

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing at a Glance

Company: TVHP
 Product Name: 2014 TVHP Provision for Large Claims Filing
 State: Vermont
 TOI: ML02 Multi-Line - Other
 Sub-TOI: ML02.000 Multi-Line - Other
 Filing Type: GMCB Trend / Admin Charge
 Date Submitted: 01/14/2014
 SERFF Tr Num: BCVT-129374083
 SERFF Status: Pending Industry Response
 State Tr Num:
 State Status:
 Co Tr Num:

 Implementation: On Approval
 Date Requested:
 Author(s): Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
 Reviewer(s): Thomas Crompton (primary), Kelly Macnee, David Dillon, Jacqueline Lee, Judith Henkin
 Disposition Date:
 Disposition Status:
 Implementation Date:

 State Filing Description:

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile:
Project Number: Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments:
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Large
Group Market Type: Employer Overall Rate Impact:
Filing Status Changed: 02/19/2014
State Status Changed: Deemer Date:
Created By: Jude Daye Submitted By: Jude Daye
Corresponding Filing Tracking Number:

Filing Description:
January 10, 2014

Judith Henkin, Esq.
Health Policy Director
Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, Vermont 05620

Subject: The Vermont Health Plan - NAIC # 95696
Provision for Large Claims Filing for 2014

Dear Ms. Henkin:

Enclosed for your review and approval is The Vermont Health Plan's (TVHP) Provision for Large Claims filing for 2014. This filing provides pooling factors to be used in the experience rating of TVHP Large Group business.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tom Crompton / GMCB
Ruth Greene / BCBSVT
Vince Mace / BCBSVT
Paul Schultz/BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant dayej@bcbsvt.com
445 Industrial Lane 802-371-3244 [Phone]
Montpelier, VT 05601

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company Information

| | | |
|-----------------------------|-------------------------|----------------------------|
| TVHP | CoCode: 95696 | State of Domicile: Vermont |
| PO BOX 186 | Group Code: | Company Type: HMO |
| Montpelier, VT 05601 | Group Name: | State ID Number: |
| (802) 371-3450 ext. [Phone] | FEIN Number: 03-0354356 | |

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:

BCVT-129374083

State Tracking #:**Company Tracking #:**

State: Vermont
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

| Status | Created By | Created On | Date Submitted |
|------------------|----------------|------------|----------------|
| Pending Response | Jacqueline Lee | 02/12/2014 | 02/12/2014 |
| Pending Response | Jacqueline Lee | 02/03/2014 | 02/03/2014 |
| Pending Response | Jacqueline Lee | 01/17/2014 | 01/17/2014 |

Response Letters

| Responded By | Created On | Date Submitted |
|-------------------------|------------|----------------|
| Martine Brisson-Lemieux | 02/14/2014 | 02/14/2014 |
| Jude Daye | 02/06/2014 | 02/06/2014 |
| Martine Brisson-Lemieux | 01/22/2014 | 01/22/2014 |

Filing Notes

| Subject | Note Type | Created By | Created On | Date Submitted |
|--|------------------|------------|------------|----------------|
| Amendment to 2014 TVHP Provision for Large Claims Filing | Note To Reviewer | Jude Daye | 02/14/2014 | 02/14/2014 |

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Objection Letter

| | |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 02/12/2014 |
| Submitted Date | 02/12/2014 |
| Respond By Date | 02/14/2014 |

Dear Jude Daye,

Introduction:

Please see the attached letter.

Conclusion:

*Sincerely,
Jacqueline Lee*

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Bonnie S. Albritton, F.S.A.
Brian D. Rankin, F.S.A.
Wesley R. Campbell, F.S.A.
Jacqueline B. Lee, F.S.A.
Robert E. Gove, A.S.A.
J. Finn Knox-Seith, A.S.A.
Brian C. Stentz, A.S.A.
Jay W. Fuller, A.S.A.
Sujaritha Tansen, A.S.A.
Josh A. Hammerquist, A.S.A.
Xiaoxiao (Lisa) Jiang, A.S.A.
Jennifer M. Allen, A.S.A.
Sergei Mordovin, A.S.A.
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

Kansas City

Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
David L. Batchelder, A.S.A.
Leon L. Langlitz, F.S.A.
Gary R. McElwain, FLMI
Anthony G. Proulx, F.S.A.
Thomas L. Handley, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.

London / Kansas City

Roger K. Amin, F.S.A.
Timothy A. DeMars, F.S.A.
Scott E. Morrow, F.S.A.

Baltimore

David A. Palmer, C.F.E.

February 12, 2014

Jude Daye, Executive Assistant
Blue Cross and Blue Shield of Vermont
445 Industrial Lane
Montpelier, VT 05601

Re: Blue Cross and Blue Shield of Vermont
2014 TVHP Provision for Large Claims Filing
SERFF Tracking #: BCVT-129374083

Dear Jude Daye:

We have been retained by the Green Mountain Care Board (“GMCB”) to review the above referenced group products filing submitted on 1/14/2014. The following additional information is required for this filing.

Questions:

1. Please provide Exhibit 2 for CY2011 & CY2012 combined. Please provide this data set by attachment point and include the estimated credibility factor assigned. Why was CY2011 excluded from this exhibit for this filing?
2. Provide support for the credibility factor. How was this method determined? Have you performed any studies to show this credibility methodology is appropriate?
3. In the January 21st response (Q3) and February 6th response (Q6), there is an average pooling charge for the Merit/ER of 18.6%.
 - a. Please provide the breakdown of December membership by pooling point and the average pooling point.

- b. Please express the overall average change in terms of dollars per member per month.
4. In the February 6th response (Q7), the estimated charges for the Net Cost of Reinsurance were included from the 2013 filing. What were the actual charges from the reinsurance contract for the 2013 filing? How did this compare to your estimate?

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than February 14, 2014. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.
Vice President & Consulting Actuary
Lewis & Ellis, Inc.
jlee@lewisellis.com
(972)850-0850

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Objection Letter

| | |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 02/03/2014 |
| Submitted Date | 02/03/2014 |
| Respond By Date | 02/06/2014 |

Dear Jude Daye,

Introduction:

Please see the attached letter.

Conclusion:

*Sincerely,
Jacqueline Lee*

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Bonnie S. Albritton, F.S.A.
Brian D. Rankin, F.S.A.
Wesley R. Campbell, F.S.A.
Jacqueline B. Lee, F.S.A.
Robert E. Gove, A.S.A.
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Brian C. Stentz, A.S.A.
Jay W. Fuller, A.S.A.
Sujaritha Tansen, A.S.A.
Josh A. Hammerquist, A.S.A.
Xiaoxiao (Lisa) Jiang, A.S.A.
Jennifer M. Allen, A.S.A.
Sergei Mordovin, A.S.A.
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

Kansas City

Gary L. Rose, F.S.A.
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Leon L. Langlitz, F.S.A.
Gary R. McElwain, FLMI
Anthony G. Proulx, F.S.A.
Thomas L. Handley, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.

London / Kansas City

Roger K. Amin, F.S.A.
Timothy A. DeMars, F.S.A.
Scott E. Morrow, F.S.A.

Baltimore

David A. Palmer, C.F.E.

February 3, 2014

Jude Daye, Executive Assistant
Blue Cross and Blue Shield of Vermont
445 Industrial Lane
Montpelier, VT 05601

Re: Blue Cross and Blue Shield of Vermont
2014 TVHP Provision for Large Claims Filing
SERFF Tracking #: BCVT-129374083

Dear Jude Daye:

We have been retained by the Green Mountain Care Board (“GMCB”) to review the above referenced group products filing submitted on 1/14/2014. The following additional information is required for this filing.

Notice regarding proper responses:

- A minimum-acceptable response to quantitative questions from us must include a spreadsheet calculation with retained formulas such that we can replicate the calculations therein.
- Explanatory responses are merely a supplement to the spreadsheet material and in of themselves will constitute a lack of response

Questions:

1. Why is it appropriate to combine the large group experience from the BCBSVT & TVHP for the underwritten and Cost Plus groups together into one? Please provide the credibility percentages or exposure levels for each subset of the group.
2. Please provide support for the 4.1% trend used to project the experience. This may include the last 36 months of data with sufficient run-out to support the trends used to

- project the claims costs. To the extent that the historical data does not support the trends used, please provide an explanation for the differences.
3. What is the rating period? Please confirm that the experience is projected to the midpoint of this rating period. If not, please explain.
 4. How were the 2013 Milliman Health Cost Guidelines trended? What timeframe were the Guidelines trended to? What was the trend amount?
 5. How is the pooling point determined when applied to a case?
 6. For the block of business subject to the pooling charge, what is the overall increase that will impact policyholders? How were trend and experience considered and applied?
 7. For the net cost of reinsurance, explain why you are calculating the anticipated reinsurance premium rather than using the contractual arrangement. What is the change from the prior filing?

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than February 6, 2014. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,



Jacqueline Lee, F.S.A., M.A.A.A.
Vice President & Consulting Actuary
Lewis & Ellis, Inc.
jlee@lewisellis.com
(972)850-0850

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Objection Letter

| | |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 01/17/2014 |
| Submitted Date | 01/17/2014 |
| Respond By Date | 01/21/2014 |

Dear Jude Daye,

Introduction:

Please see the attached objection letter. Please respond no later than the end of day on January 21, 2014.

Conclusion:

*Sincerely,
Jacqueline Lee*

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
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Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.

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Timothy A. DeMars, F.S.A.
Scott E. Morrow, F.S.A.

Baltimore

David A. Palmer, C.F.E.

January 17, 2014

Jude Daye, Executive Assistant
The Vermont Health Plan
PO Box 186
Montpelier, VT 05601

Re: The Vermont Health Plan
2014 TVHP Provision for Large Claims
SERFF Tracking #: BCVT-129374083

Dear Jude Daye:

We have been retained by the Green Mountain Care Board (“GMCB”) to review the above referenced group products filing submitted on 1/14/2014. The following additional information is required for this filing.

1. Please submit the SERFF PDF Pipelines with all communications for the previously approved version of this filing and the filing that is referenced specifically in the Actuarial Memorandum.
2. If applicable, please update Exhibit 2 to include 2011 experience.
3. Based on the current sales distribution, what is the average change in the updated factors?

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than January 21, 2014. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

A handwritten signature in black ink that reads "Josh Hammerquist". The signature is written in a cursive, slightly slanted style.

Josh Hammerquist A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.
jhammerquist@lewisellis.com
(972)850-0850

SERFF Tracking #:

BCVT-129374083

State Tracking #:

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

Response Letter

Response Letter Status Submitted to State
Response Letter Date 02/14/2014
Submitted Date 02/14/2014

Dear Thomas Crompton,

Introduction:

Attached please find the response from TVHP on the "objection" to the 2014 TVHP Provision for Large Claims Filing

Response 1

Comments:

Requested documentation for objection

Changed Items:

Supporting Document Schedule Item Changes

| | |
|--------------------------|--|
| Satisfied - Item: | Response to TVHP Provision for Large Claims Filing Actuarial Review Inquiries - 02.14.2014 |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims Filing Actuarial Review Inquiries - 02.14.2014 - Redacted Version.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Martine Brisson-Lemieux

SERFF Tracking #:

BCVT-129374083

State Tracking #:

Company Tracking #:

State: Vermont Filing Company: TVHP
 TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
 Product Name: 2014 TVHP Provision for Large Claims Filing
 Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 02/06/2014
 Submitted Date 02/06/2014

Dear Thomas Crompton,

Introduction:

Attached please find the response from BCBSVT on the "Objection" to the 2014 TVHP Provision for Large Claims Filing.

Response 1

Comments:

Requested documentation for objection.

Changed Items:

Supporting Document Schedule Item Changes

| | |
|--------------------------|---|
| Satisfied - Item: | Response to TVHP 2014 Provision for Large Claims and Stop Loss Filing Actuarial Review Inquiries - 02.03.2014 |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims and Stop Loss Filing Actuarial Review Inquiries - 02.03.2014.pdf |

| | |
|--------------------------|---|
| Satisfied - Item: | BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing |
| Comments: | |
| Attachment(s): | BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing.pdf |

Supporting Document Schedule Item Changes

| | |
|--------------------------|---|
| Satisfied - Item: | Response to TVHP 2014 Provision for Large Claims and Stop Loss Filing Actuarial Review Inquiries - 02.03.2014 |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims and Stop Loss Filing Actuarial Review Inquiries - 02.03.2014.pdf |

| | |
|--------------------------|---|
| Satisfied - Item: | BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing |
| Comments: | |
| Attachment(s): | BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking #:

BCVT-129374083

State Tracking #:

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company:

TVHP

Conclusion:

Sincerely,
Jude Daye

SERFF Tracking #:

BCVT-129374083

State Tracking #:

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

Response Letter

Response Letter Status Submitted to State
Response Letter Date 01/22/2014
Submitted Date 01/22/2014

Dear Thomas Crompton,

Introduction:

Attached please find the response to the "objection" to the 2014 TVHP Provision for Large Claims Filing

Response 1

Comments:

Required documents attached.

Changed Items:

Supporting Document Schedule Item Changes

| | |
|--------------------------|---|
| Satisfied - Item: | Response Letter for TVHP 2014 Provision for Large Claims |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims Actuarial Review Interrogatories- 01 17 2014.pdf BCVT-128829841 - TVHP 2013 Provision for Large Claims Filing.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Martine Brisson-Lemieux

State: Vermont

Filing Company: TVHP

TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other

Product Name: 2014 TVHP Provision for Large Claims Filing

Project Name/Number: /

Note To Reviewer

Created By:

Jude Daye on 02/14/2014 02:24 PM

Last Edited By:

Jude Daye

Submitted On:

02/14/2014 02:24 PM

Subject:

Amendment to 2014 TVHP Provision for Large Claims Filing

Comments:

Attached please find the supporting documents for the amendment to the 2014 TVHP Provision for Large Claims Filing.



**BlueCross BlueShield
of Vermont**

An Independent Licensee of the Blue Cross and Blue Shield Association.

Kevin Goddard
Vice President External Affairs and Sales

February 13, 2014

Judith Henkin, Esq.
Health Policy Director
Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, Vermont 05620

**Subject: The Vermont Health Plan - NAIC # 53295
Provision for Large Claims for 2014
SERFF # BCVT-129374083
Amended Exhibit 3**

Dear Ms. Henkin:

Due to a clerical error, the charges displayed on Exhibit 3 were not the correct charges. Specifically, the information displayed on Exhibit 3 incorrectly referenced the factors based on BCBSVT experience (as shown on Exhibit 1), rather than the blended Merit net claim factor. We are providing an amended Exhibit 3, attached, with the correct references. This change does not represent a change in methodology or calculation; rather, it simply displays the correct information calculated as described in our Actuarial Memorandum and our responses to the actuarial inquiries to date, as shown on Exhibit 1.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tom Crompton / GMCB
Ruth Greene / BCBSVT
Vince Mace / BCBSVT
Paul Schultz/BCBSVT

