Narrative, Page 4		5.39%	10/1/2024	Hosp Budget Narrative, Page 4
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Northeastern		13.90%	10/1/2023	Hosp Budget Narrative, Page 8		13.90%	10/1/2024	Hosp Budget Narrative, Page 8
Northwestern		5.89%	10/1/2023	Hosp Budget Narrative, Page 6		5.89%	10/1/2024	Hosp Budget Narrative, Page 6
Porter (1)			1/1/2023	Negotiated Increase		5.69%	1/1/2024	Hosp Budget Narrative, Page 17
RRMC		4.66%	10/1/2023	Hosp Budget Narrative, Page 6		4.66%	10/1/2024	Hosp Budget Narrative, Page 6
Southwestern		7.89%	10/1/2023	Hosp Budget Narrative, Page 8		7.89%	10/1/2024	Hosp Budget Narrative, Page 8
Springfield		5.77%	10/1/2023	Hosp Budget Narrative, Page 4		5.77%	10/1/2024	Hosp Budget Narrative, Page 4
UVMMC (1)			1/1/2023	Negotiated Increase		11.16%	1/1/2024	Hosp Budget Narrative, Page 17
DHMC			7/1/2023	Negotiated Increase			7/1/2024	Best estimate of contract negotiation
All Other (2)			Many	Blend of best estimates and effective contracts			Many	Blend of best estimates and effective contracts
GMCB Subtotal (2)	71.5%	13.0%			72.7%	8.4%		
Total (2)	100.0%	11.2%			100.0%	8.0%		

(1) - These hospitals have contract dates of January 1. The increase included under "FY 2024" is the increase for January 1, 2023 and the increase included under "FY 2025" is for January 1, 2024.

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	Percentage of Pharmaceuticals Claims in CY 2022	FY 2024 Pharmaceuticals Contract	Effective Date of Increase	Source	Projected Percentage of Pharmaceuticals Claims in CY 2023 (only due to change in cost)	FY 2025 Pharmaceuticals Contract	Effective Date of Increase	Source
Brattleboro		1.25%	10/1/2023	Hosp Budget Narrative, Page 2		1.25%	10/1/2024	Hosp Budget Narrative, Page 2
CVMC (1)			1/1/2023	Negotiated Increase		9.09%	1/1/2024	Hosp Budget Narrative, Page 17
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Northeastern		13.90%	10/1/2023	Hosp Budget Narrative, Page 8		13.90%	10/1/2024	Hosp Budget Narrative, Page 8
Northwestern		5.89%	10/1/2023	Hosp Budget Narrative, Page 6		5.89%	10/1/2024	Hosp Budget Narrative, Page 6
Porter (1)			1/1/2023	Negotiated Increase		5.69%	1/1/2024	Hosp Budget Narrative, Page 17
RRMC		4.66%	10/1/2023	Hosp Budget Narrative, Page 6		4.66%	10/1/2024	Hosp Budget Narrative, Page 6
Southwestern		7.89%	10/1/2023	Hosp Budget Narrative, Page 8		7.89%	10/1/2024	Hosp Budget Narrative, Page 8
Springfield		5.77%	10/1/2023	Hosp Budget Narrative, Page 4		5.77%	10/1/2024	Hosp Budget Narrative, Page 4
UVMCC (1)			1/1/2023	Negotiated Increase		11.16%	1/1/2024	Hosp Budget Narrative, Page 17
DHMC			7/1/2023	Negotiated Increase			7/1/2024	Best estimate of contract negotiation
All Other (2)			Many	Blend of best estimates and effective contracts			Many	Blend of best estimates and effective contracts
GMCB Subtotal (2)	64.2%	14.1%			65.6%	9.1%		
Total (2)	100.0%	11.6%			100.0%	8.5%		

(1) - These hospitals have contract dates of January 1. The increase included under "FY 2024" is the increase for January 1, 2023 and the increase included under "FY 2025" is for January 1, 2024.

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Derivation of Physician Trends, 2023-2024, by Provider - Submitted Budgets Reduced by 17%				
	Percentage of Professional Claims in CY 2022	Professional Trend from CY 2022 to CY 2023	Projected Percentage of Professional Claims in CY 2023 (only due to change in cost)	Professional Trend from CY 2023 to CY 2024
Total	100.0%	6.2%	100.0%	5.7%

The changes above are year-over-year unit cost trend changes, which may not be equivalent to an increase value that is assumed to occur in 2023 or 2024 depending on the contract effective date.