

July 18, 2024

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

Subject: Your 07/15/2024 Questions re: 2025 Blue Cross VT Large Group Unit Cost Trend Filing (SERFF Tracking #: BCVT-134106868)

Dear Mr. Ruggeberg:

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

Provide the anticipated rate impact under the following scenario
a. Hospital budgets are approved as recently submitted.

The table below provides our current understanding of the FY 2025 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
UVMMC	6.51%	6.51%	6.51%	Hosp Budget Narrative, Page 12

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.

Rating Impact by Scenario		
Scenario		A
Filed Medical Manual Rate	A	\$647.17
Filed Medical Paid Trend Factor	B	1.1935
Scenario Medical Paid Trend Factor	C	1.2101
Scenario Medical Manual Rate	$D = A \times (C/B)$	\$656.18
Filed Pharmacy Manual Rate	E	\$157.13
Scenario Total Manual Rate	$F = D + E$	\$813.31
Change in Manual Rate		+1.1%
Change in Full Manual Premium		+1.1%

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