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|--|--|--|--|--|--|
| | <u>Q4 2012</u> <u>claim*</u> <u>factor</u> | <u>Q1 2013</u> <u>claim*</u> <u>factor</u> | <u>Q2 2013</u> <u>claim*</u> <u>factor</u> | <u>Q3 2013</u> <u>claim*</u> <u>factor</u> | <u>Q4 2013</u> <u>claim*</u> <u>factor</u> | <u>Q1 2014</u> <u>claim*</u> <u>factor</u> |
| \$30,000 | 35.66% | 35.97% | 36.28% | 36.60% | 36.92% | 37.24% |
| \$35,000 | 31.00% | 31.28% | 31.55% | 31.83% | 32.12% | 32.40% |
| \$40,000 | 27.40% | 27.64% | 27.89% | 28.14% | 28.40% | 28.66% |
| \$45,000 | 24.50% | 24.73% | 24.96% | 25.19% | 25.42% | 25.66% |
| \$50,000 | 22.12% | 22.33% | 22.54% | 22.75% | 22.96% | 23.18% |
| \$55,000 | 20.15% | 20.34% | 20.53% | 20.72% | 20.92% | 21.12% |
| \$60,000 | 18.46% | 18.64% | 18.82% | 19.00% | 19.19% | 19.37% |
| \$65,000 | 17.02% | 17.19% | 17.36% | 17.53% | 17.70% | 17.88% |
| \$70,000 | 15.75% | 15.90% | 16.06% | 16.23% | 16.39% | 16.56% |
| \$75,000 | 14.63% | 14.78% | 14.94% | 15.09% | 15.25% | 15.40% |
| \$80,000 | 13.62% | 13.77% | 13.92% | 14.07% | 14.22% | 14.37% |
| \$85,000 | 12.75% | 12.89% | 13.02% | 13.16% | 13.30% | 13.44% |
| \$90,000 | 11.95% | 12.08% | 12.22% | 12.36% | 12.49% | 12.63% |
| \$95,000 | 11.23% | 11.35% | 11.48% | 11.61% | 11.74% | 11.87% |
| \$100,000 | 10.59% | 10.71% | 10.83% | 10.95% | 11.07% | 11.19% |
| \$105,000 | 10.00% | 10.10% | 10.23% | 10.35% | 10.46% | 10.58% |
| \$110,000 | 9.47% | 9.57% | 9.69% | 9.80% | 9.90% | 10.02% |
| \$115,000 | 8.97% | 9.08% | 9.19% | 9.30% | 9.40% | 9.51% |
| \$120,000 | 8.54% | 8.63% | 8.73% | 8.83% | 8.93% | 9.04% |
| \$125,000 | 8.13% | 8.22% | 8.32% | 8.42% | 8.51% | 8.61% |
| \$130,000 | 7.75% | 7.84% | 7.93% | 8.02% | 8.12% | 8.21% |
| \$135,000 | 7.41% | 7.49% | 7.58% | 7.67% | 7.76% | 7.85% |
| \$140,000 | 7.09% | 7.16% | 7.25% | 7.34% | 7.42% | 7.51% |
| \$145,000 | 6.79% | 6.87% | 6.95% | 7.03% | 7.11% | 7.20% |
| \$150,000 | 6.51% | 6.58% | 6.67% | 6.75% | 6.83% | 6.91% |
| \$155,000 | 6.25% | 6.31% | 6.39% | 6.47% | 6.55% | 6.64% |
| \$160,000 | 6.02% | 6.08% | 6.15% | 6.22% | 6.29% | 6.37% |
| \$165,000 | 5.80% | 5.86% | 5.93% | 6.00% | 6.07% | 6.14% |
| \$170,000 | 5.58% | 5.65% | 5.72% | 5.79% | 5.86% | 5.93% |
| \$175,000 | 5.37% | 5.44% | 5.51% | 5.58% | 5.65% | 5.72% |
| \$180,000 | 5.18% | 5.23% | 5.30% | 5.37% | 5.44% | 5.51% |
| \$185,000 | 5.02% | 5.07% | 5.13% | 5.19% | 5.24% | 5.31% |
| \$190,000 | 4.86% | 4.91% | 4.97% | 5.03% | 5.08% | 5.14% |
| \$195,000 | 4.71% | 4.76% | 4.82% | 4.88% | 4.93% | 4.99% |
| \$200,000 | 4.55% | 4.61% | 4.67% | 4.73% | 4.78% | 4.84% |
| \$205,000 | 4.40% | 4.46% | 4.52% | 4.58% | 4.63% | 4.69% |
| \$210,000 | 4.28% | 4.32% | 4.37% | 4.43% | 4.49% | 4.55% |
| \$215,000 | 4.17% | 4.21% | 4.26% | 4.30% | 4.35% | 4.40% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|--|--|--|--|--|--|
| | <u>Q4 2012</u> <u>claim*</u> <u>factor</u> | <u>Q1 2013</u> <u>claim*</u> <u>factor</u> | <u>Q2 2013</u> <u>claim*</u> <u>factor</u> | <u>Q3 2013</u> <u>claim*</u> <u>factor</u> | <u>Q4 2013</u> <u>claim*</u> <u>factor</u> | <u>Q1 2014</u> <u>claim*</u> <u>factor</u> |
| \$220,000 | 4.05% | 4.10% | 4.15% | 4.19% | 4.24% | 4.28% |
| \$225,000 | 3.94% | 3.99% | 4.04% | 4.08% | 4.13% | 4.18% |
| \$230,000 | 3.83% | 3.88% | 3.93% | 3.98% | 4.02% | 4.07% |
| \$235,000 | 3.73% | 3.77% | 3.82% | 3.87% | 3.92% | 3.96% |
| \$240,000 | 3.63% | 3.67% | 3.72% | 3.76% | 3.81% | 3.86% |
| \$245,000 | 3.53% | 3.57% | 3.62% | 3.67% | 3.71% | 3.75% |
| \$250,000 | 3.42% | 3.47% | 3.52% | 3.57% | 3.61% | 3.66% |
| \$255,000 | 3.32% | 3.37% | 3.42% | 3.47% | 3.51% | 3.56% |
| \$260,000 | 3.22% | 3.27% | 3.32% | 3.37% | 3.42% | 3.47% |
| \$265,000 | 3.13% | 3.17% | 3.22% | 3.27% | 3.32% | 3.37% |
| \$270,000 | 3.05% | 3.09% | 3.13% | 3.18% | 3.22% | 3.27% |
| \$275,000 | 2.97% | 3.01% | 3.05% | 3.10% | 3.14% | 3.18% |
| \$280,000 | 2.89% | 2.93% | 2.97% | 3.02% | 3.06% | 3.10% |
| \$285,000 | 2.81% | 2.85% | 2.89% | 2.94% | 2.98% | 3.02% |
| \$290,000 | 2.73% | 2.77% | 2.82% | 2.86% | 2.90% | 2.95% |
| \$295,000 | 2.65% | 2.69% | 2.74% | 2.78% | 2.83% | 2.87% |
| \$300,000 | 2.58% | 2.61% | 2.66% | 2.70% | 2.75% | 2.79% |
| \$305,000 | 2.52% | 2.55% | 2.59% | 2.63% | 2.67% | 2.72% |
| \$310,000 | 2.46% | 2.49% | 2.53% | 2.56% | 2.60% | 2.64% |
| \$315,000 | 2.40% | 2.43% | 2.47% | 2.51% | 2.54% | 2.58% |
| \$320,000 | 2.34% | 2.37% | 2.41% | 2.45% | 2.48% | 2.52% |
| \$325,000 | 2.28% | 2.31% | 2.35% | 2.39% | 2.43% | 2.46% |
| \$330,000 | 2.22% | 2.25% | 2.29% | 2.33% | 2.37% | 2.40% |
| \$335,000 | 2.16% | 2.20% | 2.23% | 2.27% | 2.31% | 2.35% |
| \$340,000 | 2.10% | 2.14% | 2.18% | 2.21% | 2.25% | 2.29% |
| \$345,000 | 2.04% | 2.08% | 2.12% | 2.16% | 2.19% | 2.23% |
| \$350,000 | 1.99% | 2.02% | 2.06% | 2.10% | 2.14% | 2.18% |
| \$355,000 | 1.95% | 1.97% | 2.00% | 2.04% | 2.08% | 2.12% |
| \$360,000 | 1.91% | 1.93% | 1.96% | 1.99% | 2.02% | 2.06% |
| \$365,000 | 1.87% | 1.89% | 1.92% | 1.95% | 1.98% | 2.01% |
| \$370,000 | 1.82% | 1.85% | 1.88% | 1.91% | 1.94% | 1.97% |
| \$375,000 | 1.78% | 1.81% | 1.84% | 1.87% | 1.90% | 1.93% |
| \$380,000 | 1.74% | 1.77% | 1.80% | 1.83% | 1.86% | 1.89% |
| \$385,000 | 1.70% | 1.73% | 1.76% | 1.79% | 1.82% | 1.85% |
| \$390,000 | 1.66% | 1.69% | 1.72% | 1.75% | 1.78% | 1.81% |
| \$395,000 | 1.62% | 1.65% | 1.68% | 1.71% | 1.74% | 1.77% |
| \$400,000 | 1.58% | 1.61% | 1.64% | 1.67% | 1.70% | 1.73% |
| \$405,000 | 1.54% | 1.57% | 1.60% | 1.63% | 1.66% | 1.69% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|--|--|--|--|--|--|
| | <u>Q4 2012</u> <u>claim*</u> <u>factor</u> | <u>Q1 2013</u> <u>claim*</u> <u>factor</u> | <u>Q2 2013</u> <u>claim*</u> <u>factor</u> | <u>Q3 2013</u> <u>claim*</u> <u>factor</u> | <u>Q4 2013</u> <u>claim*</u> <u>factor</u> | <u>Q1 2014</u> <u>claim*</u> <u>factor</u> |
| \$410,000 | 1.51% | 1.53% | 1.56% | 1.59% | 1.62% | 1.65% |
| \$415,000 | 1.48% | 1.50% | 1.52% | 1.55% | 1.58% | 1.61% |
| \$420,000 | 1.45% | 1.47% | 1.49% | 1.52% | 1.54% | 1.58% |
| \$425,000 | 1.42% | 1.44% | 1.47% | 1.49% | 1.51% | 1.54% |
| \$430,000 | 1.39% | 1.41% | 1.44% | 1.46% | 1.48% | 1.51% |
| \$435,000 | 1.36% | 1.38% | 1.41% | 1.43% | 1.46% | 1.48% |
| \$440,000 | 1.33% | 1.35% | 1.38% | 1.40% | 1.43% | 1.45% |
| \$445,000 | 1.30% | 1.32% | 1.35% | 1.37% | 1.40% | 1.42% |
| \$450,000 | 1.27% | 1.29% | 1.32% | 1.35% | 1.37% | 1.40% |
| \$455,000 | 1.24% | 1.27% | 1.29% | 1.32% | 1.34% | 1.37% |
| \$460,000 | 1.21% | 1.24% | 1.26% | 1.29% | 1.31% | 1.34% |
| \$465,000 | 1.19% | 1.21% | 1.23% | 1.26% | 1.29% | 1.31% |
| \$470,000 | 1.16% | 1.18% | 1.21% | 1.23% | 1.26% | 1.28% |
| \$475,000 | 1.14% | 1.16% | 1.18% | 1.20% | 1.23% | 1.26% |
| \$480,000 | 1.12% | 1.14% | 1.16% | 1.18% | 1.20% | 1.23% |
| \$485,000 | 1.10% | 1.12% | 1.14% | 1.16% | 1.18% | 1.20% |
| \$490,000 | 1.08% | 1.10% | 1.12% | 1.14% | 1.16% | 1.18% |
| \$495,000 | 1.06% | 1.08% | 1.10% | 1.12% | 1.14% | 1.16% |
| \$500,000 | 1.03% | 1.05% | 1.08% | 1.10% | 1.12% | 1.14% |
| \$505,000 | 1.01% | 1.03% | 1.05% | 1.08% | 1.10% | 1.12% |
| \$510,000 | 0.99% | 1.01% | 1.03% | 1.05% | 1.07% | 1.10% |
| \$515,000 | 0.97% | 0.99% | 1.01% | 1.03% | 1.05% | 1.07% |
| \$520,000 | 0.95% | 0.97% | 0.99% | 1.01% | 1.03% | 1.05% |
| \$525,000 | 0.93% | 0.95% | 0.97% | 0.99% | 1.01% | 1.03% |
| \$530,000 | 0.92% | 0.93% | 0.95% | 0.97% | 0.99% | 1.01% |
| \$535,000 | 0.90% | 0.92% | 0.93% | 0.95% | 0.97% | 0.99% |
| \$540,000 | 0.88% | 0.90% | 0.92% | 0.93% | 0.95% | 0.97% |
| \$545,000 | 0.87% | 0.88% | 0.90% | 0.92% | 0.93% | 0.95% |
| \$550,000 | 0.85% | 0.87% | 0.89% | 0.90% | 0.92% | 0.94% |
| \$555,000 | 0.84% | 0.85% | 0.87% | 0.89% | 0.90% | 0.92% |
| \$560,000 | 0.82% | 0.84% | 0.85% | 0.87% | 0.89% | 0.91% |
| \$565,000 | 0.80% | 0.82% | 0.84% | 0.86% | 0.87% | 0.89% |
| \$570,000 | 0.79% | 0.81% | 0.82% | 0.84% | 0.86% | 0.87% |
| \$575,000 | 0.77% | 0.79% | 0.81% | 0.83% | 0.84% | 0.86% |
| \$580,000 | 0.76% | 0.77% | 0.79% | 0.81% | 0.83% | 0.84% |
| \$585,000 | 0.74% | 0.76% | 0.78% | 0.79% | 0.81% | 0.83% |
| \$590,000 | 0.73% | 0.74% | 0.76% | 0.78% | 0.80% | 0.81% |
| \$595,000 | 0.71% | 0.73% | 0.75% | 0.76% | 0.78% | 0.80% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | <u>Q4 2012</u> claim* factor | <u>Q1 2013</u> claim* factor | <u>Q2 2013</u> claim* factor | <u>Q3 2013</u> claim* factor | <u>Q4 2013</u> claim* factor | <u>Q1 2014</u> claim* factor |
| \$600,000 | 0.69% | 0.71% | 0.73% | 0.75% | 0.77% | 0.78% |
| \$605,000 | 0.68% | 0.70% | 0.71% | 0.73% | 0.75% | 0.77% |
| \$610,000 | 0.66% | 0.68% | 0.70% | 0.72% | 0.74% | 0.75% |
| \$615,000 | 0.65% | 0.66% | 0.68% | 0.70% | 0.72% | 0.74% |
| \$620,000 | 0.63% | 0.65% | 0.67% | 0.69% | 0.71% | 0.72% |
| \$625,000 | 0.62% | 0.63% | 0.65% | 0.67% | 0.69% | 0.71% |
| \$630,000 | 0.61% | 0.62% | 0.64% | 0.66% | 0.68% | 0.69% |
| \$635,000 | 0.61% | 0.61% | 0.62% | 0.64% | 0.66% | 0.68% |
| \$640,000 | 0.60% | 0.61% | 0.62% | 0.63% | 0.64% | 0.66% |
| \$645,000 | 0.59% | 0.60% | 0.61% | 0.62% | 0.63% | 0.65% |
| \$650,000 | 0.58% | 0.59% | 0.60% | 0.61% | 0.62% | 0.63% |
| \$655,000 | 0.58% | 0.59% | 0.59% | 0.60% | 0.61% | 0.62% |
| \$660,000 | 0.57% | 0.58% | 0.59% | 0.60% | 0.61% | 0.61% |
| \$665,000 | 0.56% | 0.57% | 0.58% | 0.59% | 0.60% | 0.61% |
| \$670,000 | 0.55% | 0.56% | 0.57% | 0.58% | 0.59% | 0.60% |
| \$675,000 | 0.55% | 0.56% | 0.57% | 0.58% | 0.58% | 0.59% |
| \$680,000 | 0.54% | 0.55% | 0.56% | 0.57% | 0.58% | 0.59% |
| \$685,000 | 0.53% | 0.54% | 0.55% | 0.56% | 0.57% | 0.58% |
| \$690,000 | 0.53% | 0.53% | 0.54% | 0.55% | 0.56% | 0.57% |
| \$695,000 | 0.52% | 0.53% | 0.54% | 0.55% | 0.56% | 0.57% |
| \$700,000 | 0.51% | 0.52% | 0.53% | 0.54% | 0.55% | 0.56% |
| \$705,000 | 0.50% | 0.51% | 0.52% | 0.53% | 0.54% | 0.55% |
| \$710,000 | 0.50% | 0.51% | 0.52% | 0.53% | 0.54% | 0.55% |
| \$715,000 | 0.49% | 0.50% | 0.51% | 0.52% | 0.53% | 0.54% |
| \$720,000 | 0.48% | 0.49% | 0.50% | 0.51% | 0.52% | 0.53% |
| \$725,000 | 0.47% | 0.48% | 0.49% | 0.50% | 0.51% | 0.52% |
| \$730,000 | 0.47% | 0.48% | 0.49% | 0.50% | 0.51% | 0.52% |
| \$735,000 | 0.46% | 0.47% | 0.48% | 0.49% | 0.50% | 0.51% |
| \$740,000 | 0.45% | 0.46% | 0.47% | 0.48% | 0.49% | 0.50% |
| \$745,000 | 0.44% | 0.46% | 0.47% | 0.48% | 0.49% | 0.50% |
| \$750,000 | 0.44% | 0.45% | 0.46% | 0.47% | 0.48% | 0.49% |
| \$755,000 | 0.43% | 0.44% | 0.45% | 0.46% | 0.47% | 0.48% |
| \$760,000 | 0.42% | 0.43% | 0.44% | 0.45% | 0.47% | 0.48% |
| \$765,000 | 0.42% | 0.43% | 0.44% | 0.45% | 0.46% | 0.47% |
| \$770,000 | 0.41% | 0.42% | 0.43% | 0.44% | 0.45% | 0.46% |
| \$775,000 | 0.40% | 0.41% | 0.42% | 0.43% | 0.44% | 0.45% |
| \$780,000 | 0.39% | 0.40% | 0.42% | 0.43% | 0.44% | 0.45% |
| \$785,000 | 0.39% | 0.40% | 0.41% | 0.42% | 0.43% | 0.44% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|----------------|----------------|----------------|----------------|----------------|
| | <u>Q4 2012</u> | <u>Q1 2013</u> | <u>Q2 2013</u> | <u>Q3 2013</u> | <u>Q4 2013</u> | <u>Q1 2014</u> |
| | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> |
| | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> |
| \$790,000 | 0.38% | 0.39% | 0.40% | 0.41% | 0.42% | 0.43% |
| \$795,000 | 0.37% | 0.38% | 0.39% | 0.41% | 0.42% | 0.43% |
| \$800,000 | 0.36% | 0.38% | 0.39% | 0.40% | 0.41% | 0.42% |
| \$805,000 | 0.36% | 0.37% | 0.38% | 0.39% | 0.40% | 0.41% |
| \$810,000 | 0.35% | 0.36% | 0.37% | 0.38% | 0.40% | 0.41% |
| \$815,000 | 0.34% | 0.35% | 0.37% | 0.38% | 0.39% | 0.40% |
| \$820,000 | 0.33% | 0.35% | 0.36% | 0.37% | 0.38% | 0.39% |
| \$825,000 | 0.33% | 0.34% | 0.35% | 0.36% | 0.37% | 0.39% |
| \$830,000 | 0.32% | 0.33% | 0.34% | 0.36% | 0.37% | 0.38% |
| \$835,000 | 0.31% | 0.32% | 0.34% | 0.35% | 0.36% | 0.37% |
| \$840,000 | 0.31% | 0.32% | 0.33% | 0.34% | 0.35% | 0.36% |
| \$845,000 | 0.31% | 0.31% | 0.32% | 0.33% | 0.35% | 0.36% |
| \$850,000 | 0.31% | 0.31% | 0.32% | 0.33% | 0.34% | 0.35% |
| \$855,000 | 0.30% | 0.31% | 0.31% | 0.32% | 0.33% | 0.34% |
| \$860,000 | 0.30% | 0.30% | 0.31% | 0.31% | 0.33% | 0.34% |
| \$865,000 | 0.30% | 0.30% | 0.31% | 0.31% | 0.32% | 0.33% |
| \$870,000 | 0.29% | 0.30% | 0.30% | 0.31% | 0.31% | 0.32% |
| \$875,000 | 0.29% | 0.30% | 0.30% | 0.31% | 0.31% | 0.32% |
| \$880,000 | 0.29% | 0.29% | 0.30% | 0.30% | 0.31% | 0.31% |
| \$885,000 | 0.29% | 0.29% | 0.30% | 0.30% | 0.30% | 0.31% |
| \$890,000 | 0.28% | 0.29% | 0.29% | 0.30% | 0.30% | 0.31% |
| \$895,000 | 0.28% | 0.28% | 0.29% | 0.29% | 0.30% | 0.30% |
| \$900,000 | 0.28% | 0.28% | 0.29% | 0.29% | 0.30% | 0.30% |
| \$905,000 | 0.27% | 0.28% | 0.28% | 0.29% | 0.29% | 0.30% |
| \$910,000 | 0.27% | 0.28% | 0.28% | 0.29% | 0.29% | 0.30% |
| \$915,000 | 0.27% | 0.27% | 0.28% | 0.28% | 0.29% | 0.29% |
| \$920,000 | 0.27% | 0.27% | 0.28% | 0.28% | 0.29% | 0.29% |
| \$925,000 | 0.26% | 0.27% | 0.27% | 0.28% | 0.28% | 0.29% |
| \$930,000 | 0.26% | 0.27% | 0.27% | 0.28% | 0.28% | 0.29% |
| \$935,000 | 0.26% | 0.26% | 0.27% | 0.27% | 0.28% | 0.28% |
| \$940,000 | 0.25% | 0.26% | 0.26% | 0.27% | 0.27% | 0.28% |
| \$945,000 | 0.25% | 0.26% | 0.26% | 0.27% | 0.27% | 0.28% |
| \$950,000 | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% | 0.27% |
| \$955,000 | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% | 0.27% |
| \$960,000 | 0.24% | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% |
| \$965,000 | 0.24% | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% |
| \$970,000 | 0.24% | 0.24% | 0.25% | 0.25% | 0.26% | 0.26% |
| \$975,000 | 0.24% | 0.24% | 0.25% | 0.25% | 0.26% | 0.26% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3 - Amended

| | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|----------------|----------------|----------------|----------------|----------------|
| | <u>Q4 2012</u> | <u>Q1 2013</u> | <u>Q2 2013</u> | <u>Q3 2013</u> | <u>Q4 2013</u> | <u>Q1 2014</u> |
| <u>Limit</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> |
| | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> |
| \$980,000 | 0.23% | 0.24% | 0.24% | 0.25% | 0.25% | 0.26% |
| \$985,000 | 0.23% | 0.24% | 0.24% | 0.25% | 0.25% | 0.26% |
| \$990,000 | 0.23% | 0.23% | 0.24% | 0.24% | 0.25% | 0.25% |
| \$995,000 | 0.22% | 0.23% | 0.23% | 0.24% | 0.25% | 0.25% |
| \$1,000,000 | 0.22% | 0.23% | 0.23% | 0.24% | 0.24% | 0.25% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

SERFF Tracking #:

BCVT-129374083

State Tracking #:

Company Tracking #:

State: Vermont

Filing Company:

TVHP

TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other

Product Name: 2014 TVHP Provision for Large Claims Filing

Project Name/Number: /

Supporting Document Schedules

| | |
|--------------------------|--|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | 2014 TVHP Provision for Large Claims Filing - Actuarial Memorandum.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|---------------------------------|
| Bypassed - Item: | Civil Union Rating Requirements |
| Bypass Reason: | Not required. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|-------------------------------------|
| Satisfied - Item: | Filing Compliance Certification |
| Comments: | |
| Attachment(s): | Filing Compliance Certification.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Third Party Filing Authorization |
| Bypass Reason: | BCBSVT does not use a Third Party to submit filings. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | Plain Language Summary |
| Comments: | |
| Attachment(s): | 2014 TVHP Provision for Large Claims Filing - Plan Language Summary.pdf |
| Item Status: | |
| Status Date: | |

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|--------------------------|----------|
| Satisfied - Item: | Exhibits |
| Comments: | |

SERFF Tracking #:

BCVT-129374083

State Tracking #:**Company Tracking #:**

State: Vermont
TOI/Sub-TOI: ML02 Multi-Line - Other/ML02.000 Multi-Line - Other
Product Name: 2014 TVHP Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

| | |
|-----------------------|--|
| Attachment(s): | 2014 TVHP Provision for Large Claims Filing - Exhibit 1.pdf 2014 TVHP Provision for Large Claims Filing - Exhibit 2.pdf 2014 TVHP Provision for Large Claims Filing - Exhibit 3.pdf 2014 TVHP Provision for Large Claims Filing - Exhibit 4.pdf |
| Item Status: | |
| Status Date: | |

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|--------------------------|---|
| Satisfied - Item: | Response Letter for TVHP 2014 Provision for Large Claims |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims Actuarial Review Interrogatories- 01 17 2014.pdf BCVT-128829841 - TVHP 2013 Provision for Large Claims Filing.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | Response to TVHP 2014 Provision for Large Claims and Stop Loss Filing Actuarial Review Inquiries - 02.03.2014 |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims and Stop Loss Filing Actuarial Review Inquiries - 02.03.2014.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing |
| Comments: | |
| Attachment(s): | BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--|
| Satisfied - Item: | Response to TVHP Provision for Large Claims Filing Actuarial Review Inquiries - 02.14.2014 |
| Comments: | |
| Attachment(s): | Response to TVHP 2014 Provision for Large Claims Filing Actuarial Review Inquiries - 02.14.2014 - Redacted Version.pdf |
| Item Status: | |
| Status Date: | |

The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum

Summary

The purpose of this filing is to re-price the provision for large claims factors to be used in the pricing of The Vermont Health Plan's (TVHP) experience-rated groups.

We intend to apply these factors to determine rates for groups that are renewing or applying for coverage with TVHP. The factors will be used for renewals or proposals delivered 10 or more business days after the date of approval of this filing, through 10 business days after the approval of a successor filing.

Provision for Large Claims Development

In order to develop the provision for large claims factors, allowed charges and paid claims through September 30, 2013 were analyzed for the experience years ending December 31, 2011 and December 31, 2012. Only amounts for BCBSVT and TVHP members in underwritten or Cost Plus groups were included in the experience data. Capitated services and claims incurred by Medicare-eligible members were excluded. Any groups that do not include prescription drugs as a covered expense under their BCBSVT/TVHP benefit plan were excluded.

In prior filings, although BCBSVT/TVHP processed all managed mental health claims, the coverage was capitated and provided via an external vendor, and therefore was excluded from the stop loss analysis. Because managed mental health coverage is now provided by BCBSVT/TVHP, we are including the history of such allowed charges and claims in this year's analysis.

