

## **CHLIC Responses to VT Objections Round 4 (received 11/7/2024)**

### Objection 1

1. The revised historical trends in “Objection 3.4 - Historical Medical Trends.xlsx” show a 15.1% medical trend for 2023, please address the following:

a. This trend is significantly higher than the average trend observed from 2019-2022. Please discuss in detail the drivers of the significant increase in medical trend in 2023.

b. The actual profit from 2023 was 8.5%, as provided in a prior objection response. Please discuss how this significantly positive profit was realized given the significantly high trend observed in 2023.

### **Response:**

a. 2023 trend was much higher than the average observed trend from 2019-2022 for VT residents. The most substantial trend contributors in VT in 2023 were:

- Surgery (especially cardio and thoracic)
- Radiology
- Specialty Injectables
- Inpatient services

b. The 8.5% profit number was calculated from the Supplemental Health Care Exhibit (SHCE), which considers VT-sitused groups only. This data includes a very small subset of Cigna’s Vermont-based members (about 3,000 covered lives, compared to over 40,000 covered lives in the trend exhibit).

The 15.1% 2023 trend is calculated using VT residents, regardless of their situs (over 40,000 covered lives).