

July 18, 2024

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

Subject: Your 07/15/2024 Questions re: 2025 Blue Cross VT Association Health Plan Rating Program Filing (SERFF Tracking #: BCVT-134106867)

Dear Mr. Rugeberg:

In response to your request dated July 15, 2024, here are *your questions* and our answers:

1. *Provide the anticipated rate impact under the following two scenarios:*
 - a. *Hospital budgets are approved as recently submitted.*
 - b. *Hospital budgets are approved at zero rate change for FY2024.*
 - c. *Hospital budgets are approved at a uniform 10% unit cost increase for FY2024 for all facilities.*

The table below provides our current understanding of the FY 2025¹ hospital budget submissions.

Facility	IP	OP	PR	Source
Brattleboro		4.70%		Hosp Budget Narrative, Page 3
CVMC	6.54%	6.54%	6.54%	Hosp Budget Narrative, Page 15
Copley		10.70%		Hosp Budget Narrative, Page 5
Gifford		6.80%		Hosp Budget Narrative, Page 4
Grace Cottage		4.00%		Hosp Budget Narrative, Page 2
Mt. Ascutney		2.90%		Hosp Budget Narrative, Page 6
North Country		4.00%		Hosp Budget Narrative, Page 3
Northeastern		4.50%		Hosp Budget Narrative, Page 5
Northwestern		7.00%		Email from NMC to Blue Cross VT on July 17, 2024
Porter	2.99%	2.99%	2.99%	Hosp Budget Narrative, Page 11
RRMC	3.40%	3.40%	0.00%	Hosp Budget Narrative, Page 3
Southwestern		3.40%		Hosp Budget Narrative, Page 5
Springfield		2.00%		Hosp Budget Narrative, Page 10
UVMCC	6.51%	6.51%	6.51%	Hosp Budget Narrative, Page 12

¹ We understand the question to be asking for the FY 2025 hospital budgets, which we were submitted to the GMCB on July 1, 2024.

For certain facilities where their professional services are provided under financially independent FQHCs, we assume the professional payments will increase separately from the submitted budget amounts.

The table below provides the anticipated rate impact by scenario. We also assumed any subsequent increase after FY 2025 would follow the unit cost change noted in each respective scenario.

In preparing the response to this question, we discovered that the manual rate in the filing used the approved trend factors from the 2025 Large Group Rating Program filing, instead of the submitted trend factors from the 2025 Large Group Unit Cost filing. We provide a scenario below to capture this additional trend scenario, which was the intended basis for the filing.

Rating Impact by Scenario					
Scenario		Unit Cost Filing Trends	A (FY 2025 Submissions)	B (0%)	C (10%)
Filed Medical Manual Rate	A	\$633.05	\$633.05	\$633.05	\$633.05
Filed Medical Paid Trend Factor	B	1.1981	1.1981	1.1981	1.1981
Scenario Medical Paid Trend Factor	C	1.1747	1.1910	1.1527	1.2229
Scenario Medical Manual Rate	$D = A \times (C/B)$	\$620.70	\$629.32	\$609.04	\$646.17
Filed Pharmacy Manual Rate	E	\$186.23	\$186.23	\$186.23	\$186.23
Scenario Total Manual Rate	$F = D + E$	\$806.93	\$815.55	\$795.27	\$832.40
Change in Manual Rate		-1.5%	-0.5%	-2.9%	1.6%
Change in Full Manual Premium (from 2024)		+8.6%	+9.7%	+7.1%	+11.9%
Change in Full Manual Premium (from Submission)		-1.4%	-0.4%	-2.8%	+1.6%

Please let us know if you have any further questions, or if we can provide additional clarity on any of the items above.

Sincerely,



Matthew J. Goodrich, F.S.A., M.A.A.A.
Associate Actuary