Claims to Allowed Charges

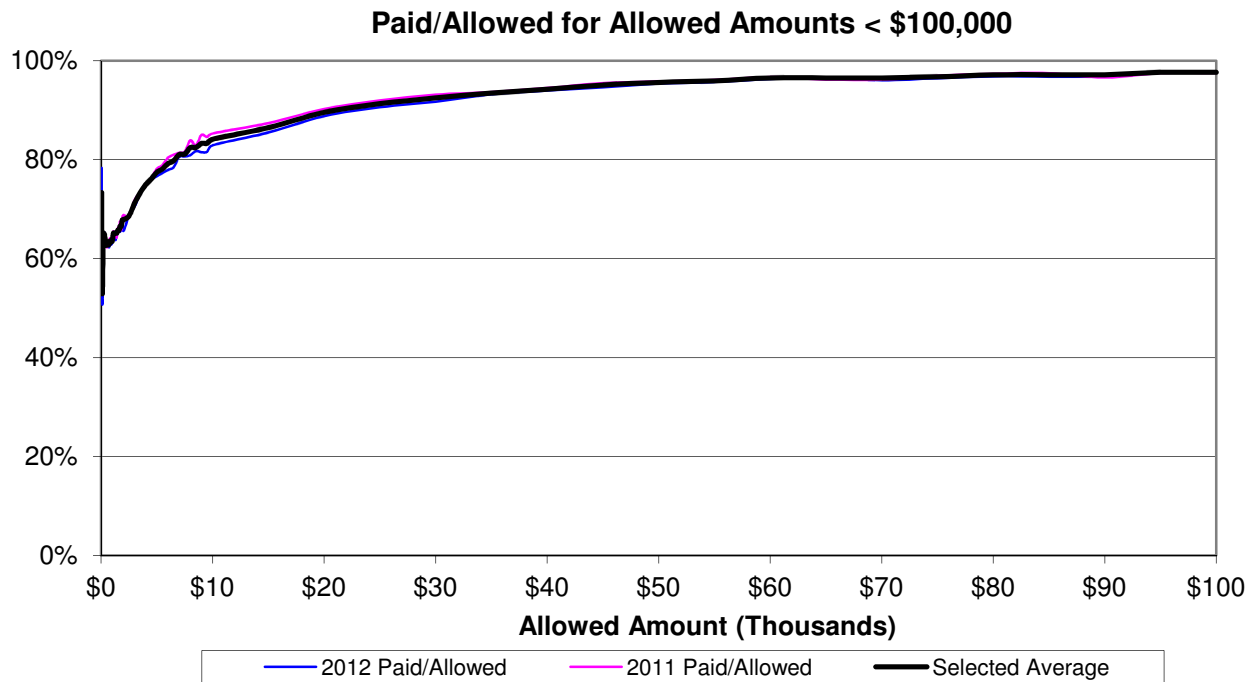
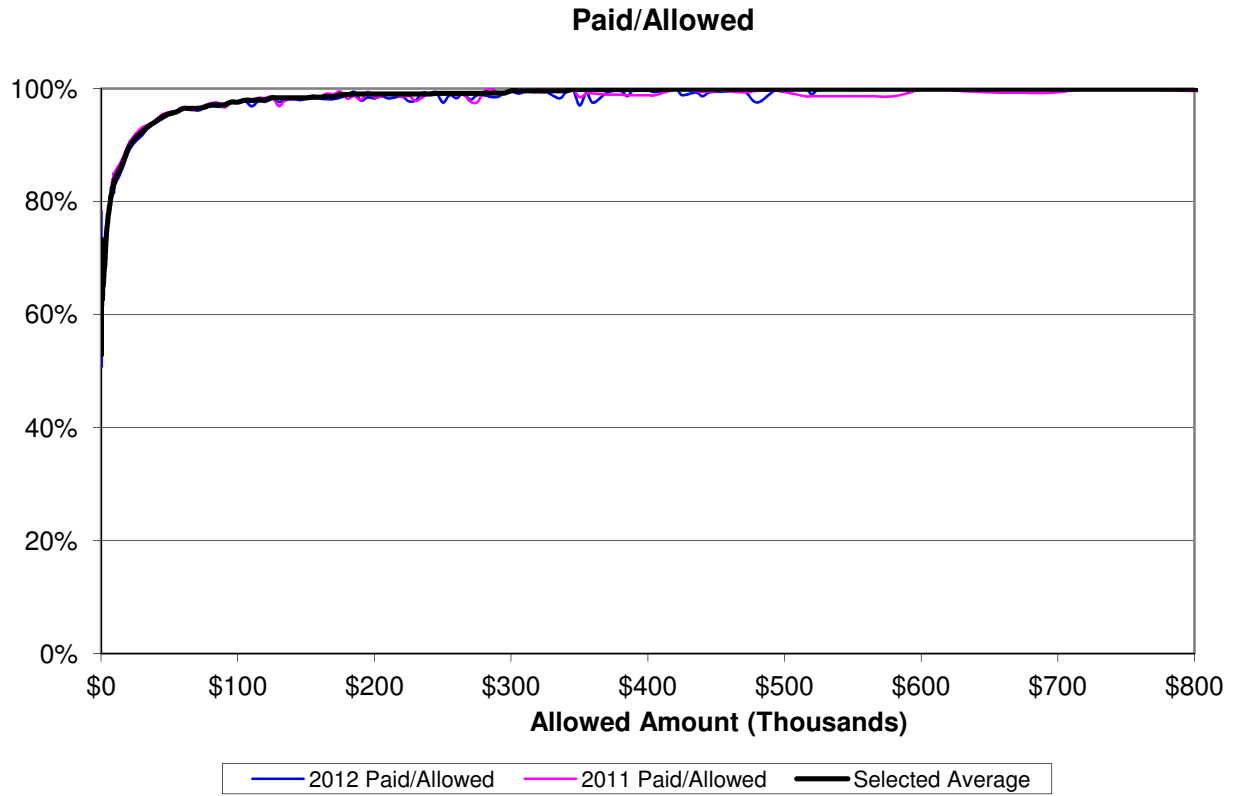
For each experience year, allowed charges and claim amounts were totaled for each claimant. These were then sorted into categories by the amount of allowed charges. The categories used were:

- \$0 up to \$50
- \$50 up to \$100
- \$100 up to \$200...\$1,900 up to \$2,000
- \$2,000 up to \$2,500...\$9,500 up to \$10,000
- \$10,000 up to \$15,000...

For each category, the ratio of the amount of the paid claim to the amount of allowed charges was calculated. The corresponding ratios for each year were averaged and the resulting ratios at allowed amounts greater than \$1,000 were smoothed. The high-to-low-to-high pattern of the ratios observed at allowed amounts less than \$1,000 was maintained; presumably this pattern is due to the increased provision and use of preventive benefits covered at no charge. The result was a table of paid claims to allowed charges factors.

The following graphs show the observed and selected average paid/allowed factors:

The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum



The Vermont Health Plan Provision for Large Claims Filing for 2014 Actuarial Memorandum

Trended Claims

We calculated the charge factors assuming experience periods begin on the first day of the quarter.

The allowed amounts by claimant for 2011 were trended by the observed trend from 2011 to 2012, and then by 4.1% per annum (the overall trend factor implied by the uncapped allowed combined trend in the approved Q1-Q2 2014 BCBSVT Trend filing). The allowed amounts for 2012 were trended forward at 4.1% per annum. For each claimant record, a claim amount was calculated by applying the appropriate factor from the paid/allowed amount factor table. A projected claim file was built by combining the trended 2011 records with two copies of the trended 2012 records (thus weighting the 2012 experience twice as heavily as the 2011 experience). For a set of limits (in increments of \$5,000) the amounts in excess of the limit for each claim and the amounts under the limit for each claim were totaled, and the ratio of these calculated. This produced a factor, for each limit value, expressing claims above the limit in terms of claims below the limit.

A distribution of claims by amount was also generated from the 2013 Milliman Health Cost Guidelines distribution of allowed charges (adjusted for Vermont), by trending the distribution to produce the same expected average annual allowed charge per member as the trended BCBSVT/TVHP distribution, and then applying the paid/allowed factors calculated above. Factors for claims above the limit as a percentage of those below the limit were calculated from this distribution.

The development of credibility factors to be applied to the BCBSVT/TVHP factors (versus the Milliman factors) begins, as in previous filings, with the Q1 2008 established criteria of 1.00 for a \$30,000 limit, reduced uniformly to 0.01 for a \$195,000 limit. The \$30,000 and \$195,000 boundary values are increased by trend from Q1 2008 for all subsequent quarters.

For each limit, the expected claims over the limit as a percentage of claims below the limit factors were then developed by applying the credibility factor to the factor based on BCBSVT/TVHP experience and adding (1-credibility factor) applied to the adjusted factors from the Milliman data. This calculation is demonstrated in Exhibit 1.

Exhibit 2 demonstrates the pooling charge experience, as compared to expected from the previous approved filings, for 2012. In part because TVHP was ordered to reduce the 2013 Stop Loss filing's pricing factors by 4%¹, the actual-to-expected comparison shown on page 1 in this exhibit is very unfavorable for 2012.

We believe that our methodology for determining individual stop loss pooling factors is a sound one. We expect there will be some degree of fluctuation from year to year, due to the nature of high claims and the variability of such claims from year to year. Variations in basic assumptions, such as trend, can result in a systematic variance in the stop loss experience which in no way reflects a bias in the method. We do not think adjustments for good or bad experience in any particular year should be made. For this reason, we did not find it necessary to load the 2014 factors for the poor experience observed in 2012.

¹ Green Mountain Care Board decision, GMCB-020-13-rr, dated August 5, 2013.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Actuarial Memorandum**

Provision for Large Claims Factors

For TVHP experience rated business, the expected claims over the limit as a percentage of claims below the limit factors developed above are used to estimate claims over the pooling limit from the experience claims below the pooling limit. Exhibit 3 shows the provision for large claims factors for experience rated cases with experience periods starting quarters Q4 2012 through Q1 2014.

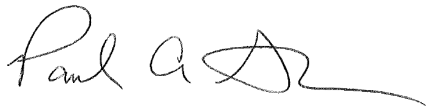
Net Cost of Reinsurance

TVHP has purchased reinsurance for claims in excess of \$250,000 for 2014, and expects to purchase similar reinsurance in future years with limits approximately equal to the 2014 limit increased by trend. We estimate that the target loss ratio for the reinsurance is approximately 75%, which implies a cost of reinsurance of approximately 33% of claims above the reinsurance limit. For each pricing period starting quarter, we determined an annual cost of reinsurance for the trended reinsurance limit by multiplying the expected annual claims cost above the limit by 33%. Dividing this by 12 produces the PMPM cost of reinsurance. The table of PMPM's, based on pricing period starting quarter, is shown in Exhibit 4.

Actuarial Certification

I am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering opinions with regard to health rate filings.

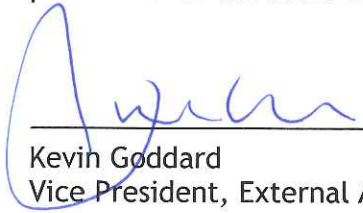
Based on my review of the block's underlying experience and methods applied, it is my opinion that the factors set forth in this filing are adequate and are neither excessive nor unfairly discriminatory.



Paul Schultz, F.S.A., M.A.A.A.

January 6, 2014

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont



Kevin Goddard
Vice President, External Affairs and Sales

1/13/14

Date

The Vermont Health Plan 2014 Factor Filing Plain Language Summary

The purpose of this filing is to determine new factors applicable to large claim adjustment in the rating of experience-rated large groups. These factors will be applied to groups renewing or applying for coverage with The Vermont Health Plan (TVHP) for proposals delivered 10 or more business days after the approval of this filing.

The TVHP Merit Rating formula includes a mechanism that removes individual claims above a certain level from the base experience, and replaces those amounts with a large claim pooling charge. This makes health care more affordable for Vermonters by preventing a certain group from being penalized for a large claim event unlikely to repeat in future years, instead spreading the cost of such events across all plan sponsors. This reduces volatility in rates for all groups.

Pooling factors for large claim adjustments are developed through a credibility-weighted blending of actual BCBSVT experience with claims distributions taken from the 2013 Milliman Health Cost Guidelines. Trend factors are a key input item. These are taken from the most recently approved trend filings.

We believe that our methodology for determining large claim pooling factors is a sound one. We expect there will be some degree of fluctuation from year to year, due to the nature of high claims and the variability of such claims from year to year. Variations in basic assumptions, such as trend, can result in a systematic variance in the stop loss experience which in no way reflects a bias in the method.

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

| a | b | c | d | e= b*d+c*(1-d) Merit net claim factor |
|---------------|---------------|-----------------|--------------------|---|
| <u>Limits</u> | <u>BCBSVT</u> | <u>Milliman</u> | <u>Credibility</u> | |
| 30,000 | 35.7% | 36.5% | 100% | 35.7% |
| 35,000 | 31.0% | 31.9% | 100% | 31.0% |
| 40,000 | 27.4% | 28.3% | 98% | 27.4% |
| 45,000 | 24.5% | 25.4% | 95% | 24.5% |
| 50,000 | 22.1% | 23.0% | 93% | 22.1% |
| 55,000 | 20.1% | 21.0% | 90% | 20.1% |
| 60,000 | 18.4% | 19.2% | 88% | 18.5% |
| 65,000 | 16.9% | 17.7% | 85% | 17.0% |
| 70,000 | 15.6% | 16.4% | 83% | 15.7% |
| 75,000 | 14.5% | 15.3% | 80% | 14.6% |
| 80,000 | 13.5% | 14.2% | 78% | 13.6% |
| 85,000 | 12.5% | 13.4% | 75% | 12.8% |
| 90,000 | 11.7% | 12.5% | 73% | 12.0% |
| 95,000 | 11.0% | 11.8% | 70% | 11.2% |
| 100,000 | 10.3% | 11.1% | 68% | 10.6% |
| 105,000 | 9.7% | 10.5% | 65% | 10.0% |
| 110,000 | 9.2% | 10.0% | 63% | 9.5% |
| 115,000 | 8.7% | 9.4% | 60% | 9.0% |
| 120,000 | 8.2% | 9.0% | 58% | 8.5% |
| 125,000 | 7.8% | 8.6% | 55% | 8.1% |
| 130,000 | 7.4% | 8.2% | 53% | 7.8% |
| 135,000 | 7.0% | 7.8% | 50% | 7.4% |
| 140,000 | 6.7% | 7.4% | 48% | 7.1% |
| 145,000 | 6.4% | 7.1% | 45% | 6.8% |
| 150,000 | 6.1% | 6.8% | 43% | 6.5% |
| 155,000 | 5.8% | 6.5% | 40% | 6.2% |
| 160,000 | 5.6% | 6.3% | 38% | 6.0% |
| 165,000 | 5.3% | 6.1% | 35% | 5.8% |
| 170,000 | 5.1% | 5.8% | 33% | 5.6% |
| 175,000 | 4.9% | 5.6% | 30% | 5.4% |
| 180,000 | 4.7% | 5.4% | 28% | 5.2% |
| 185,000 | 4.5% | 5.2% | 25% | 5.0% |
| 190,000 | 4.3% | 5.0% | 23% | 4.9% |
| 195,000 | 4.1% | 4.9% | 20% | 4.7% |
| 200,000 | 4.0% | 4.7% | 18% | 4.6% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012**

Exhibit 1

| a | b | c | d | e= b*d+c*(1-d) |
|---------------|---------------|-----------------|--------------------|-----------------------------------|
| <u>Limits</u> | <u>BCBSVT</u> | <u>Milliman</u> | <u>Credibility</u> | <u>Merit net claim factor</u> |
| 205,000 | 3.8% | 4.5% | 15% | 4.4% |
| 210,000 | 3.7% | 4.4% | 13% | 4.3% |
| 215,000 | 3.5% | 4.2% | 10% | 4.2% |
| 220,000 | 3.4% | 4.1% | 8% | 4.1% |
| 225,000 | 3.3% | 4.0% | 5% | 3.9% |
| 230,000 | 3.2% | 3.9% | 3% | 3.8% |
| 235,000 | 3.0% | 3.7% | 0% | 3.7% |
| 240,000 | 2.9% | 3.6% | 0% | 3.6% |
| 245,000 | 2.8% | 3.5% | 0% | 3.5% |
| 250,000 | 2.8% | 3.4% | 0% | 3.4% |
| 255,000 | 2.7% | 3.3% | 0% | 3.3% |
| 260,000 | 2.6% | 3.2% | 0% | 3.2% |
| 265,000 | 2.5% | 3.1% | 0% | 3.1% |
| 270,000 | 2.4% | 3.1% | 0% | 3.1% |
| 275,000 | 2.4% | 3.0% | 0% | 3.0% |
| 280,000 | 2.3% | 2.9% | 0% | 2.9% |
| 285,000 | 2.2% | 2.8% | 0% | 2.8% |
| 290,000 | 2.2% | 2.7% | 0% | 2.7% |
| 295,000 | 2.1% | 2.6% | 0% | 2.6% |
| 300,000 | 2.0% | 2.6% | 0% | 2.6% |
| 305,000 | 2.0% | 2.5% | 0% | 2.5% |
| 310,000 | 1.9% | 2.5% | 0% | 2.5% |
| 315,000 | 1.9% | 2.4% | 0% | 2.4% |
| 320,000 | 1.8% | 2.3% | 0% | 2.3% |
| 325,000 | 1.8% | 2.3% | 0% | 2.3% |
| 330,000 | 1.8% | 2.2% | 0% | 2.2% |
| 335,000 | 1.7% | 2.2% | 0% | 2.2% |
| 340,000 | 1.7% | 2.1% | 0% | 2.1% |
| 345,000 | 1.6% | 2.0% | 0% | 2.0% |
| 350,000 | 1.6% | 2.0% | 0% | 2.0% |
| 355,000 | 1.6% | 1.9% | 0% | 1.9% |
| 360,000 | 1.5% | 1.9% | 0% | 1.9% |
| 365,000 | 1.5% | 1.9% | 0% | 1.9% |
| 370,000 | 1.5% | 1.8% | 0% | 1.8% |
| 375,000 | 1.4% | 1.8% | 0% | 1.8% |

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

| a | b | c | d | e= b*d+c*(1-d) |
|---------------|---------------|-----------------|--------------------|-------------------------------|
| <u>Limits</u> | <u>BCBSVT</u> | <u>Milliman</u> | <u>Credibility</u> | <u>Merit net claim factor</u> |
| 380,000 | 1.4% | 1.7% | 0% | 1.7% |
| 385,000 | 1.4% | 1.7% | 0% | 1.7% |
| 390,000 | 1.3% | 1.7% | 0% | 1.7% |
| 395,000 | 1.3% | 1.6% | 0% | 1.6% |
| 400,000 | 1.3% | 1.6% | 0% | 1.6% |
| 405,000 | 1.2% | 1.5% | 0% | 1.5% |
| 410,000 | 1.2% | 1.5% | 0% | 1.5% |
| 415,000 | 1.2% | 1.5% | 0% | 1.5% |
| 420,000 | 1.2% | 1.4% | 0% | 1.4% |
| 425,000 | 1.1% | 1.4% | 0% | 1.4% |
| 430,000 | 1.1% | 1.4% | 0% | 1.4% |
| 435,000 | 1.1% | 1.4% | 0% | 1.4% |
| 440,000 | 1.1% | 1.3% | 0% | 1.3% |
| 445,000 | 1.0% | 1.3% | 0% | 1.3% |
| 450,000 | 1.0% | 1.3% | 0% | 1.3% |
| 455,000 | 1.0% | 1.2% | 0% | 1.2% |
| 460,000 | 1.0% | 1.2% | 0% | 1.2% |
| 465,000 | 0.9% | 1.2% | 0% | 1.2% |
| 470,000 | 0.9% | 1.2% | 0% | 1.2% |
| 475,000 | 0.9% | 1.1% | 0% | 1.1% |
| 480,000 | 0.9% | 1.1% | 0% | 1.1% |
| 485,000 | 0.9% | 1.1% | 0% | 1.1% |
| 490,000 | 0.8% | 1.1% | 0% | 1.1% |
| 495,000 | 0.8% | 1.1% | 0% | 1.1% |
| 500,000 | 0.8% | 1.0% | 0% | 1.0% |
| 505,000 | 0.8% | 1.0% | 0% | 1.0% |
| 510,000 | 0.8% | 1.0% | 0% | 1.0% |
| 515,000 | 0.8% | 1.0% | 0% | 1.0% |
| 520,000 | 0.7% | 0.9% | 0% | 0.9% |
| 525,000 | 0.7% | 0.9% | 0% | 0.9% |
| 530,000 | 0.7% | 0.9% | 0% | 0.9% |
| 535,000 | 0.7% | 0.9% | 0% | 0.9% |
| 540,000 | 0.7% | 0.9% | 0% | 0.9% |
| 545,000 | 0.7% | 0.9% | 0% | 0.9% |
| 550,000 | 0.7% | 0.9% | 0% | 0.9% |

