

July 27, 2023

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

Subject: Your 07/26/2023 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)

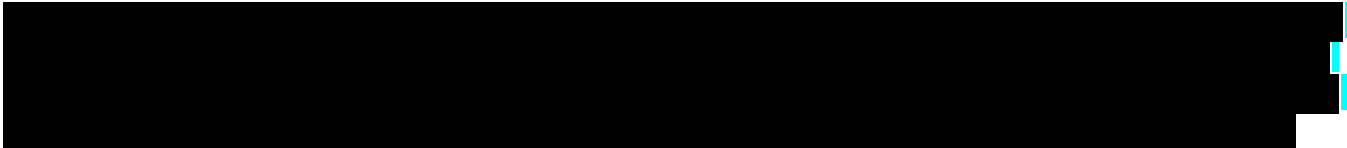
Dear Mr. Rugeberg:

In response to your requests dated July 26, 2023, here is *your question* and our answer:

- Please disclose and provide quantitative support for the impact to the rates if the assumed hospital budget order was set equal to the charge increases in the table below.*

	<i>FY 2023 to FY 2024 Charge Increase</i>				
	<i>Total</i>	<i>Inpatient</i>	<i>Outpatient</i>	<i>Professional</i>	<i>Commercial Charge Increase</i>
<i>Brattleboro</i>					<i>1.50%</i>
<i>Central VT</i>					<i>10.95%</i>
<i>Copley</i>	<i>15.0%</i>	<i>16.2%</i>	<i>16.2%</i>	<i>3.5%</i>	
<i>Gifford</i>					<i>8.60%</i>
<i>Grace Cottage</i>					<i>2.0%</i>
<i>Mt. Ascutney</i>	<i>5.1%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>3.5%</i>	
<i>North Country</i>	<i>4.5%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>0.0%</i>	
<i>Northeastern VT</i>	<i>15.0%</i>	<i>16.8%</i>	<i>16.8%</i>	<i>0.0%</i>	
<i>Northwestern</i>	<i>6.0%</i>	<i>7.1%</i>	<i>7.1%</i>	<i>0.0%</i>	
<i>Porter</i>					<i>6.86%</i>
<i>Rutland</i>	<i>5.6%</i>	<i>4.4%</i>	<i>8.8%</i>	<i>0.0%</i>	
<i>Southwestern VT</i>					<i>3.87%</i>
<i>Springfield</i>	<i>7.1%</i>	<i>1.8%</i>	<i>8.4%</i>	<i>7.7%</i>	
<i>University of VT</i>					<i>13.45%</i>

Please see attached *Responses to Blue Cross VT 2024 ACA Filing – Inquiry 7 – Individual and Small Group.xlsx* for a copy of Exhibit 3A with the increases above for the support of the updated cost trend calculation. For hospitals with an October renewal, we applied the increases above for both October 2023 and October 2024.



The table below shows the impact of using the increases above as compared to the proposed rates at hearing (page 5 of Binder Exhibit 20).

Market	Rate Change at Hearing	Rate Change with cost trend from the table above
Individual	+18.0%	+19.2%
Small Group	+17.5%	+18.8%

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

RESPONSES TO ACTUARIAL INQUIRY 7, DATED JULY 26, 2023
QUESTION 1

MEDICAL COST TREND DEVELOPMENT - TOTAL TREND

Inpatient	GMCB	Other	Total
Year 0	23,671,081	21,690,677	45,361,758
Year 1	27,120,542	23,081,811	50,202,353
Year 2	30,148,780	24,593,952	54,742,732
Trend Y1/Y0	14.6%	6.4%	10.7%
Trend Y2/Y1	11.2%	6.6%	9.0%
Annual Cost Trend	12.9%	6.5%	9.9%

Outpatient	GMCB	Other	Total
Year 0	78,831,771	31,364,973	110,196,744
Year 1	89,312,328	33,471,013	122,783,341
Year 2	98,608,929	35,778,476	134,387,405
Trend Y1/Y0	13.3%	6.7%	11.4%
Trend Y2/Y1	10.4%	6.9%	9.5%
Annual Cost Trend	11.8%	6.8%	10.4%

Pharmaceuticals	GMCB	Other	Total
Year 0	16,683,368	9,300,644	25,984,011
Year 1	19,063,277	9,966,482	29,029,758
Year 2	21,214,064	10,715,959	31,930,023
Trend Y1/Y0	14.3%	7.2%	11.7%
Trend Y2/Y1	11.3%	7.5%	10.0%
Annual Cost Trend	12.8%	7.3%	10.9%

Professional	GMCB	Other	Total
Year 0	12,821,485	58,635,123	71,456,608
Year 1	14,784,018	61,107,894	75,891,912
Year 2	16,772,469	64,164,589	80,937,058
Trend Y1/Y0	15.3%	4.2%	6.2%
Trend Y2/Y1	13.5%	5.0%	6.6%
Annual Cost Trend	14.4%	4.6%	6.4%

Total	GMCB	Other	Total
Year 0	132,007,705	120,991,417	252,999,122
Year 1	150,280,165	127,627,200	277,907,365
Year 2	166,744,242	135,252,977	301,997,219
Trend Y1/Y0	13.8%	5.5%	9.8%
Trend Y2/Y1	11.0%	6.0%	8.7%
Annual Cost Trend	12.4%	5.7%	9.3%