

July 18, 2024

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

Subject: Your 07/16/2024 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:

- In light of the recent letter sent to the Green Mountain Care Board in relation to the outstanding Individual and Small Group filings, please clarify whether any changes to the CTR for this block are proposed.*

The circumstances discussed in the 'Pre-filed testimony of Ruth Greene'¹ on the 2025 QHP filings extend beyond the QHP market. For the reasons outlined on the QHP filings, we similarly update the CTR component in this filing to 7 percent.

- What is the rate impact to this filing of the final approved version of H.766, as compared to the version used to develop the rates in this filing?*

The below table updates the information provided in the actuarial memorandum to reflect the final version of H.766 / H.890.

Calculation of Impact of Reduction in Payment Integrity, Step Therapy and Prior Authorizations			
		Medical	Pharmacy
CY 2023 Allowed Charges ²	A	\$56,282,594	\$14,199,099
Estimated Reduction in Savings	B	\$389,018	\$504,150
Adjusted CY 2023 Charges	C = A + B	\$56,671,612	\$14,703,249
Experience Adjustment Factor	D = C / A	1.0069	1.0355

H.890 delayed aspects of H.766 for one year. We expect filed factors to remain accurate for quotes processed on or after January 1, 2026. If the projection period contains a mix of pre- and post-2026 months, we will pro-rate the adjustment factor using the filed factors and the above factors.

¹

<https://ratereview.vermont.gov/sites/dfr/files/documents/2024%2007%2012%202025%20Rate%20Review%20RGreene%20REDACTED%20PreFiled%20Testimony.pdf>

The below table provides the full manual premium impact of the changes since filing. The changes are incremental, meaning each rightward column incorporates all previous changes.

	Update Hospital Budgets	Update CTR	Update H.766
Change in Full Manual Premium from Unit Cost Filing Submission	+1.1%	+5.5%	+4.8%
Change in Full Manual Premium from Approved 2025 Filing	+1.5%	+6.3%	+5.5%

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