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

| a | b | c | d | e= b*d+c*(1-d) |
|---------------|---------------|-----------------|--------------------|-------------------------------|
| <u>Limits</u> | <u>BCBSVT</u> | <u>Milliman</u> | <u>Credibility</u> | <u>Merit net claim factor</u> |
| 555,000 | 0.7% | 0.8% | 0% | 0.8% |
| 560,000 | 0.7% | 0.8% | 0% | 0.8% |
| 565,000 | 0.6% | 0.8% | 0% | 0.8% |
| 570,000 | 0.6% | 0.8% | 0% | 0.8% |
| 575,000 | 0.6% | 0.8% | 0% | 0.8% |
| 580,000 | 0.6% | 0.8% | 0% | 0.8% |
| 585,000 | 0.6% | 0.7% | 0% | 0.7% |
| 590,000 | 0.5% | 0.7% | 0% | 0.7% |
| 595,000 | 0.5% | 0.7% | 0% | 0.7% |
| 600,000 | 0.5% | 0.7% | 0% | 0.7% |
| 605,000 | 0.5% | 0.7% | 0% | 0.7% |
| 610,000 | 0.5% | 0.7% | 0% | 0.7% |
| 615,000 | 0.4% | 0.6% | 0% | 0.6% |
| 620,000 | 0.4% | 0.6% | 0% | 0.6% |
| 625,000 | 0.4% | 0.6% | 0% | 0.6% |
| 630,000 | 0.4% | 0.6% | 0% | 0.6% |
| 635,000 | 0.4% | 0.6% | 0% | 0.6% |
| 640,000 | 0.4% | 0.6% | 0% | 0.6% |
| 645,000 | 0.4% | 0.6% | 0% | 0.6% |
| 650,000 | 0.4% | 0.6% | 0% | 0.6% |
| 655,000 | 0.4% | 0.6% | 0% | 0.6% |
| 660,000 | 0.4% | 0.6% | 0% | 0.6% |
| 665,000 | 0.4% | 0.6% | 0% | 0.6% |
| 670,000 | 0.3% | 0.6% | 0% | 0.6% |
| 675,000 | 0.3% | 0.5% | 0% | 0.5% |
| 680,000 | 0.3% | 0.5% | 0% | 0.5% |
| 685,000 | 0.3% | 0.5% | 0% | 0.5% |
| 690,000 | 0.3% | 0.5% | 0% | 0.5% |
| 695,000 | 0.3% | 0.5% | 0% | 0.5% |
| 700,000 | 0.3% | 0.5% | 0% | 0.5% |
| 705,000 | 0.3% | 0.5% | 0% | 0.5% |
| 710,000 | 0.3% | 0.5% | 0% | 0.5% |
| 715,000 | 0.3% | 0.5% | 0% | 0.5% |
| 720,000 | 0.3% | 0.5% | 0% | 0.5% |
| 725,000 | 0.3% | 0.5% | 0% | 0.5% |

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012

Exhibit 1

| a | b | c | d | e= b*d+c*(1-d) |
|---------------|---------------|-----------------|--------------------|-------------------------------|
| <u>Limits</u> | <u>BCBSVT</u> | <u>Milliman</u> | <u>Credibility</u> | <u>Merit net claim factor</u> |
| 730,000 | 0.3% | 0.5% | 0% | 0.5% |
| 735,000 | 0.2% | 0.5% | 0% | 0.5% |
| 740,000 | 0.2% | 0.5% | 0% | 0.5% |
| 745,000 | 0.2% | 0.4% | 0% | 0.4% |
| 750,000 | 0.2% | 0.4% | 0% | 0.4% |
| 755,000 | 0.2% | 0.4% | 0% | 0.4% |
| 760,000 | 0.2% | 0.4% | 0% | 0.4% |
| 765,000 | 0.2% | 0.4% | 0% | 0.4% |
| 770,000 | 0.2% | 0.4% | 0% | 0.4% |
| 775,000 | 0.2% | 0.4% | 0% | 0.4% |
| 780,000 | 0.2% | 0.4% | 0% | 0.4% |
| 785,000 | 0.2% | 0.4% | 0% | 0.4% |
| 790,000 | 0.2% | 0.4% | 0% | 0.4% |
| 795,000 | 0.2% | 0.4% | 0% | 0.4% |
| 800,000 | 0.2% | 0.4% | 0% | 0.4% |
| 805,000 | 0.2% | 0.4% | 0% | 0.4% |
| 810,000 | 0.2% | 0.3% | 0% | 0.3% |
| 815,000 | 0.2% | 0.3% | 0% | 0.3% |
| 820,000 | 0.2% | 0.3% | 0% | 0.3% |
| 825,000 | 0.2% | 0.3% | 0% | 0.3% |
| 830,000 | 0.2% | 0.3% | 0% | 0.3% |
| 835,000 | 0.2% | 0.3% | 0% | 0.3% |
| 840,000 | 0.2% | 0.3% | 0% | 0.3% |
| 845,000 | 0.1% | 0.3% | 0% | 0.3% |
| 850,000 | 0.1% | 0.3% | 0% | 0.3% |
| 855,000 | 0.1% | 0.3% | 0% | 0.3% |
| 860,000 | 0.1% | 0.3% | 0% | 0.3% |
| 865,000 | 0.1% | 0.3% | 0% | 0.3% |
| 870,000 | 0.1% | 0.3% | 0% | 0.3% |
| 875,000 | 0.1% | 0.3% | 0% | 0.3% |
| 880,000 | 0.1% | 0.3% | 0% | 0.3% |
| 885,000 | 0.1% | 0.3% | 0% | 0.3% |
| 890,000 | 0.1% | 0.3% | 0% | 0.3% |
| 895,000 | 0.1% | 0.3% | 0% | 0.3% |
| 900,000 | 0.1% | 0.3% | 0% | 0.3% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Expected Large Claims Factor Development
Experience Period Starting Q4 2012**

Exhibit 1

| a | b | c | d | e= b*d+c*(1-d) Merit net claim factor |
|---------------|---------------|-----------------|--------------------|---|
| <u>Limits</u> | <u>BCBSVT</u> | <u>Milliman</u> | <u>Credibility</u> | |
| 905,000 | 0.1% | 0.3% | 0% | 0.3% |
| 910,000 | 0.1% | 0.3% | 0% | 0.3% |
| 915,000 | 0.1% | 0.3% | 0% | 0.3% |
| 920,000 | 0.1% | 0.3% | 0% | 0.3% |
| 925,000 | 0.1% | 0.3% | 0% | 0.3% |
| 930,000 | 0.1% | 0.3% | 0% | 0.3% |
| 935,000 | 0.1% | 0.3% | 0% | 0.3% |
| 940,000 | 0.1% | 0.3% | 0% | 0.3% |
| 945,000 | 0.1% | 0.3% | 0% | 0.3% |
| 950,000 | 0.1% | 0.2% | 0% | 0.2% |
| 955,000 | 0.1% | 0.2% | 0% | 0.2% |
| 960,000 | 0.1% | 0.2% | 0% | 0.2% |
| 965,000 | 0.1% | 0.2% | 0% | 0.2% |
| 970,000 | 0.1% | 0.2% | 0% | 0.2% |
| 975,000 | 0.1% | 0.2% | 0% | 0.2% |
| 980,000 | 0.1% | 0.2% | 0% | 0.2% |
| 985,000 | 0.0% | 0.2% | 0% | 0.2% |
| 990,000 | 0.0% | 0.2% | 0% | 0.2% |
| 995,000 | 0.0% | 0.2% | 0% | 0.2% |
| 1,000,000 | 0.0% | 0.2% | 0% | 0.2% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2014**

Exhibit 2

Experience

The following table shows the pooling charge experience, as compared to expected, for 2012:

| 2012 | | | |
|-----------------------------|--|---------------------------------|-------------------|
| Attachment Point | <u>% of claims below attachment point</u> | | |
| | Pricing Expected Claims** | 2012 Observed Claims | A/E claims |
| \$35,000 | 26.7% | 31.3% | 117% |
| \$45,000 | 20.9% | 24.7% | 118% |
| \$60,000 | 15.6% | 18.5% | 119% |
| \$80,000 | 11.4% | 13.6% | 119% |
| \$100,000 | 8.8% | 10.4% | 119% |
| \$125,000 | 6.7% | 7.9% | 118% |
| \$175,000 | 4.3% | 4.9% | 114% |
| \$200,000 | 3.5% | 4.0% | 112% |
| \$225,000 | 2.9% | 3.3% | 113% |
| \$275,000 | 2.1% | 2.4% | 115% |
| \$300,000 | 1.8% | 2.1% | 115% |
| \$350,000 | 1.3% | 1.6% | 126% |

** Per the amended and approved Stop Loss filing, VFN 63888

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|----------------|----------------|----------------|----------------|----------------|
| | <u>Q4 2012</u> | <u>Q1 2013</u> | <u>Q2 2013</u> | <u>Q3 2013</u> | <u>Q4 2013</u> | <u>Q1 2014</u> |
| | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> | <u>claim*</u> |
| | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> | <u>factor</u> |
| \$30,000 | 35.66% | 35.97% | 36.28% | 36.60% | 36.92% | 37.24% |
| \$35,000 | 31.00% | 31.28% | 31.55% | 31.83% | 32.12% | 32.40% |
| \$40,000 | 27.38% | 27.63% | 27.88% | 28.13% | 28.39% | 28.65% |
| \$45,000 | 24.46% | 24.69% | 24.92% | 25.15% | 25.39% | 25.62% |
| \$50,000 | 22.05% | 22.26% | 22.47% | 22.69% | 22.90% | 23.12% |
| \$55,000 | 20.06% | 20.25% | 20.45% | 20.65% | 20.84% | 21.05% |
| \$60,000 | 18.35% | 18.54% | 18.72% | 18.90% | 19.09% | 19.28% |
| \$65,000 | 16.90% | 17.07% | 17.24% | 17.41% | 17.59% | 17.76% |
| \$70,000 | 15.61% | 15.77% | 15.94% | 16.11% | 16.27% | 16.44% |
| \$75,000 | 14.46% | 14.62% | 14.78% | 14.94% | 15.10% | 15.26% |
| \$80,000 | 13.45% | 13.60% | 13.75% | 13.90% | 14.05% | 14.20% |
| \$85,000 | 12.55% | 12.69% | 12.83% | 12.97% | 13.12% | 13.27% |
| \$90,000 | 11.73% | 11.87% | 12.00% | 12.14% | 12.28% | 12.42% |
| \$95,000 | 10.99% | 11.12% | 11.25% | 11.38% | 11.52% | 11.65% |
| \$100,000 | 10.33% | 10.45% | 10.57% | 10.70% | 10.83% | 10.95% |
| \$105,000 | 9.72% | 9.84% | 9.96% | 10.08% | 10.20% | 10.32% |
| \$110,000 | 9.17% | 9.28% | 9.39% | 9.51% | 9.63% | 9.74% |
| \$115,000 | 8.66% | 8.77% | 8.88% | 8.99% | 9.10% | 9.21% |
| \$120,000 | 8.20% | 8.30% | 8.41% | 8.51% | 8.62% | 8.73% |
| \$125,000 | 7.78% | 7.88% | 7.98% | 8.08% | 8.18% | 8.28% |
| \$130,000 | 7.38% | 7.48% | 7.58% | 7.67% | 7.77% | 7.87% |
| \$135,000 | 7.02% | 7.11% | 7.21% | 7.30% | 7.39% | 7.49% |
| \$140,000 | 6.69% | 6.78% | 6.87% | 6.96% | 7.05% | 7.14% |
| \$145,000 | 6.38% | 6.46% | 6.55% | 6.64% | 6.72% | 6.81% |
| \$150,000 | 6.08% | 6.17% | 6.25% | 6.34% | 6.42% | 6.51% |
| \$155,000 | 5.81% | 5.89% | 5.97% | 6.05% | 6.13% | 6.22% |
| \$160,000 | 5.55% | 5.63% | 5.71% | 5.79% | 5.87% | 5.95% |
| \$165,000 | 5.32% | 5.39% | 5.47% | 5.54% | 5.62% | 5.70% |
| \$170,000 | 5.09% | 5.16% | 5.24% | 5.31% | 5.38% | 5.46% |
| \$175,000 | 4.88% | 4.95% | 5.02% | 5.09% | 5.16% | 5.24% |
| \$180,000 | 4.68% | 4.75% | 4.82% | 4.89% | 4.96% | 5.03% |
| \$185,000 | 4.48% | 4.55% | 4.62% | 4.69% | 4.76% | 4.83% |
| \$190,000 | 4.30% | 4.36% | 4.43% | 4.50% | 4.57% | 4.64% |
| \$195,000 | 4.12% | 4.19% | 4.25% | 4.32% | 4.39% | 4.45% |
| \$200,000 | 3.96% | 4.02% | 4.08% | 4.15% | 4.21% | 4.28% |
| \$205,000 | 3.80% | 3.86% | 3.92% | 3.98% | 4.05% | 4.11% |
| \$210,000 | 3.65% | 3.71% | 3.77% | 3.83% | 3.89% | 3.95% |
| \$215,000 | 3.51% | 3.57% | 3.63% | 3.69% | 3.75% | 3.81% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3

| | | | | | | |
|-----------|-------|-------|-------|-------|-------|-------|
| \$220,000 | 3.38% | 3.44% | 3.49% | 3.55% | 3.61% | 3.67% |
| \$225,000 | 3.27% | 3.32% | 3.37% | 3.42% | 3.48% | 3.53% |
| \$230,000 | 3.15% | 3.20% | 3.25% | 3.30% | 3.35% | 3.41% |
| \$235,000 | 3.05% | 3.09% | 3.14% | 3.19% | 3.24% | 3.29% |
| \$240,000 | 2.94% | 2.99% | 3.04% | 3.09% | 3.13% | 3.18% |
| \$245,000 | 2.85% | 2.89% | 2.94% | 2.98% | 3.03% | 3.08% |
| \$250,000 | 2.75% | 2.80% | 2.84% | 2.89% | 2.93% | 2.98% |
| \$255,000 | 2.66% | 2.71% | 2.75% | 2.79% | 2.84% | 2.89% |
| \$260,000 | 2.58% | 2.62% | 2.66% | 2.71% | 2.75% | 2.79% |
| \$265,000 | 2.50% | 2.54% | 2.58% | 2.62% | 2.66% | 2.71% |
| \$270,000 | 2.42% | 2.46% | 2.50% | 2.54% | 2.58% | 2.63% |
| \$275,000 | 2.35% | 2.39% | 2.43% | 2.47% | 2.51% | 2.55% |
| \$280,000 | 2.29% | 2.32% | 2.36% | 2.40% | 2.43% | 2.47% |
| \$285,000 | 2.22% | 2.26% | 2.29% | 2.33% | 2.37% | 2.40% |
| \$290,000 | 2.16% | 2.20% | 2.23% | 2.27% | 2.30% | 2.34% |
| \$295,000 | 2.10% | 2.14% | 2.17% | 2.20% | 2.24% | 2.27% |
| \$300,000 | 2.05% | 2.08% | 2.11% | 2.15% | 2.18% | 2.21% |
| \$305,000 | 1.99% | 2.02% | 2.06% | 2.09% | 2.12% | 2.15% |
| \$310,000 | 1.94% | 1.97% | 2.00% | 2.03% | 2.07% | 2.10% |
| \$315,000 | 1.90% | 1.92% | 1.95% | 1.98% | 2.01% | 2.05% |
| \$320,000 | 1.85% | 1.88% | 1.91% | 1.94% | 1.96% | 1.99% |
| \$325,000 | 1.80% | 1.83% | 1.86% | 1.89% | 1.92% | 1.95% |
| \$330,000 | 1.76% | 1.79% | 1.81% | 1.84% | 1.87% | 1.90% |
| \$335,000 | 1.72% | 1.74% | 1.77% | 1.80% | 1.83% | 1.86% |
| \$340,000 | 1.68% | 1.70% | 1.73% | 1.76% | 1.78% | 1.81% |
| \$345,000 | 1.63% | 1.66% | 1.69% | 1.72% | 1.74% | 1.77% |
| \$350,000 | 1.59% | 1.62% | 1.65% | 1.68% | 1.70% | 1.73% |
| \$355,000 | 1.56% | 1.58% | 1.61% | 1.64% | 1.66% | 1.69% |
| \$360,000 | 1.52% | 1.55% | 1.57% | 1.60% | 1.62% | 1.65% |
| \$365,000 | 1.49% | 1.51% | 1.53% | 1.56% | 1.59% | 1.61% |
| \$370,000 | 1.45% | 1.48% | 1.50% | 1.52% | 1.55% | 1.58% |
| \$375,000 | 1.42% | 1.44% | 1.47% | 1.49% | 1.52% | 1.54% |
| \$380,000 | 1.38% | 1.41% | 1.43% | 1.46% | 1.48% | 1.51% |
| \$385,000 | 1.35% | 1.38% | 1.40% | 1.42% | 1.45% | 1.47% |
| \$390,000 | 1.32% | 1.34% | 1.37% | 1.39% | 1.42% | 1.44% |
| \$395,000 | 1.29% | 1.31% | 1.34% | 1.36% | 1.38% | 1.41% |
| \$400,000 | 1.26% | 1.28% | 1.31% | 1.33% | 1.35% | 1.38% |
| \$405,000 | 1.23% | 1.25% | 1.28% | 1.30% | 1.32% | 1.35% |
| \$410,000 | 1.20% | 1.23% | 1.25% | 1.27% | 1.29% | 1.32% |
| \$415,000 | 1.18% | 1.20% | 1.22% | 1.24% | 1.26% | 1.29% |
| \$420,000 | 1.15% | 1.17% | 1.19% | 1.22% | 1.24% | 1.26% |
| \$425,000 | 1.13% | 1.15% | 1.17% | 1.19% | 1.21% | 1.23% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3

| | | | | | | |
|-----------|-------|-------|-------|-------|-------|-------|
| \$430,000 | 1.10% | 1.12% | 1.14% | 1.16% | 1.18% | 1.21% |
| \$435,000 | 1.07% | 1.10% | 1.12% | 1.14% | 1.16% | 1.18% |
| \$440,000 | 1.05% | 1.07% | 1.09% | 1.11% | 1.13% | 1.16% |
| \$445,000 | 1.03% | 1.05% | 1.07% | 1.09% | 1.11% | 1.13% |
| \$450,000 | 1.00% | 1.02% | 1.04% | 1.06% | 1.09% | 1.11% |
| \$455,000 | 0.98% | 1.00% | 1.02% | 1.04% | 1.06% | 1.08% |
| \$460,000 | 0.96% | 0.98% | 1.00% | 1.02% | 1.04% | 1.06% |
| \$465,000 | 0.94% | 0.95% | 0.97% | 0.99% | 1.01% | 1.04% |
| \$470,000 | 0.91% | 0.93% | 0.95% | 0.97% | 0.99% | 1.01% |
| \$475,000 | 0.89% | 0.91% | 0.93% | 0.95% | 0.97% | 0.99% |
| \$480,000 | 0.87% | 0.89% | 0.91% | 0.93% | 0.95% | 0.97% |
| \$485,000 | 0.85% | 0.87% | 0.89% | 0.91% | 0.93% | 0.95% |
| \$490,000 | 0.83% | 0.85% | 0.87% | 0.89% | 0.91% | 0.93% |
| \$495,000 | 0.82% | 0.83% | 0.85% | 0.87% | 0.89% | 0.91% |
| \$500,000 | 0.80% | 0.81% | 0.83% | 0.85% | 0.87% | 0.89% |
| \$505,000 | 0.78% | 0.80% | 0.81% | 0.83% | 0.85% | 0.87% |
| \$510,000 | 0.78% | 0.78% | 0.80% | 0.81% | 0.83% | 0.85% |
| \$515,000 | 0.78% | 0.78% | 0.78% | 0.80% | 0.81% | 0.83% |
| \$520,000 | 0.75% | 0.78% | 0.78% | 0.78% | 0.81% | 0.81% |
| \$525,000 | 0.71% | 0.75% | 0.78% | 0.78% | 0.79% | 0.81% |
| \$530,000 | 0.69% | 0.71% | 0.78% | 0.78% | 0.76% | 0.79% |
| \$535,000 | 0.68% | 0.69% | 0.74% | 0.78% | 0.76% | 0.76% |
| \$540,000 | 0.66% | 0.68% | 0.70% | 0.74% | 0.76% | 0.76% |
| \$545,000 | 0.66% | 0.66% | 0.68% | 0.70% | 0.73% | 0.76% |
| \$550,000 | 0.66% | 0.66% | 0.66% | 0.68% | 0.70% | 0.73% |
| \$555,000 | 0.66% | 0.66% | 0.66% | 0.67% | 0.68% | 0.70% |
| \$560,000 | 0.66% | 0.66% | 0.66% | 0.67% | 0.67% | 0.68% |
| \$565,000 | 0.62% | 0.66% | 0.66% | 0.67% | 0.67% | 0.67% |
| \$570,000 | 0.57% | 0.66% | 0.66% | 0.67% | 0.67% | 0.67% |
| \$575,000 | 0.57% | 0.61% | 0.66% | 0.67% | 0.67% | 0.67% |
| \$580,000 | 0.57% | 0.56% | 0.61% | 0.67% | 0.67% | 0.67% |
| \$585,000 | 0.57% | 0.56% | 0.56% | 0.62% | 0.67% | 0.67% |
| \$590,000 | 0.54% | 0.56% | 0.56% | 0.56% | 0.62% | 0.67% |
| \$595,000 | 0.50% | 0.53% | 0.56% | 0.56% | 0.57% | 0.62% |
| \$600,000 | 0.50% | 0.50% | 0.53% | 0.56% | 0.57% | 0.57% |
| \$605,000 | 0.50% | 0.50% | 0.51% | 0.56% | 0.57% | 0.57% |
| \$610,000 | 0.47% | 0.50% | 0.51% | 0.53% | 0.57% | 0.57% |
| \$615,000 | 0.45% | 0.48% | 0.51% | 0.49% | 0.53% | 0.57% |
| \$620,000 | 0.43% | 0.45% | 0.48% | 0.49% | 0.50% | 0.54% |
| \$625,000 | 0.42% | 0.44% | 0.45% | 0.48% | 0.50% | 0.50% |
| \$630,000 | 0.42% | 0.42% | 0.44% | 0.46% | 0.50% | 0.50% |
| \$635,000 | 0.42% | 0.42% | 0.43% | 0.44% | 0.47% | 0.50% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3

| | | | | | | |
|-----------|-------|-------|-------|-------|-------|-------|
| \$640,000 | 0.40% | 0.42% | 0.42% | 0.43% | 0.45% | 0.47% |
| \$645,000 | 0.38% | 0.40% | 0.42% | 0.42% | 0.43% | 0.45% |
| \$650,000 | 0.37% | 0.38% | 0.40% | 0.42% | 0.42% | 0.44% |
| \$655,000 | 0.37% | 0.37% | 0.38% | 0.42% | 0.42% | 0.42% |
| \$660,000 | 0.37% | 0.37% | 0.37% | 0.40% | 0.42% | 0.41% |
| \$665,000 | 0.35% | 0.37% | 0.37% | 0.38% | 0.40% | 0.41% |
| \$670,000 | 0.33% | 0.37% | 0.37% | 0.37% | 0.38% | 0.40% |
| \$675,000 | 0.32% | 0.35% | 0.37% | 0.37% | 0.37% | 0.38% |
| \$680,000 | 0.32% | 0.33% | 0.35% | 0.37% | 0.37% | 0.37% |
| \$685,000 | 0.31% | 0.32% | 0.33% | 0.35% | 0.37% | 0.36% |
| \$690,000 | 0.30% | 0.32% | 0.32% | 0.33% | 0.37% | 0.36% |
| \$695,000 | 0.30% | 0.31% | 0.31% | 0.32% | 0.35% | 0.36% |
| \$700,000 | 0.30% | 0.30% | 0.31% | 0.32% | 0.33% | 0.35% |
| \$705,000 | 0.29% | 0.30% | 0.30% | 0.31% | 0.32% | 0.33% |
| \$710,000 | 0.27% | 0.29% | 0.30% | 0.30% | 0.32% | 0.32% |
| \$715,000 | 0.27% | 0.28% | 0.30% | 0.30% | 0.31% | 0.31% |
| \$720,000 | 0.27% | 0.28% | 0.29% | 0.30% | 0.30% | 0.31% |
| \$725,000 | 0.27% | 0.28% | 0.27% | 0.29% | 0.30% | 0.30% |
| \$730,000 | 0.26% | 0.28% | 0.27% | 0.27% | 0.30% | 0.30% |
| \$735,000 | 0.24% | 0.28% | 0.27% | 0.27% | 0.28% | 0.30% |
| \$740,000 | 0.24% | 0.26% | 0.27% | 0.27% | 0.27% | 0.29% |
| \$745,000 | 0.24% | 0.24% | 0.26% | 0.27% | 0.27% | 0.27% |
| \$750,000 | 0.24% | 0.23% | 0.24% | 0.27% | 0.27% | 0.27% |
| \$755,000 | 0.24% | 0.23% | 0.24% | 0.26% | 0.27% | 0.27% |
| \$760,000 | 0.24% | 0.23% | 0.24% | 0.24% | 0.27% | 0.27% |
| \$765,000 | 0.22% | 0.23% | 0.24% | 0.23% | 0.25% | 0.27% |
| \$770,000 | 0.20% | 0.23% | 0.24% | 0.23% | 0.24% | 0.26% |
| \$775,000 | 0.20% | 0.22% | 0.24% | 0.23% | 0.24% | 0.24% |
| \$780,000 | 0.19% | 0.20% | 0.22% | 0.23% | 0.24% | 0.23% |
| \$785,000 | 0.19% | 0.20% | 0.20% | 0.23% | 0.24% | 0.23% |
| \$790,000 | 0.19% | 0.19% | 0.20% | 0.22% | 0.24% | 0.23% |
| \$795,000 | 0.19% | 0.19% | 0.19% | 0.20% | 0.24% | 0.23% |
| \$800,000 | 0.19% | 0.19% | 0.19% | 0.20% | 0.22% | 0.23% |
| \$805,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.20% | 0.22% |
| \$810,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.20% |
| \$815,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.20% |
| \$820,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$825,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$830,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$835,000 | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$840,000 | 0.17% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$845,000 | 0.14% | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Pooling Charge Factors**

Exhibit 3

| | | | | | | |
|-------------|-------|-------|-------|-------|-------|-------|
| \$850,000 | 0.14% | 0.16% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$855,000 | 0.14% | 0.14% | 0.19% | 0.19% | 0.19% | 0.19% |
| \$860,000 | 0.14% | 0.14% | 0.17% | 0.19% | 0.19% | 0.19% |
| \$865,000 | 0.14% | 0.14% | 0.14% | 0.17% | 0.19% | 0.19% |
| \$870,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.19% | 0.19% |
| \$875,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.16% | 0.19% |
| \$880,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.19% |
| \$885,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.17% |
| \$890,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$895,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$900,000 | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$905,000 | 0.11% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$910,000 | 0.09% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$915,000 | 0.09% | 0.11% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$920,000 | 0.09% | 0.09% | 0.14% | 0.14% | 0.14% | 0.14% |
| \$925,000 | 0.09% | 0.09% | 0.11% | 0.14% | 0.14% | 0.14% |
| \$930,000 | 0.09% | 0.09% | 0.09% | 0.14% | 0.14% | 0.14% |
| \$935,000 | 0.08% | 0.09% | 0.09% | 0.11% | 0.14% | 0.14% |
| \$940,000 | 0.07% | 0.09% | 0.09% | 0.09% | 0.14% | 0.14% |
| \$945,000 | 0.07% | 0.08% | 0.09% | 0.09% | 0.11% | 0.14% |
| \$950,000 | 0.07% | 0.07% | 0.09% | 0.09% | 0.09% | 0.14% |
| \$955,000 | 0.07% | 0.07% | 0.08% | 0.09% | 0.09% | 0.11% |
| \$960,000 | 0.07% | 0.07% | 0.07% | 0.09% | 0.09% | 0.09% |
| \$965,000 | 0.07% | 0.07% | 0.07% | 0.08% | 0.09% | 0.09% |
| \$970,000 | 0.07% | 0.07% | 0.07% | 0.07% | 0.09% | 0.09% |
| \$975,000 | 0.07% | 0.07% | 0.07% | 0.07% | 0.08% | 0.09% |
| \$980,000 | 0.06% | 0.07% | 0.07% | 0.07% | 0.07% | 0.09% |
| \$985,000 | 0.04% | 0.07% | 0.07% | 0.07% | 0.07% | 0.08% |
| \$990,000 | 0.04% | 0.06% | 0.07% | 0.07% | 0.07% | 0.07% |
| \$995,000 | 0.04% | 0.04% | 0.07% | 0.07% | 0.07% | 0.07% |
| \$1,000,000 | 0.04% | 0.04% | 0.06% | 0.07% | 0.07% | 0.07% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

The Vermont Health Plan
Provision for Large Claims Filing for 2014
Merit Net Cost of Reinsurance (PMPM)

Exhibit 4

| Pricing Period Starting Quarter | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| <u>Q2 2014</u> | <u>Q3 2014</u> | <u>Q4 2014</u> | <u>Q1 2015</u> | <u>Q2 2015</u> | <u>Q3 2015</u> |
| \$4.68 | \$4.79 | \$4.78 | \$4.89 | \$4.88 | \$5.00 |



January 21, 2014

Mr. Josh Hammerquist, A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.

**Subject: Your 01/17/2014 Questions re: The Vermont Health Plan
2014 TVHP Provision for Large Claims Filing
(SERFF Tracking #: BCVT- 129374083)**

Dear Mr. Hammerquist:

In response to your request dated January 17, 2014, here are *your questions* and our answers:

1. Please submit the SERFF PDF Pipelines with all communications for the previously approved version of this filing and the filing that is referenced specifically in the Actuarial Memorandum.

Please find attached the SERFF PDF Pipelines for:

- BCVT-128829841 - TVHP 2013 Provision for Large Claims Filing

2. If applicable, please update Exhibit 2 to include 2011 experience.

The first TVHP Provision for Large Claims filing was made in December, 2012 in anticipation of the new TVHP rating formula. We therefore do not have pricing expected claims for 2011.

3. Based on the current sales distribution, what is the average change in the updated factors?

Based on December membership and the pooling points in place as of December 2013, the average change in the large claim factors for experience-rated groups is 17.0% percent, from 15.9% of claims to 18.6% of claims. The majority of this change is due to increases in the Milliman factors, along with the removal of the artificial 4% decrease mandated by the GMCB in the most recent filing in response to short-term favorable experience that did not continue into 2012.

Please let us know if you have any further questions.

Sincerely,

A handwritten signature in black ink that reads "Paul Schultz". The signature is written in a cursive style with a long, sweeping tail.

Paul Schultz, F.S.A., M.A.A.A.

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

Filing at a Glance

Company: TVHP
Product Name: TVHP 2013 Provision for Large Claims Filing
State: Vermont
TOI: ML02 - Multi-Line - Other
Sub-TOI: ML02.0000 - Multi-Line - Other
Filing Type: Trend / Admin Charge
Date Submitted: 12/31/2012
SERFF Tr Num: BCVT-128829841
SERFF Status: Closed-Approved
State Tr Num: 63888
State Status: Approved
Co Tr Num:
Co Status:
Implementation: On Approval
Date Requested:
Author(s): Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s): Phil Keller (primary)
Disposition Date: 09/23/2013
Disposition Status: Approved
Implementation Date:

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile:
Project Number: Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments:
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Large
Group Market Type: Employer, Association Overall Rate Impact:
Filing Status Changed: 09/23/2013 Company Status Changed:
State Status Changed: 09/23/2013 Deemer Date:
Created By: Jude Daye Submitted By: Pam Young
Corresponding Filing Tracking Number:

Filing Description:
December 21, 2012

Phil Keller
Director of Insurance Rates and Forms
Department of Banking, Insurance, Securities and Health Care Administration
89 Main Street
Montpelier, VT 05620-3101

Subject: The Vermont Health Plan - NAIC # 95696
Provision for Large Claims Filing for 2013

Dear Mr. Keller:

Enclosed for your review and approval is The Vermont Health Plan's (TVHP) Provision for Large Claims filing for 2013. This filing provides pooling factors to be used in the experience rating of TVHP Large Group business.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk/Oliver Wyman
Sean Londergan/VT DFR
Ruth Greene / BCBSVT
Vince Mace / BCBSVT
Donna Lee / BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant dayej@bcbsvt.com
445 Industrial Lane 802-371-3244 [Phone]
Montpelier, VT 05601

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

Filing Company Information

| | | |
|-----------------------------|-------------------------|----------------------------|
| TVHP | CoCode: 95696 | State of Domicile: Vermont |
| PO BOX 186 | Group Code: | Company Type: HMO |
| Montpelier, VT 05601 | Group Name: | State ID Number: |
| (802) 371-3450 ext. [Phone] | FEIN Number: 03-0354356 | |

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation:
 Per Company: Yes

| Company | Amount | Date Processed | Transaction # |
|---------|---------|----------------|---------------|
| TVHP | \$50.00 | 12/31/2012 | 66118421 |

SERFF Tracking #:

BCVT-128829841

State Tracking #:

63888

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|----------|-------------|------------|----------------|
| Approved | Phil Keller | 09/23/2013 | 09/23/2013 |

Filing Notes

| Subject | Note Type | Created By | Created On | Date Submitted |
|--|------------------|----------------|------------|----------------|
| Amendment to the TVHP 2013 Provision for Large Claims Filing | Note To Reviewer | Jude Daye | 08/20/2013 | 08/20/2013 |
| Deemed complete | Note To Filer | Sean Londergan | 06/26/2013 | 06/26/2013 |

SERFF Tracking #:

BCVT-128829841

State Tracking #:

63888

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

Filing Company: TVHP

Disposition

Disposition Date: 09/23/2013

Implementation Date:

Status: Approved

Comment:

Rate data does NOT apply to filing.

| Schedule | Schedule Item | Schedule Item Status | Public Access |
|---------------------|----------------------------------|----------------------|---------------|
| Supporting Document | Actuarial Memorandum | | Yes |
| Supporting Document | Filing Compliance Certification | | Yes |
| Supporting Document | Health Administrative Forms | | Yes |
| Supporting Document | Health Filing Data | | Yes |
| Supporting Document | Third Party Filing Authorization | | Yes |
| Supporting Document | Exhibits | | Yes |

State: Vermont

Filing Company: TVHP

TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other

Product Name: TVHP 2013 Provision for Large Claims Filing

Project Name/Number: /

Note To Reviewer

Created By:

Jude Daye on 08/20/2013 03:02 PM

Last Edited By:

Jude Daye

Submitted On:

08/20/2013 03:02 PM

Subject:

Amendment to the TVHP 2013 Provision for Large Claims Filing

Comments:

Attached please find the cover letter and amended Exhibits for the amendment to the TVHP 2013 Provision for Large Claims Filing.



BlueCross BlueShield of Vermont

An Independent Licensee of the Blue Cross and Blue Shield Association.

Kevin Goddard
Vice President External Affairs and Sales

August 14, 2013

Phil Keller
Director of Insurance Rates and Forms
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

**Subject: The Vermont Health Plan - NAIC # 95696
Provision for Large Claims Filing for 2013
SERFF Tracking # BCVT-128829841, VFN 63888
Amended per GMCB Decision and Order**

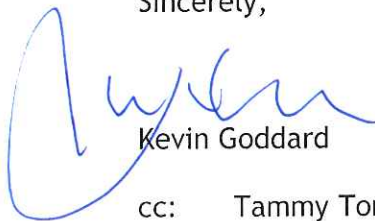
Dear Mr. Keller:

Enclosed are amended exhibits for The Vermont Health Plan's Provision for Large Claims filing for 2013. As ordered by the GMCB in their Decision and Order, dated August 14, 2013, the following modifications were made:

1. The factors were calculated using the Allowed Base Estimated Uncapped trend of 4.1% (not 4.3%, which is the Benefit Paid Estimated Uncapped trend) from the approved Third and Fourth Quarter 2013 BCBSVT Trend filing.
2. The resulting pooling factors were then reduced by 4%.

Please let me know if we can answer any questions.

Sincerely,



Kevin Goddard

cc: Tammy Tomczyk/Oliver Wyman
Sean Londergan/VT DFR
Ruth Greene / BCBSVT
Vince Mace / BCBSVT
Paul Schultz/BCBSVT
Donna Lee / BCBSVT

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1 - Amended

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) | i | j= h*i |
|---------------|-------------|-----------------|--------------------|---------------------------|--------|---------------------|-----------------------------|--------------------------------------|--|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | | <u>adj Milliman</u> | <u>Net claim factor</u> | <u>GMCB Reduction Factor</u> | <u>Adjusted Net claim factor</u> |
| 30,000 | 31.8% | 32.4% | 100.0% | 98.1% | 0.9807 | 31.0% | 31.8% | 0.96 | 30.5% |
| 35,000 | 27.5% | 28.4% | 100.0% | 96.8% | 0.9685 | 27.2% | 27.5% | 0.96 | 26.4% |
| 40,000 | 24.2% | 25.2% | 97.6% | 96.0% | 0.9377 | 24.1% | 24.2% | 0.96 | 23.2% |
| 45,000 | 21.5% | 22.6% | 95.1% | 95.3% | 0.9060 | 21.6% | 21.6% | 0.96 | 20.7% |
| 50,000 | 19.4% | 20.5% | 92.6% | 94.5% | 0.8743 | 19.6% | 19.4% | 0.96 | 18.6% |
| 55,000 | 17.6% | 18.7% | 90.0% | 94.0% | 0.8460 | 17.9% | 17.6% | 0.96 | 16.9% |
| 60,000 | 16.1% | 17.1% | 87.5% | 94.1% | 0.8233 | 16.3% | 16.1% | 0.96 | 15.5% |
| 65,000 | 14.8% | 15.8% | 84.9% | 93.2% | 0.7913 | 15.2% | 14.8% | 0.96 | 14.2% |
| 70,000 | 13.6% | 14.7% | 82.4% | 92.7% | 0.7636 | 14.0% | 13.7% | 0.96 | 13.1% |
| 75,000 | 12.6% | 13.6% | 79.8% | 92.3% | 0.7373 | 13.0% | 12.7% | 0.96 | 12.1% |
| 80,000 | 11.6% | 12.7% | 77.3% | 91.5% | 0.7076 | 12.2% | 11.8% | 0.96 | 11.3% |
| 85,000 | 10.8% | 11.9% | 74.8% | 91.3% | 0.6827 | 11.3% | 11.0% | 0.96 | 10.5% |
| 90,000 | 10.1% | 11.1% | 72.2% | 90.5% | 0.6538 | 10.7% | 10.2% | 0.96 | 9.8% |
| 95,000 | 9.4% | 10.5% | 69.7% | 90.1% | 0.6274 | 10.0% | 9.6% | 0.96 | 9.2% |
| 100,000 | 8.8% | 9.8% | 67.1% | 89.9% | 0.6033 | 9.4% | 9.0% | 0.96 | 8.7% |
| 105,000 | 8.3% | 9.3% | 64.6% | 89.2% | 0.5763 | 8.9% | 8.5% | 0.96 | 8.2% |
| 110,000 | 7.8% | 8.8% | 62.0% | 89.0% | 0.5522 | 8.4% | 8.0% | 0.96 | 7.7% |
| 115,000 | 7.4% | 8.3% | 59.5% | 88.5% | 0.5267 | 8.0% | 7.6% | 0.96 | 7.3% |
| 120,000 | 7.0% | 7.9% | 56.9% | 88.3% | 0.5026 | 7.6% | 7.2% | 0.96 | 6.9% |
| 125,000 | 6.6% | 7.5% | 54.4% | 88.3% | 0.4806 | 7.1% | 6.8% | 0.96 | 6.6% |
| 130,000 | 6.3% | 7.1% | 51.9% | 88.4% | 0.4584 | 6.8% | 6.5% | 0.96 | 6.2% |
| 135,000 | 5.9% | 6.8% | 49.3% | 87.8% | 0.4331 | 6.5% | 6.2% | 0.96 | 6.0% |
| 140,000 | 5.7% | 6.5% | 46.8% | 87.5% | 0.4094 | 6.2% | 5.9% | 0.96 | 5.7% |
| 145,000 | 5.4% | 6.2% | 44.2% | 87.5% | 0.3870 | 5.9% | 5.7% | 0.96 | 5.4% |
| 150,000 | 5.1% | 5.9% | 41.7% | 87.8% | 0.3659 | 5.6% | 5.4% | 0.96 | 5.2% |
| 155,000 | 4.9% | 5.6% | 39.1% | 88.3% | 0.3455 | 5.3% | 5.2% | 0.96 | 4.9% |
| 160,000 | 4.7% | 5.3% | 36.6% | 87.7% | 0.3209 | 5.1% | 5.0% | 0.96 | 4.8% |
| 165,000 | 4.5% | 5.1% | 34.0% | 87.2% | 0.2969 | 4.9% | 4.8% | 0.96 | 4.6% |
| 170,000 | 4.3% | 4.9% | 31.5% | 86.9% | 0.2737 | 4.7% | 4.6% | 0.96 | 4.4% |
| 175,000 | 4.1% | 4.7% | 29.0% | 86.7% | 0.2511 | 4.5% | 4.4% | 0.96 | 4.2% |
| 180,000 | 3.9% | 4.5% | 26.4% | 86.6% | 0.2289 | 4.3% | 4.2% | 0.96 | 4.0% |
| 185,000 | 3.7% | 4.3% | 23.9% | 86.8% | 0.2071 | 4.1% | 4.0% | 0.96 | 3.9% |
| 190,000 | 3.6% | 4.2% | 21.3% | 86.4% | 0.1844 | 4.0% | 3.9% | 0.96 | 3.7% |
| 195,000 | 3.4% | 4.0% | 18.8% | 85.9% | 0.1614 | 3.8% | 3.8% | 0.96 | 3.6% |
| 200,000 | 3.3% | 3.9% | 16.2% | 85.5% | 0.1389 | 3.7% | 3.6% | 0.96 | 3.5% |
| 205,000 | 3.2% | 3.7% | 13.7% | 85.2% | 0.1167 | 3.5% | 3.5% | 0.96 | 3.4% |
| 210,000 | 3.0% | 3.6% | 11.2% | 85.1% | 0.0949 | 3.4% | 3.4% | 0.96 | 3.2% |
| 215,000 | 2.9% | 3.4% | 8.6% | 85.2% | 0.0733 | 3.3% | 3.2% | 0.96 | 3.1% |
| 220,000 | 2.8% | 3.3% | 6.1% | 85.4% | 0.0518 | 3.1% | 3.1% | 0.96 | 3.0% |
| 225,000 | 2.7% | 3.2% | 3.5% | 85.2% | 0.0300 | 3.0% | 3.0% | 0.96 | 2.9% |
| 230,000 | 2.6% | 3.1% | 1.0% | 84.4% | 0.0082 | 2.9% | 2.9% | 0.96 | 2.8% |
| 235,000 | 2.5% | 3.0% | 0.0% | 83.6% | 0.0000 | 2.8% | 2.8% | 0.96 | 2.7% |
| 240,000 | 2.4% | 2.9% | 0.0% | 83.0% | 0.0000 | 2.7% | 2.7% | 0.96 | 2.6% |
| 245,000 | 2.3% | 2.8% | 0.0% | 82.4% | 0.0000 | 2.6% | 2.6% | 0.96 | 2.5% |
| 250,000 | 2.2% | 2.7% | 0.0% | 82.1% | 0.0000 | 2.6% | 2.6% | 0.96 | 2.5% |
| 255,000 | 2.1% | 2.6% | 0.0% | 81.9% | 0.0000 | 2.5% | 2.5% | 0.96 | 2.4% |
| 260,000 | 2.0% | 2.5% | 0.0% | 81.8% | 0.0000 | 2.4% | 2.4% | 0.96 | 2.3% |
| 265,000 | 2.0% | 2.4% | 0.0% | 81.9% | 0.0000 | 2.3% | 2.3% | 0.96 | 2.2% |
| 270,000 | 1.9% | 2.3% | 0.0% | 82.4% | 0.0000 | 2.2% | 2.2% | 0.96 | 2.1% |
| 275,000 | 1.8% | 2.2% | 0.0% | 82.0% | 0.0000 | 2.1% | 2.1% | 0.96 | 2.0% |
| 280,000 | 1.8% | 2.2% | 0.0% | 81.5% | 0.0000 | 2.1% | 2.1% | 0.96 | 2.0% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1 - Amended

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) | i | j= h*i |
|---------|------|----------|-------------|-------------------|--------|---------------------|---------------------|-----------------------------|---------------------------------|
| Limits | TVHP | Milliman | credibility | TVHP/ Milliman | | adj Milliman | Net claim factor | GMCB Reduction Factor | Adjusted Net claim factor |
| 285,000 | 1.7% | 2.1% | 0.0% | 81.1% | 0.0000 | 2.0% | 2.0% | 0.96 | 1.9% |
| 290,000 | 1.7% | 2.1% | 0.0% | 80.8% | 0.0000 | 2.0% | 2.0% | 0.96 | 1.9% |
| 295,000 | 1.6% | 2.0% | 0.0% | 80.5% | 0.0000 | 1.9% | 1.9% | 0.96 | 1.8% |
| 300,000 | 1.6% | 1.9% | 0.0% | 80.3% | 0.0000 | 1.9% | 1.9% | 0.96 | 1.8% |
| 305,000 | 1.5% | 1.9% | 0.0% | 80.2% | 0.0000 | 1.8% | 1.8% | 0.96 | 1.7% |
| 310,000 | 1.5% | 1.8% | 0.0% | 80.2% | 0.0000 | 1.7% | 1.7% | 0.96 | 1.7% |
| 315,000 | 1.4% | 1.8% | 0.0% | 80.3% | 0.0000 | 1.7% | 1.7% | 0.96 | 1.6% |
| 320,000 | 1.4% | 1.7% | 0.0% | 80.5% | 0.0000 | 1.6% | 1.6% | 0.96 | 1.6% |
| 325,000 | 1.3% | 1.7% | 0.0% | 80.8% | 0.0000 | 1.6% | 1.6% | 0.96 | 1.5% |
| 330,000 | 1.3% | 1.6% | 0.0% | 81.2% | 0.0000 | 1.5% | 1.5% | 0.96 | 1.5% |
| 335,000 | 1.3% | 1.5% | 0.0% | 81.6% | 0.0000 | 1.5% | 1.5% | 0.96 | 1.4% |
| 340,000 | 1.2% | 1.5% | 0.0% | 82.3% | 0.0000 | 1.4% | 1.4% | 0.96 | 1.4% |
| 345,000 | 1.2% | 1.4% | 0.0% | 83.1% | 0.0000 | 1.4% | 1.4% | 0.96 | 1.3% |
| 350,000 | 1.2% | 1.4% | 0.0% | 84.2% | 0.0000 | 1.3% | 1.3% | 0.96 | 1.3% |
| 355,000 | 1.1% | 1.3% | 0.0% | 84.9% | 0.0000 | 1.3% | 1.3% | 0.96 | 1.2% |
| 360,000 | 1.1% | 1.3% | 0.0% | 84.1% | 0.0000 | 1.2% | 1.2% | 0.96 | 1.2% |
| 365,000 | 1.1% | 1.3% | 0.0% | 85.7% | 0.0000 | 1.2% | 1.2% | 0.96 | 1.2% |
| 370,000 | 1.0% | 1.2% | 0.0% | 82.7% | 0.0000 | 1.2% | 1.2% | 0.96 | 1.1% |
| 375,000 | 1.0% | 1.2% | 0.0% | 82.1% | 0.0000 | 1.2% | 1.2% | 0.96 | 1.1% |
| 380,000 | 1.0% | 1.2% | 0.0% | 81.4% | 0.0000 | 1.1% | 1.1% | 0.96 | 1.1% |
| 385,000 | 0.9% | 1.2% | 0.0% | 80.9% | 0.0000 | 1.1% | 1.1% | 0.96 | 1.1% |
| 390,000 | 0.9% | 1.1% | 0.0% | 80.5% | 0.0000 | 1.1% | 1.1% | 0.96 | 1.0% |
| 395,000 | 0.9% | 1.1% | 0.0% | 80.2% | 0.0000 | 1.1% | 1.1% | 0.96 | 1.0% |
| 400,000 | 0.9% | 1.1% | 0.0% | 79.9% | 0.0000 | 1.0% | 1.0% | 0.96 | 1.0% |
| 405,000 | 0.9% | 1.1% | 0.0% | 81.8% | 0.0000 | 1.0% | 1.0% | 0.96 | 1.0% |
| 410,000 | 0.8% | 1.0% | 0.0% | 79.5% | 0.0000 | 1.0% | 1.0% | 0.96 | 1.0% |
| 415,000 | 0.8% | 1.0% | 0.0% | 81.4% | 0.0000 | 1.0% | 1.0% | 0.96 | 0.9% |
| 420,000 | 0.8% | 1.0% | 0.0% | 79.2% | 0.0000 | 0.9% | 0.9% | 0.96 | 0.9% |
| 425,000 | 0.8% | 1.0% | 0.0% | 79.0% | 0.0000 | 0.9% | 0.9% | 0.96 | 0.9% |
| 430,000 | 0.7% | 0.9% | 0.0% | 79.0% | 0.0000 | 0.9% | 0.9% | 0.96 | 0.9% |
| 435,000 | 0.7% | 0.9% | 0.0% | 79.0% | 0.0000 | 0.9% | 0.9% | 0.96 | 0.8% |
| 440,000 | 0.7% | 0.9% | 0.0% | 79.0% | 0.0000 | 0.9% | 0.9% | 0.96 | 0.8% |
| 445,000 | 0.7% | 0.9% | 0.0% | 79.1% | 0.0000 | 0.8% | 0.8% | 0.96 | 0.8% |
| 450,000 | 0.7% | 0.8% | 0.0% | 81.5% | 0.0000 | 0.8% | 0.8% | 0.96 | 0.8% |
| 455,000 | 0.7% | 0.8% | 0.0% | 83.9% | 0.0000 | 0.8% | 0.8% | 0.96 | 0.8% |
| 460,000 | 0.6% | 0.8% | 0.0% | 80.2% | 0.0000 | 0.8% | 0.8% | 0.96 | 0.7% |
| 465,000 | 0.6% | 0.8% | 0.0% | 80.7% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.7% |
| 470,000 | 0.6% | 0.7% | 0.0% | 81.1% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.7% |
| 475,000 | 0.6% | 0.7% | 0.0% | 80.6% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.7% |
| 480,000 | 0.6% | 0.7% | 0.0% | 80.0% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.7% |
| 485,000 | 0.6% | 0.7% | 0.0% | 79.6% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.7% |
| 490,000 | 0.6% | 0.7% | 0.0% | 80.9% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.6% |
| 495,000 | 0.5% | 0.7% | 0.0% | 79.2% | 0.0000 | 0.7% | 0.7% | 0.96 | 0.6% |
| 500,000 | 0.5% | 0.7% | 0.0% | 79.0% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 505,000 | 0.5% | 0.7% | 0.0% | 80.4% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 510,000 | 0.5% | 0.7% | 0.0% | 81.9% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 515,000 | 0.5% | 0.6% | 0.0% | 83.4% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 520,000 | 0.5% | 0.6% | 0.0% | 85.0% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 525,000 | 0.5% | 0.6% | 0.0% | 86.6% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 530,000 | 0.5% | 0.6% | 0.0% | 88.3% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.6% |
| 535,000 | 0.5% | 0.6% | 0.0% | 90.1% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.5% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1 - Amended

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) | i | j= h*i |
|---------|------|----------|-------------|-------------------|--------|---------------------|---------------------|-----------------------------|---------------------------------|
| Limits | TVHP | Milliman | credibility | TVHP/ Milliman | | adj Milliman | Net claim factor | GMCB Reduction Factor | Adjusted Net claim factor |
| 540,000 | 0.5% | 0.6% | 0.0% | 91.9% | 0.0000 | 0.6% | 0.6% | 0.96 | 0.5% |
| 545,000 | 0.5% | 0.6% | 0.0% | 93.8% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 550,000 | 0.5% | 0.6% | 0.0% | 95.8% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 555,000 | 0.4% | 0.5% | 0.0% | 78.4% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 560,000 | 0.4% | 0.5% | 0.0% | 80.1% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 565,000 | 0.4% | 0.5% | 0.0% | 81.9% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 570,000 | 0.4% | 0.5% | 0.0% | 78.3% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 575,000 | 0.4% | 0.5% | 0.0% | 80.2% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.5% |
| 580,000 | 0.4% | 0.5% | 0.0% | 82.1% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.4% |
| 585,000 | 0.4% | 0.5% | 0.0% | 84.2% | 0.0000 | 0.5% | 0.5% | 0.96 | 0.4% |
| 590,000 | 0.4% | 0.5% | 0.0% | 86.3% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 595,000 | 0.4% | 0.5% | 0.0% | 88.5% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 600,000 | 0.4% | 0.4% | 0.0% | 90.9% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 605,000 | 0.3% | 0.4% | 0.0% | 78.8% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 610,000 | 0.3% | 0.4% | 0.0% | 79.0% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 615,000 | 0.3% | 0.4% | 0.0% | 79.5% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 620,000 | 0.3% | 0.4% | 0.0% | 81.8% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.4% |
| 625,000 | 0.3% | 0.4% | 0.0% | 80.9% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.3% |
| 630,000 | 0.3% | 0.4% | 0.0% | 83.4% | 0.0000 | 0.4% | 0.4% | 0.96 | 0.3% |
| 635,000 | 0.3% | 0.4% | 0.0% | 82.8% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 640,000 | 0.3% | 0.3% | 0.0% | 85.6% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 645,000 | 0.3% | 0.3% | 0.0% | 88.6% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 650,000 | 0.3% | 0.3% | 0.0% | 91.9% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 655,000 | 0.3% | 0.3% | 0.0% | 95.3% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 660,000 | 0.3% | 0.3% | 0.0% | 90.1% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 665,000 | 0.3% | 0.3% | 0.0% | 93.8% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 670,000 | 0.3% | 0.3% | 0.0% | 97.8% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.3% |
| 675,000 | 0.3% | 0.3% | 0.0% | 102.1% | 0.0000 | 0.3% | 0.3% | 0.96 | 0.2% |
| 680,000 | 0.3% | 0.3% | 0.0% | 106.9% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 685,000 | 0.3% | 0.2% | 0.0% | 112.1% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 690,000 | 0.3% | 0.2% | 0.0% | 117.8% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 695,000 | 0.3% | 0.2% | 0.0% | 124.1% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 700,000 | 0.3% | 0.2% | 0.0% | 131.3% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 705,000 | 0.3% | 0.2% | 0.0% | 139.1% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 710,000 | 0.3% | 0.2% | 0.0% | 148.2% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 715,000 | 0.3% | 0.2% | 0.0% | 158.3% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.2% |
| 720,000 | 0.3% | 0.2% | 0.0% | 169.8% | 0.0000 | 0.2% | 0.2% | 0.96 | 0.1% |
| 725,000 | 0.2% | 0.1% | 0.0% | 142.4% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 730,000 | 0.2% | 0.1% | 0.0% | 151.4% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 735,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 740,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 745,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 750,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 755,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 760,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.1% |
| 765,000 | 0.0% | 0.1% | 0.0% | 0.0% | 0.0000 | 0.1% | 0.1% | 0.96 | 0.0% |
| 770,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 775,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 780,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 785,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 790,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1 - Amended

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) | i | j= h*i |
|---------------|-------------|-----------------|--------------------|---------------------------|--------|---------------------|-----------------------------|--------------------------------------|--|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | | <u>adj Milliman</u> | <u>Net claim factor</u> | <u>GMCB Reduction Factor</u> | <u>Adjusted Net claim factor</u> |
| 795,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 800,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 805,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 810,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 815,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 820,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 825,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 830,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 835,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 840,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 845,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 850,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 855,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 860,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 865,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 870,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 875,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 880,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 885,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 890,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 895,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 900,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 905,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 910,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 915,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 920,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 925,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 930,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 935,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 940,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 945,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 950,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 955,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 960,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 965,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 970,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 975,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 980,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 985,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 990,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 995,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |
| 1,000,000 | 0.0% | 0.0% | 0.0% | 100.0% | 0.0000 | 0.0% | 0.0% | 0.96 | 0.0% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | <u>Q1 2013</u> |
| | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> |
| \$30,000 | 30.5% | 30.8% | 31.1% | 31.4% | 31.7% | 31.9% |
| \$35,000 | 26.4% | 26.7% | 26.9% | 27.2% | 27.4% | 27.7% |
| \$40,000 | 23.2% | 23.5% | 23.7% | 23.9% | 24.1% | 24.4% |
| \$45,000 | 20.7% | 20.9% | 21.1% | 21.3% | 21.5% | 21.7% |
| \$50,000 | 18.6% | 18.8% | 19.0% | 19.2% | 19.4% | 19.6% |
| \$55,000 | 16.9% | 17.1% | 17.3% | 17.4% | 17.6% | 17.8% |
| \$60,000 | 15.5% | 15.6% | 15.8% | 15.9% | 16.1% | 16.3% |
| \$65,000 | 14.2% | 14.4% | 14.5% | 14.7% | 14.8% | 15.0% |
| \$70,000 | 13.1% | 13.3% | 13.4% | 13.6% | 13.7% | 13.8% |
| \$75,000 | 12.1% | 12.3% | 12.4% | 12.5% | 12.7% | 12.8% |
| \$80,000 | 11.3% | 11.4% | 11.5% | 11.7% | 11.8% | 11.9% |
| \$85,000 | 10.5% | 10.6% | 10.8% | 10.9% | 11.0% | 11.1% |
| \$90,000 | 9.8% | 9.9% | 10.1% | 10.2% | 10.3% | 10.4% |
| \$95,000 | 9.2% | 9.3% | 9.4% | 9.6% | 9.7% | 9.8% |
| \$100,000 | 8.7% | 8.8% | 8.9% | 9.0% | 9.1% | 9.2% |
| \$105,000 | 8.2% | 8.3% | 8.4% | 8.5% | 8.6% | 8.7% |
| \$110,000 | 7.7% | 7.8% | 7.9% | 8.0% | 8.1% | 8.2% |
| \$115,000 | 7.3% | 7.4% | 7.5% | 7.6% | 7.7% | 7.8% |
| \$120,000 | 6.9% | 7.0% | 7.1% | 7.2% | 7.3% | 7.4% |
| \$125,000 | 6.6% | 6.7% | 6.7% | 6.8% | 6.9% | 7.0% |
| \$130,000 | 6.2% | 6.3% | 6.4% | 6.5% | 6.6% | 6.7% |
| \$135,000 | 6.0% | 6.0% | 6.1% | 6.2% | 6.3% | 6.3% |
| \$140,000 | 5.7% | 5.8% | 5.8% | 5.9% | 6.0% | 6.1% |
| \$145,000 | 5.4% | 5.5% | 5.6% | 5.7% | 5.7% | 5.8% |
| \$150,000 | 5.2% | 5.3% | 5.3% | 5.4% | 5.5% | 5.6% |
| \$155,000 | 4.9% | 5.0% | 5.1% | 5.2% | 5.2% | 5.3% |
| \$160,000 | 4.8% | 4.8% | 4.9% | 4.9% | 5.0% | 5.1% |
| \$165,000 | 4.6% | 4.6% | 4.7% | 4.7% | 4.8% | 4.9% |
| \$170,000 | 4.4% | 4.5% | 4.5% | 4.6% | 4.6% | 4.7% |
| \$175,000 | 4.2% | 4.3% | 4.3% | 4.4% | 4.5% | 4.5% |
| \$180,000 | 4.0% | 4.1% | 4.2% | 4.2% | 4.3% | 4.3% |
| \$185,000 | 3.9% | 3.9% | 4.0% | 4.1% | 4.1% | 4.2% |
| \$190,000 | 3.7% | 3.8% | 3.8% | 3.9% | 4.0% | 4.0% |
| \$195,000 | 3.6% | 3.7% | 3.7% | 3.7% | 3.8% | 3.9% |
| \$200,000 | 3.5% | 3.5% | 3.6% | 3.6% | 3.7% | 3.7% |
| \$205,000 | 3.4% | 3.4% | 3.5% | 3.5% | 3.5% | 3.6% |
| \$210,000 | 3.2% | 3.3% | 3.3% | 3.4% | 3.4% | 3.5% |
| \$215,000 | 3.1% | 3.2% | 3.2% | 3.3% | 3.3% | 3.4% |
| \$220,000 | 3.0% | 3.0% | 3.1% | 3.1% | 3.2% | 3.2% |
| \$225,000 | 2.9% | 2.9% | 3.0% | 3.0% | 3.1% | 3.1% |
| \$230,000 | 2.8% | 2.8% | 2.9% | 2.9% | 3.0% | 3.0% |
| \$235,000 | 2.7% | 2.8% | 2.8% | 2.8% | 2.9% | 2.9% |

* Percentages to be applied to experience claims below the limit, to derive expected claims over the limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | <u>Q1 2013</u> |
| | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> |
| \$240,000 | 2.6% | 2.7% | 2.7% | 2.7% | 2.8% | 2.8% |
| \$245,000 | 2.5% | 2.6% | 2.6% | 2.7% | 2.7% | 2.7% |
| \$250,000 | 2.5% | 2.5% | 2.5% | 2.6% | 2.6% | 2.7% |
| \$255,000 | 2.4% | 2.4% | 2.5% | 2.5% | 2.5% | 2.6% |
| \$260,000 | 2.3% | 2.3% | 2.4% | 2.4% | 2.5% | 2.5% |
| \$265,000 | 2.2% | 2.2% | 2.3% | 2.3% | 2.4% | 2.4% |
| \$270,000 | 2.1% | 2.2% | 2.2% | 2.2% | 2.3% | 2.3% |
| \$275,000 | 2.0% | 2.1% | 2.1% | 2.2% | 2.2% | 2.3% |
| \$280,000 | 2.0% | 2.0% | 2.1% | 2.1% | 2.1% | 2.2% |
| \$285,000 | 1.9% | 2.0% | 2.0% | 2.0% | 2.1% | 2.1% |
| \$290,000 | 1.9% | 1.9% | 1.9% | 2.0% | 2.0% | 2.0% |
| \$295,000 | 1.8% | 1.9% | 1.9% | 1.9% | 2.0% | 2.0% |
| \$300,000 | 1.8% | 1.8% | 1.8% | 1.9% | 1.9% | 1.9% |
| \$305,000 | 1.7% | 1.8% | 1.8% | 1.8% | 1.9% | 1.9% |
| \$310,000 | 1.7% | 1.7% | 1.7% | 1.8% | 1.8% | 1.8% |
| \$315,000 | 1.6% | 1.7% | 1.7% | 1.7% | 1.8% | 1.8% |
| \$320,000 | 1.6% | 1.6% | 1.6% | 1.7% | 1.7% | 1.7% |
| \$325,000 | 1.5% | 1.6% | 1.6% | 1.6% | 1.6% | 1.7% |
| \$330,000 | 1.5% | 1.5% | 1.5% | 1.6% | 1.6% | 1.6% |
| \$335,000 | 1.4% | 1.4% | 1.5% | 1.5% | 1.5% | 1.6% |
| \$340,000 | 1.4% | 1.4% | 1.4% | 1.5% | 1.5% | 1.5% |
| \$345,000 | 1.3% | 1.3% | 1.4% | 1.4% | 1.4% | 1.5% |
| \$350,000 | 1.3% | 1.3% | 1.3% | 1.4% | 1.4% | 1.4% |
| \$355,000 | 1.2% | 1.2% | 1.3% | 1.3% | 1.3% | 1.4% |
| \$360,000 | 1.2% | 1.2% | 1.2% | 1.3% | 1.3% | 1.3% |
| \$365,000 | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% | 1.3% |
| \$370,000 | 1.1% | 1.2% | 1.2% | 1.2% | 1.2% | 1.2% |
| \$375,000 | 1.1% | 1.1% | 1.2% | 1.2% | 1.2% | 1.2% |
| \$380,000 | 1.1% | 1.1% | 1.1% | 1.1% | 1.2% | 1.2% |
| \$385,000 | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.2% |
| \$390,000 | 1.0% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |
| \$395,000 | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% | 1.1% |
| \$400,000 | 1.0% | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% |
| \$405,000 | 1.0% | 1.0% | 1.0% | 1.0% | 1.1% | 1.1% |
| \$410,000 | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| \$415,000 | 0.9% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| \$420,000 | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% | 1.0% |
| \$425,000 | 0.9% | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% |
| \$430,000 | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 1.0% |
| \$435,000 | 0.8% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| \$440,000 | 0.8% | 0.8% | 0.9% | 0.9% | 0.9% | 0.9% |
| \$445,000 | 0.8% | 0.8% | 0.8% | 0.9% | 0.9% | 0.9% |

* Percentages to be applied to experience claims below the limit, to derive expected claims over the limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | <u>Q1 2013</u> |
| | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> |
| \$450,000 | 0.8% | 0.8% | 0.8% | 0.8% | 0.9% | 0.9% |
| \$455,000 | 0.8% | 0.8% | 0.8% | 0.8% | 0.8% | 0.9% |
| \$460,000 | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% | 0.8% |
| \$465,000 | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% |
| \$470,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% |
| \$475,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% |
| \$480,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$485,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$490,000 | 0.6% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$495,000 | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$500,000 | 0.6% | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% |
| \$505,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.7% | 0.7% |
| \$510,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.7% |
| \$515,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$520,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$525,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$530,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$535,000 | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$540,000 | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$545,000 | 0.5% | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% |
| \$550,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.6% |
| \$555,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% |
| \$560,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$565,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$570,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$575,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$580,000 | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$585,000 | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$590,000 | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$595,000 | 0.4% | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% |
| \$600,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.5% | 0.5% |
| \$605,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.5% |
| \$610,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$615,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$620,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$625,000 | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$630,000 | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$635,000 | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$640,000 | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% |
| \$645,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% |
| \$650,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% |
| \$655,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% |

* Percentages to be applied to experience claims below the limit, to derive expected claims over the limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | <u>Q1 2013</u> |
| | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> |
| \$660,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$665,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$670,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$675,000 | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$680,000 | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$685,000 | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% |
| \$690,000 | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% |
| \$695,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% |
| \$700,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% |
| \$705,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% |
| \$710,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$715,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$720,000 | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$725,000 | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$730,000 | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$735,000 | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% |
| \$740,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% |
| \$745,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% |
| \$750,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% |
| \$755,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$760,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$765,000 | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$770,000 | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$775,000 | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$780,000 | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% |
| \$785,000 | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% |
| \$790,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| \$795,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| \$800,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| \$805,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$810,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$815,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$820,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$825,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$830,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$835,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$840,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$845,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$850,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$855,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$860,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$865,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

* Percentages to be applied to experience claims below the limit, to derive expected claims over the limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2 - Amended

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | |
|--------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | <u>Q1 2013</u> |
| | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> | <u>claim*</u> <u>factor</u> |
| \$870,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$875,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$880,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$885,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$890,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$895,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$900,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$905,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$910,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$915,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$920,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$925,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$930,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$935,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$940,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$945,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$950,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$955,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$960,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$965,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$970,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$975,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$980,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$985,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$990,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$995,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$1,000,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

* Percentages to be applied to experience claims below the limit, to derive expected claims over the limit.

The Vermont Health Plan
Provision for Large Claims Filing for 2013
Net Cost of Reinsurance (PMPM)

Exhibit 3 - Amended

Pricing Period Starting Quarter

| <u>Q2 2013</u> | <u>Q3 2013</u> | <u>Q4 2013</u> | <u>Q1 2014</u> | <u>Q2 2014</u> | <u>Q3 2014</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$2.30 | \$2.37 | \$2.37 | \$2.38 | \$2.45 | \$2.45 |

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

Note To Filer

Created By:

Sean Londergan on 06/26/2013 10:42 AM

Last Edited By:

Sean Londergan

Submitted On:

06/26/2013 10:42 AM

Subject:

Deemed complete

Comments:

This note is to advise the company that this rate filing has been deemed complete as of June 19, 2013 - meaning that the Department's 30-day review period for the filing runs through July 19, 2013.

SERFF Tracking #:

BCVT-128829841

State Tracking #:

63888

Company Tracking #:

| | | | |
|-----------------------------|--|------------------------|------|
| State: | Vermont | Filing Company: | TVHP |
| TOI/Sub-TOI: | ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other | | |
| Product Name: | TVHP 2013 Provision for Large Claims Filing | | |
| Project Name/Number: | / | | |

Supporting Document Schedules

| | |
|--------------------------|--|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | 2013 TVHP Provision for Large Claims Filing - Actuarial Memorandum.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|-------------------------------------|
| Satisfied - Item: | Filing Compliance Certification |
| Comments: | |
| Attachment(s): | Filing Compliance Certification.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--|
| Satisfied - Item: | Health Administrative Forms |
| Comments: | |
| Attachment(s): | F106 TVHP 2013 Provision for Large Claims Filing.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|---|
| Bypassed - Item: | Health Filing Data |
| Bypass Reason: | Our variability data is filed with our outline of coverage filings. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Third Party Filing Authorization |
| Bypass Reason: | BCBSVT does not use a Third Party to submit filings. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | Exhibits |
| Comments: | |
| Attachment(s): | 2013 TVHP Provision for Large Claims Filing - Exhibit 1.pdf 2013 TVHP Provision for Large Claims Filing - Exhibit 2.pdf 2013 TVHP Provision for Large Claims Filing - Exhibit 3.pdf |

SERFF Tracking #: BCVT-128829841 **State Tracking #:** 63888 **Company Tracking #:**

State: Vermont **Filing Company:** TVHP
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: TVHP 2013 Provision for Large Claims Filing
Project Name/Number: /

| | |
|---------------------|--|
| Item Status: | |
| Status Date: | |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Actuarial Memorandum**

Summary

The purpose of this filing is to provide provision for large claims factors to be used in the pricing of The Vermont Health Plan's (TVHP) experience-rated groups.

We intend to apply these factors to determine rates for groups that are renewing or applying for coverage with TVHP. The factors will be used for renewals or proposals delivered 10 or more business days after the date of approval of this filing, through 10 business days after the approval of a successor filing.

Provision for Large Claims Development

In order to develop the provision for large claims factors, allowed charges and paid claims through August 31, 2012 were analyzed for the experience years ending December 31, 2010 and December 31, 2011. Only amounts for Blue Cross and Blue Shield of Vermont (BCBSVT) and TVHP members in underwritten or Cost Plus groups were included in the experience data, and managed mental health services, capitated services, and claims incurred by Medicare-eligible members were excluded. Any groups that do not include prescription drugs as a covered expense under their BCBSVT/TVHP benefit plan were excluded.

Claims to Allowed Charges

For each experience year, allowed charges and claim amounts were totaled for each claimant. These were then sorted into categories by the amount of allowed charges. The categories used were:

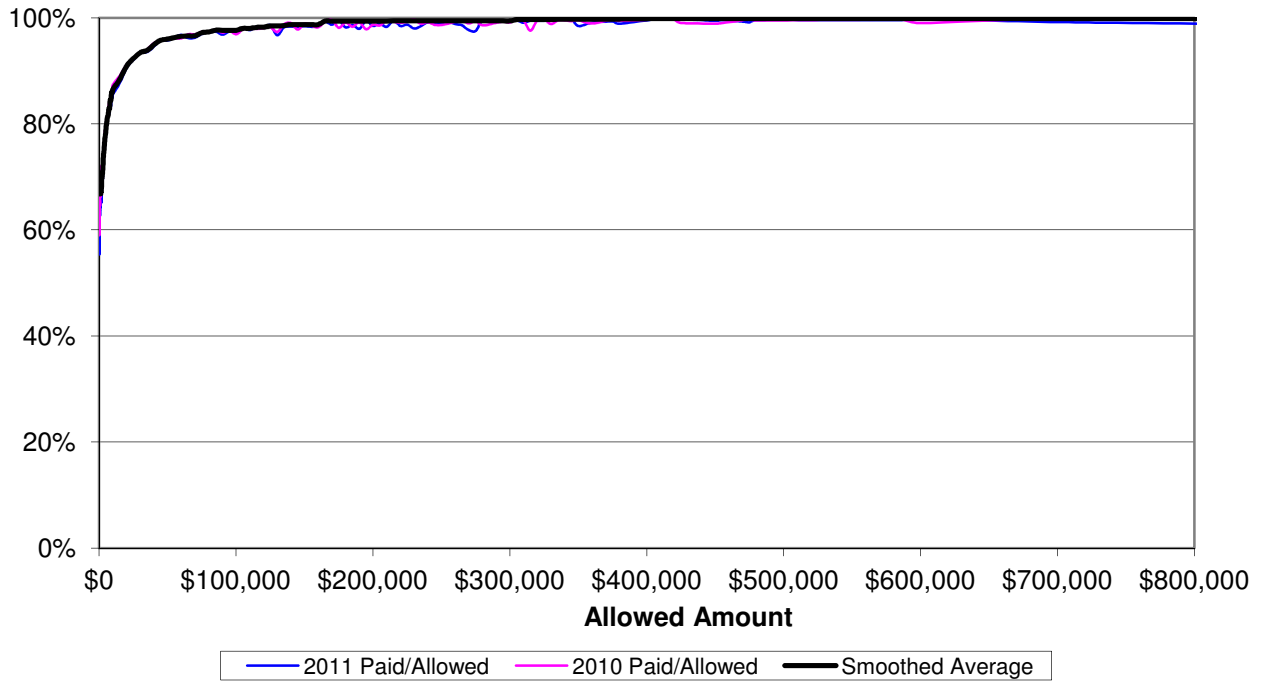
| at_least | but_less_than |
|----------|---------------|
| - | \$50 |
| \$50 | \$100 |
| \$100 | \$200 |
| \$200 | \$300 |
| ... | ... |
| \$2,000 | \$2,500 |
| \$2,500 | \$3,000 |
| ... | ... |
| \$10,000 | \$15,000 |
| \$15,000 | \$20,000 |
| ... | ... |

For each category, the ratio of the amount of the paid claim to the amount of allowed charges was calculated. The corresponding values for each year were averaged and the resulting values were smoothed. The result was a table of claims to allowed charges factors.

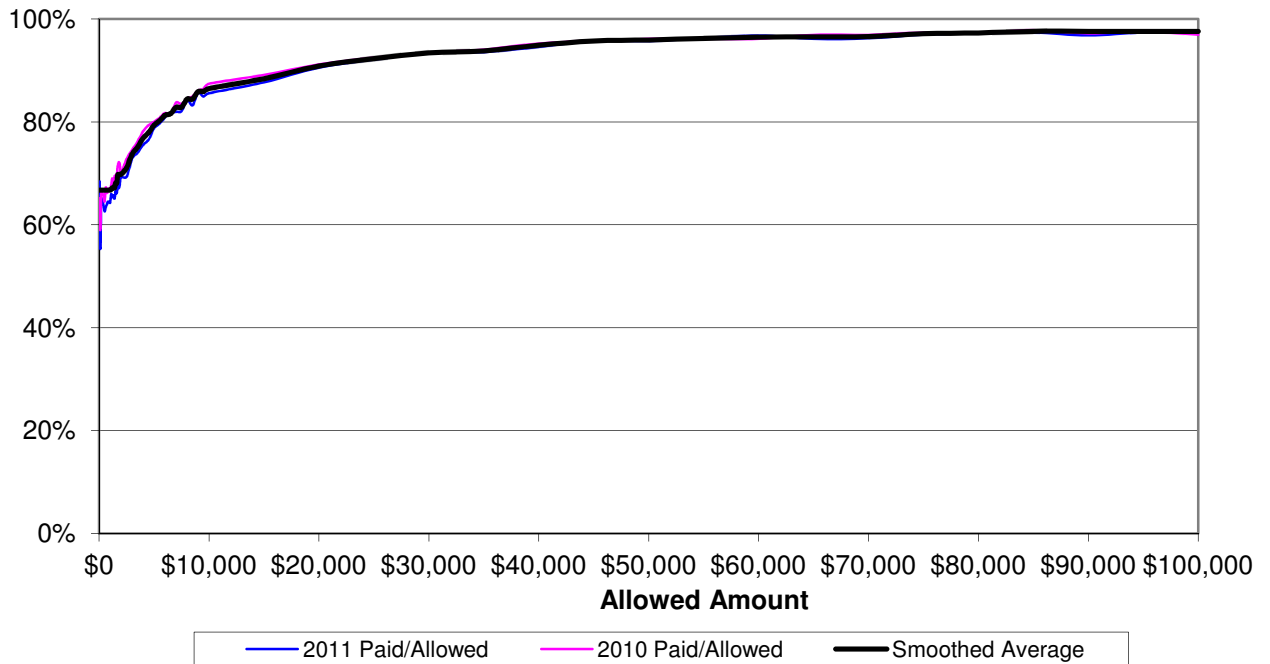
The following graphs show the observed and smoothed factors:

The Vermont Health Plan
Provision for Large Claims Filing for 2013
Actuarial Memorandum

Paid/Allowed



Paid/Allowed for Allowed Amounts < \$100,000



**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Actuarial Memorandum**

Trended Claims

We calculated the charge factors assuming experience periods begin on the first day of the quarter.

The allowed amounts by claimant for 2010 were trended by the observed trend from 2010 to 2011, and then by 6.0% per annum (the overall trend factor implied by the capped allowed trend in the approved Q1-Q2 2013 BCBSVT Trend filing). The allowed amounts for 2011 were trended forward at 6.0% per annum. For each claimant record, a claim amount was calculated by applying the appropriate factor from the claims-to-allowed amount factor table. A projected claim file was built by combining the trended 2010 records with two copies of the trended 2011 records (thus weighting the 2011 experience twice as heavily as the 2010 experience). For a set of limits (in increments of \$5000) the amounts in excess of the limit for each claim and the amounts under the limit for each claim were totaled, and the ratio of these calculated. This produced a factor, for each limit value, expressing claims above the limit in terms of claims below the limit.

A distribution of claims by amount was also generated from the 2011 Milliman Health Cost Guidelines distribution of allowed charges (adjusted for VT), by trending the distribution to produce the same expected average annual allowed charge per member as the trended BCBSVT/TVHP distribution, and then applying the claims-to-allowed-charges factors calculated above. Factors for claims above the limit as a percentage of those below the limit were calculated from this distribution.

The development of credibility factors to be applied to the BCBSVT/TVHP experience begins, as in previous BCBSVT Provision for Large Claims and Stop Loss filings, with the Q1 2008 established criteria of 1.00 for a \$30,000 limit, reduced uniformly to 0.01 for a \$195,000 limit. The \$30,000 and \$195,000 boundary values are increased by trend from Q1 2008 for all subsequent quarters.

For each limit, the ratio of the expected claims over the limit as a percentage of claims below the limit developed from the BCBSVT/TVHP distribution was divided by the corresponding ratio developed from the distribution derived from the Milliman data. The weighted average of these factors, weighted by the credibility factor for each limit, was then averaged with 1 and the resulting adjustment factor applied to the ratio of the expected claims over the limit as a percentage of claims below the limit developed from the Milliman data to produce adjusted Milliman ratios.¹

For each limit, the expected claims over the limit as a percentage of claims below the limit factors were then developed by applying the credibility factor to the factor based on BCBSVT/TVHP experience and adding (1-credibility factor) applied to the adjusted factors from the Milliman data. This calculation is demonstrated in Exhibit 1.

¹ This adjustment procedure is the result of discussions between the Vermont DFR's actuaries and BCBSVT's actuaries with respect to VFN 40518, Provision for Large Claims and Stop Loss Filing.

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Actuarial Memorandum**

Provision for Large Claims Factors

For TVHP experience rated business, the expected claims over the limit as a percentage of claims below the limit factors developed above are used to estimate claims over the pooling limit from the experience claims below the pooling limit. Exhibit 2 shows the provision for large claims factors for experience rated cases with experience periods starting quarters Q4 2011 through Q1 2013.

Net Cost of Reinsurance

TVHP has purchased reinsurance for claims in excess of \$325,000 for 2013, and expects to purchase similar reinsurance in subsequent years with limits approximately equal to the 2013 limit increased by trend. We estimate that the target loss ratio for the reinsurance is approximately 75%, which implies a cost of reinsurance of approximately 33% of claims above the reinsurance limit. For each pricing period starting quarter, we determined an annual cost of reinsurance for the trended reinsurance limit by multiplying the expected annual claims cost above the limit by 33%. Dividing this by 12 results in the PMPM cost of reinsurance. The table of PMPM's, based on pricing period starting quarter, is shown in Exhibit 3.

Actuarial Certification

I am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering opinions with regard to health rate filings.


Based on my review of the block's underlying experience and methods applied, it is my opinion that the rate factors set forth in this filing are adequate and are neither excessive nor unfairly discriminatory.

Donna M. Lee

Donna M. Lee, F.S.A., M.A.A.A.

December 20, 2012

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont



Kevin Goddard
Vice President, External Affairs and Sales

12/27/12

Date

**Health Filing Form F106 (7/98)
Required Information for All Filings & the Fee**

NAIC#: 95696
Company Name The Vermont Health Plan
Address: PO Box 186
City, State, Zip: Montpelier, VT 05601
Phone: 371-3450 Contact Person: Alison Partridge

Filing Contents: TVHP 2013 Provision for Large Claims Filing

- 1) New: Change:
If a Change: Latest Approval Date _____ Vermont Filing #: _____
2) Rates: Forms: Rates & Forms:
3) Policy: Contract: Amendment: Endorsement:
Handbook: Rider: Certificate: Other: Outline
4) Individual: Small Group (1-50): Large Group (51+): All Groups:

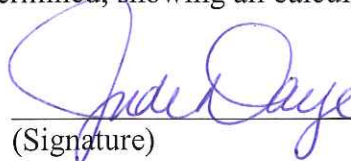
Type of Filing:

- | | | |
|---|---|---|
| Accident Only: <input type="checkbox"/> | Dental: <input type="checkbox"/> | Miscellaneous: <input type="checkbox"/> |
| AD&D: <input type="checkbox"/> | Disability: <input type="checkbox"/> | Nursing Home Only: <input type="checkbox"/> |
| Advertising: <input type="checkbox"/> | Home Health Only: <input type="checkbox"/> | Organ Transplant: <input type="checkbox"/> |
| Blanket: <input type="checkbox"/> | Hospital Indemnity: <input type="checkbox"/> | Prescription Drug: <input type="checkbox"/> |
| Cancer Expense: <input type="checkbox"/> | Limited Benefit: <input type="checkbox"/> | Student/Athlete: <input type="checkbox"/> |
| Comprehensive/ Major Medical: <input type="checkbox"/> | Long Term Care: <input type="checkbox"/> | Stop Loss/Excess Risk: <input type="checkbox"/> |
| Conversion: <input type="checkbox"/> | Qualified: <input type="checkbox"/> | Travel: <input type="checkbox"/> |
| Critical Illness: <input type="checkbox"/> | Non-Qualified: <input type="checkbox"/> | Vision: <input type="checkbox"/> |
| | Medicare Supplement: <input type="checkbox"/> | Other: <u>Health</u> |

Mandatory - Filing Fee Information:

1. State of Domicile: Vermont
2. Amount of Fee: \$50.00
3. Is the Fee you are sending based on your state of domicile's retaliatory fee? Yes No
4. Explain how each part of the Fee was determined, showing all calculation (use separate sheet if necessary). Vermont filing fee

5. Fee calculated by: Jude Daye
(Printed Name)


(Signature)

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) |
|---------------|-------------|-----------------|--------------------|---------------------------|--------------|---------------------|-----------------------------------|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | <u>_____</u> | <u>adj Milliman</u> | <u>Merit net claim factor</u> |
| 30,000 | 32.2% | 32.8% | 100% | 98% | 0.9806 | 31.4% | 32.2% |
| 35,000 | 27.9% | 28.7% | 100% | 97% | 0.9710 | 27.5% | 27.9% |
| 40,000 | 24.5% | 25.5% | 98% | 96% | 0.9396 | 24.4% | 24.5% |
| 45,000 | 21.8% | 22.9% | 95% | 95% | 0.9059 | 21.9% | 21.8% |
| 50,000 | 19.6% | 20.8% | 92% | 95% | 0.8743 | 19.9% | 19.7% |
| 55,000 | 17.8% | 19.0% | 90% | 94% | 0.8461 | 18.1% | 17.9% |
| 60,000 | 16.3% | 17.3% | 87% | 94% | 0.8218 | 16.6% | 16.3% |
| 65,000 | 15.0% | 16.0% | 85% | 93% | 0.7918 | 15.3% | 15.0% |
| 70,000 | 13.8% | 14.9% | 82% | 93% | 0.7631 | 14.2% | 13.9% |
| 75,000 | 12.8% | 13.8% | 80% | 93% | 0.7382 | 13.2% | 12.8% |
| 80,000 | 11.8% | 12.9% | 77% | 92% | 0.7074 | 12.3% | 11.9% |
| 85,000 | 11.0% | 12.0% | 75% | 91% | 0.6813 | 11.5% | 11.1% |
| 90,000 | 10.3% | 11.3% | 72% | 91% | 0.6539 | 10.8% | 10.4% |
| 95,000 | 9.6% | 10.6% | 69% | 90% | 0.6263 | 10.2% | 9.8% |
| 100,000 | 9.0% | 10.0% | 67% | 90% | 0.6030 | 9.5% | 9.2% |
| 105,000 | 8.4% | 9.4% | 64% | 89% | 0.5754 | 9.0% | 8.7% |
| 110,000 | 8.0% | 8.9% | 62% | 89% | 0.5505 | 8.5% | 8.2% |
| 115,000 | 7.5% | 8.4% | 59% | 89% | 0.5258 | 8.1% | 7.7% |
| 120,000 | 7.1% | 8.0% | 57% | 88% | 0.5008 | 7.7% | 7.3% |
| 125,000 | 6.7% | 7.6% | 54% | 88% | 0.4780 | 7.3% | 7.0% |
| 130,000 | 6.4% | 7.2% | 52% | 89% | 0.4571 | 6.9% | 6.6% |
| 135,000 | 6.1% | 6.9% | 49% | 88% | 0.4314 | 6.6% | 6.3% |
| 140,000 | 5.8% | 6.6% | 46% | 88% | 0.4072 | 6.3% | 6.0% |
| 145,000 | 5.5% | 6.3% | 44% | 88% | 0.3842 | 6.0% | 5.8% |
| 150,000 | 5.2% | 6.0% | 41% | 88% | 0.3624 | 5.7% | 5.5% |
| 155,000 | 5.0% | 5.7% | 39% | 88% | 0.3419 | 5.4% | 5.3% |
| 160,000 | 4.8% | 5.4% | 36% | 88% | 0.3187 | 5.2% | 5.0% |
| 165,000 | 4.6% | 5.2% | 34% | 87% | 0.2944 | 5.0% | 4.9% |
| 170,000 | 4.4% | 5.0% | 31% | 87% | 0.2708 | 4.8% | 4.7% |
| 175,000 | 4.2% | 4.8% | 29% | 87% | 0.2479 | 4.6% | 4.5% |
| 180,000 | 4.0% | 4.6% | 26% | 87% | 0.2254 | 4.4% | 4.3% |
| 185,000 | 3.8% | 4.4% | 23% | 87% | 0.2033 | 4.2% | 4.1% |
| 190,000 | 3.7% | 4.2% | 21% | 87% | 0.1813 | 4.0% | 4.0% |
| 195,000 | 3.5% | 4.1% | 18% | 86% | 0.1581 | 3.9% | 3.8% |
| 200,000 | 3.4% | 3.9% | 16% | 86% | 0.1353 | 3.8% | 3.7% |
| 205,000 | 3.2% | 3.8% | 13% | 85% | 0.1129 | 3.6% | 3.6% |
| 210,000 | 3.1% | 3.6% | 11% | 85% | 0.0909 | 3.5% | 3.4% |
| 215,000 | 3.0% | 3.5% | 8% | 85% | 0.0691 | 3.3% | 3.3% |
| 220,000 | 2.9% | 3.4% | 6% | 85% | 0.0474 | 3.2% | 3.2% |
| 225,000 | 2.7% | 3.2% | 3% | 86% | 0.0257 | 3.1% | 3.1% |
| 230,000 | 2.6% | 3.1% | 0% | 85% | 0.0038 | 3.0% | 3.0% |
| 235,000 | 2.5% | 3.0% | 0% | 84% | - | 2.9% | 2.9% |
| 240,000 | 2.4% | 2.9% | 0% | 83% | - | 2.8% | 2.8% |
| 245,000 | 2.3% | 2.8% | 0% | 83% | - | 2.7% | 2.7% |

The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011

Exhibit 1

| a | b | c | d | e=b/c | f=d*e | $g = \frac{c \cdot (1 + \sum f / \sum d)}{2}$ | $h = \frac{b \cdot d + g \cdot (1 - d)}{\text{Merit net claim factor}}$ |
|---------------|-------------|-----------------|--------------------|---------------------------|--------------|---|---|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | <u>_____</u> | <u>adj Milliman</u> | <u>claim factor</u> |
| 250,000 | 2.3% | 2.7% | 0% | 82% | - | 2.6% | 2.6% |
| 255,000 | 2.2% | 2.6% | 0% | 82% | - | 2.5% | 2.5% |
| 260,000 | 2.1% | 2.5% | 0% | 82% | - | 2.4% | 2.4% |
| 265,000 | 2.0% | 2.5% | 0% | 82% | - | 2.4% | 2.4% |
| 270,000 | 1.9% | 2.4% | 0% | 82% | - | 2.3% | 2.3% |
| 275,000 | 1.9% | 2.3% | 0% | 83% | - | 2.2% | 2.2% |
| 280,000 | 1.8% | 2.2% | 0% | 82% | - | 2.1% | 2.1% |
| 285,000 | 1.8% | 2.2% | 0% | 81% | - | 2.1% | 2.1% |
| 290,000 | 1.7% | 2.1% | 0% | 81% | - | 2.0% | 2.0% |
| 295,000 | 1.7% | 2.0% | 0% | 83% | - | 2.0% | 2.0% |
| 300,000 | 1.6% | 2.0% | 0% | 81% | - | 1.9% | 1.9% |
| 305,000 | 1.5% | 1.9% | 0% | 80% | - | 1.8% | 1.8% |
| 310,000 | 1.5% | 1.9% | 0% | 80% | - | 1.8% | 1.8% |
| 315,000 | 1.5% | 1.8% | 0% | 80% | - | 1.7% | 1.7% |
| 320,000 | 1.4% | 1.8% | 0% | 80% | - | 1.7% | 1.7% |
| 325,000 | 1.4% | 1.7% | 0% | 81% | - | 1.6% | 1.6% |
| 330,000 | 1.3% | 1.6% | 0% | 81% | - | 1.6% | 1.6% |
| 335,000 | 1.3% | 1.6% | 0% | 81% | - | 1.5% | 1.5% |
| 340,000 | 1.3% | 1.5% | 0% | 82% | - | 1.5% | 1.5% |
| 345,000 | 1.2% | 1.5% | 0% | 82% | - | 1.4% | 1.4% |
| 350,000 | 1.2% | 1.4% | 0% | 83% | - | 1.4% | 1.4% |
| 355,000 | 1.1% | 1.4% | 0% | 84% | - | 1.3% | 1.3% |
| 360,000 | 1.1% | 1.3% | 0% | 85% | - | 1.3% | 1.3% |
| 365,000 | 1.1% | 1.3% | 0% | 84% | - | 1.2% | 1.2% |
| 370,000 | 1.1% | 1.3% | 0% | 86% | - | 1.2% | 1.2% |
| 375,000 | 1.0% | 1.2% | 0% | 83% | - | 1.2% | 1.2% |
| 380,000 | 1.0% | 1.2% | 0% | 82% | - | 1.2% | 1.2% |
| 385,000 | 1.0% | 1.2% | 0% | 81% | - | 1.1% | 1.1% |
| 390,000 | 0.9% | 1.2% | 0% | 81% | - | 1.1% | 1.1% |
| 395,000 | 0.9% | 1.1% | 0% | 81% | - | 1.1% | 1.1% |
| 400,000 | 0.9% | 1.1% | 0% | 80% | - | 1.1% | 1.1% |
| 405,000 | 0.9% | 1.1% | 0% | 80% | - | 1.0% | 1.0% |
| 410,000 | 0.9% | 1.1% | 0% | 82% | - | 1.0% | 1.0% |
| 415,000 | 0.8% | 1.0% | 0% | 80% | - | 1.0% | 1.0% |
| 420,000 | 0.8% | 1.0% | 0% | 81% | - | 1.0% | 1.0% |
| 425,000 | 0.8% | 1.0% | 0% | 79% | - | 1.0% | 1.0% |
| 430,000 | 0.8% | 1.0% | 0% | 79% | - | 0.9% | 0.9% |
| 435,000 | 0.7% | 0.9% | 0% | 79% | - | 0.9% | 0.9% |
| 440,000 | 0.7% | 0.9% | 0% | 79% | - | 0.9% | 0.9% |
| 445,000 | 0.7% | 0.9% | 0% | 79% | - | 0.9% | 0.9% |
| 450,000 | 0.7% | 0.9% | 0% | 79% | - | 0.8% | 0.8% |
| 455,000 | 0.7% | 0.8% | 0% | 79% | - | 0.8% | 0.8% |
| 460,000 | 0.7% | 0.8% | 0% | 82% | - | 0.8% | 0.8% |
| 465,000 | 0.7% | 0.8% | 0% | 84% | - | 0.8% | 0.8% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) |
|---------------|-------------|-----------------|--------------------|---------------------------|--------------|---------------------|-----------------------------------|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | <u>_____</u> | <u>adj Milliman</u> | <u>Merit net claim factor</u> |
| 470,000 | 0.6% | 0.8% | 0% | 81% | - | 0.7% | 0.7% |
| 475,000 | 0.6% | 0.7% | 0% | 83% | - | 0.7% | 0.7% |
| 480,000 | 0.6% | 0.7% | 0% | 81% | - | 0.7% | 0.7% |
| 485,000 | 0.6% | 0.7% | 0% | 80% | - | 0.7% | 0.7% |
| 490,000 | 0.6% | 0.7% | 0% | 80% | - | 0.7% | 0.7% |
| 495,000 | 0.6% | 0.7% | 0% | 79% | - | 0.7% | 0.7% |
| 500,000 | 0.5% | 0.7% | 0% | 79% | - | 0.7% | 0.7% |
| 505,000 | 0.5% | 0.7% | 0% | 79% | - | 0.7% | 0.7% |
| 510,000 | 0.5% | 0.7% | 0% | 81% | - | 0.6% | 0.6% |
| 515,000 | 0.5% | 0.7% | 0% | 82% | - | 0.6% | 0.6% |
| 520,000 | 0.5% | 0.6% | 0% | 83% | - | 0.6% | 0.6% |
| 525,000 | 0.5% | 0.6% | 0% | 85% | - | 0.6% | 0.6% |
| 530,000 | 0.5% | 0.6% | 0% | 87% | - | 0.6% | 0.6% |
| 535,000 | 0.5% | 0.6% | 0% | 88% | - | 0.6% | 0.6% |
| 540,000 | 0.5% | 0.6% | 0% | 90% | - | 0.6% | 0.6% |
| 545,000 | 0.5% | 0.6% | 0% | 92% | - | 0.6% | 0.6% |
| 550,000 | 0.5% | 0.6% | 0% | 94% | - | 0.5% | 0.5% |
| 555,000 | 0.5% | 0.6% | 0% | 95% | - | 0.5% | 0.5% |
| 560,000 | 0.4% | 0.6% | 0% | 78% | - | 0.5% | 0.5% |
| 565,000 | 0.4% | 0.5% | 0% | 80% | - | 0.5% | 0.5% |
| 570,000 | 0.4% | 0.5% | 0% | 82% | - | 0.5% | 0.5% |
| 575,000 | 0.4% | 0.5% | 0% | 84% | - | 0.5% | 0.5% |
| 580,000 | 0.4% | 0.5% | 0% | 78% | - | 0.5% | 0.5% |
| 585,000 | 0.4% | 0.5% | 0% | 80% | - | 0.5% | 0.5% |
| 590,000 | 0.4% | 0.5% | 0% | 82% | - | 0.5% | 0.5% |
| 595,000 | 0.4% | 0.5% | 0% | 84% | - | 0.4% | 0.4% |
| 600,000 | 0.4% | 0.5% | 0% | 86% | - | 0.4% | 0.4% |
| 605,000 | 0.4% | 0.4% | 0% | 89% | - | 0.4% | 0.4% |
| 610,000 | 0.3% | 0.4% | 0% | 79% | - | 0.4% | 0.4% |
| 615,000 | 0.3% | 0.4% | 0% | 81% | - | 0.4% | 0.4% |
| 620,000 | 0.3% | 0.4% | 0% | 79% | - | 0.4% | 0.4% |
| 625,000 | 0.3% | 0.4% | 0% | 80% | - | 0.4% | 0.4% |
| 630,000 | 0.3% | 0.4% | 0% | 80% | - | 0.4% | 0.4% |
| 635,000 | 0.3% | 0.4% | 0% | 83% | - | 0.4% | 0.4% |
| 640,000 | 0.3% | 0.4% | 0% | 82% | - | 0.3% | 0.3% |
| 645,000 | 0.3% | 0.4% | 0% | 85% | - | 0.3% | 0.3% |
| 650,000 | 0.3% | 0.3% | 0% | 88% | - | 0.3% | 0.3% |
| 655,000 | 0.3% | 0.3% | 0% | 91% | - | 0.3% | 0.3% |
| 660,000 | 0.3% | 0.3% | 0% | 94% | - | 0.3% | 0.3% |
| 665,000 | 0.3% | 0.3% | 0% | 98% | - | 0.3% | 0.3% |
| 670,000 | 0.3% | 0.3% | 0% | 91% | - | 0.3% | 0.3% |
| 675,000 | 0.3% | 0.3% | 0% | 94% | - | 0.3% | 0.3% |
| 680,000 | 0.3% | 0.3% | 0% | 98% | - | 0.3% | 0.3% |
| 685,000 | 0.3% | 0.3% | 0% | 103% | - | 0.3% | 0.3% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) |
|---------------|-------------|-----------------|--------------------|---------------------------|--------------|---------------------|-----------------------------------|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | <u>_____</u> | <u>adj Milliman</u> | <u>Merit net claim factor</u> |
| 690,000 | 0.3% | 0.3% | 0% | 107% | - | 0.2% | 0.2% |
| 695,000 | 0.3% | 0.2% | 0% | 112% | - | 0.2% | 0.2% |
| 700,000 | 0.3% | 0.2% | 0% | 118% | - | 0.2% | 0.2% |
| 705,000 | 0.3% | 0.2% | 0% | 124% | - | 0.2% | 0.2% |
| 710,000 | 0.3% | 0.2% | 0% | 132% | - | 0.2% | 0.2% |
| 715,000 | 0.3% | 0.2% | 0% | 139% | - | 0.2% | 0.2% |
| 720,000 | 0.3% | 0.2% | 0% | 148% | - | 0.2% | 0.2% |
| 725,000 | 0.3% | 0.2% | 0% | 158% | - | 0.2% | 0.2% |
| 730,000 | 0.3% | 0.2% | 0% | 170% | - | 0.2% | 0.2% |
| 735,000 | 0.2% | 0.1% | 0% | 143% | - | 0.1% | 0.1% |
| 740,000 | 0.2% | 0.1% | 0% | 152% | - | 0.1% | 0.1% |
| 745,000 | 0.2% | 0.1% | 0% | 166% | - | 0.1% | 0.1% |
| 750,000 | 0.2% | 0.1% | 0% | 183% | - | 0.1% | 0.1% |
| 755,000 | 0.2% | 0.1% | 0% | 204% | - | 0.1% | 0.1% |
| 760,000 | 0.2% | 0.1% | 0% | 231% | - | 0.1% | 0.1% |
| 765,000 | 0.2% | 0.1% | 0% | 265% | - | 0.1% | 0.1% |
| 770,000 | 0.2% | 0.1% | 0% | 311% | - | 0.1% | 0.1% |
| 775,000 | 0.2% | 0.1% | 0% | 377% | - | 0.1% | 0.1% |
| 780,000 | 0.2% | 0.0% | 0% | 480% | - | 0.0% | 0.0% |
| 785,000 | 0.2% | 0.0% | 0% | 654% | - | 0.0% | 0.0% |
| 790,000 | 0.2% | 0.0% | 0% | 1029% | - | 0.0% | 0.0% |
| 795,000 | 0.2% | 0.0% | 0% | 2476% | - | 0.0% | 0.0% |
| 800,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 805,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 810,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 815,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 820,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 825,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 830,000 | 0.2% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 835,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 840,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 845,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 850,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 855,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 860,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 865,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 870,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 875,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 880,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 885,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 890,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 895,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 900,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 905,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Expected Large Claims Factor Development
Experience Period Starting Q4 2011**

Exhibit 1

| a | b | c | d | e=b/c | f=d*e | g= c*(1+Σf/Σd)/2 | h= b*d+g*(1-d) |
|---------------|-------------|-----------------|--------------------|---------------------------|--------------|---------------------|-----------------------------------|
| <u>Limits</u> | <u>TVHP</u> | <u>Milliman</u> | <u>credibility</u> | <u>TVHP/ Milliman</u> | <u>_____</u> | <u>adj Milliman</u> | <u>Merit net claim factor</u> |
| 910,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 915,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 920,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 925,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 930,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 935,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 940,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 945,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 950,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 955,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 960,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 965,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 970,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 975,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 980,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 985,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 990,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 995,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |
| 1,000,000 | 0.1% | 0.0% | 0% | 100% | - | 0.0% | 0.0% |

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | <u>Q1 2013</u> |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | |
| | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> |
| \$30,000 | 32.2% | 32.6% | 33.1% | 33.5% | 33.9% | 34.4% |
| \$35,000 | 27.9% | 28.3% | 28.6% | 29.0% | 29.4% | 29.8% |
| \$40,000 | 24.5% | 24.9% | 25.2% | 25.5% | 25.9% | 26.3% |
| \$45,000 | 21.8% | 22.1% | 22.5% | 22.8% | 23.1% | 23.4% |
| \$50,000 | 19.7% | 19.9% | 20.2% | 20.5% | 20.8% | 21.1% |
| \$55,000 | 17.9% | 18.1% | 18.4% | 18.6% | 18.9% | 19.2% |
| \$60,000 | 16.3% | 16.6% | 16.8% | 17.1% | 17.3% | 17.6% |
| \$65,000 | 15.0% | 15.3% | 15.5% | 15.7% | 15.9% | 16.2% |
| \$70,000 | 13.9% | 14.1% | 14.3% | 14.5% | 14.8% | 15.0% |
| \$75,000 | 12.8% | 13.0% | 13.3% | 13.5% | 13.7% | 13.9% |
| \$80,000 | 11.9% | 12.1% | 12.3% | 12.5% | 12.7% | 12.9% |
| \$85,000 | 11.1% | 11.3% | 11.5% | 11.7% | 11.9% | 12.1% |
| \$90,000 | 10.4% | 10.6% | 10.8% | 10.9% | 11.1% | 11.3% |
| \$95,000 | 9.8% | 9.9% | 10.1% | 10.3% | 10.4% | 10.6% |
| \$100,000 | 9.2% | 9.3% | 9.5% | 9.7% | 9.8% | 10.0% |
| \$105,000 | 8.7% | 8.8% | 9.0% | 9.1% | 9.3% | 9.4% |
| \$110,000 | 8.2% | 8.3% | 8.5% | 8.6% | 8.8% | 8.9% |
| \$115,000 | 7.7% | 7.9% | 8.0% | 8.2% | 8.3% | 8.5% |
| \$120,000 | 7.3% | 7.5% | 7.6% | 7.7% | 7.9% | 8.0% |
| \$125,000 | 7.0% | 7.1% | 7.2% | 7.4% | 7.5% | 7.6% |
| \$130,000 | 6.6% | 6.8% | 6.9% | 7.0% | 7.1% | 7.3% |
| \$135,000 | 6.3% | 6.4% | 6.5% | 6.7% | 6.8% | 6.9% |
| \$140,000 | 6.0% | 6.2% | 6.3% | 6.4% | 6.5% | 6.6% |
| \$145,000 | 5.8% | 5.9% | 6.0% | 6.1% | 6.2% | 6.3% |
| \$150,000 | 5.5% | 5.6% | 5.7% | 5.8% | 6.0% | 6.1% |
| \$155,000 | 5.3% | 5.4% | 5.5% | 5.6% | 5.7% | 5.8% |
| \$160,000 | 5.0% | 5.1% | 5.2% | 5.3% | 5.5% | 5.6% |
| \$165,000 | 4.9% | 4.9% | 5.0% | 5.1% | 5.2% | 5.3% |
| \$170,000 | 4.7% | 4.8% | 4.8% | 4.9% | 5.0% | 5.1% |
| \$175,000 | 4.5% | 4.6% | 4.7% | 4.7% | 4.8% | 4.9% |
| \$180,000 | 4.3% | 4.4% | 4.5% | 4.6% | 4.7% | 4.8% |
| \$185,000 | 4.1% | 4.2% | 4.3% | 4.4% | 4.5% | 4.6% |
| \$190,000 | 4.0% | 4.0% | 4.1% | 4.2% | 4.3% | 4.4% |
| \$195,000 | 3.8% | 3.9% | 4.0% | 4.1% | 4.2% | 4.2% |
| \$200,000 | 3.7% | 3.8% | 3.8% | 3.9% | 4.0% | 4.1% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | <u>Q1 2013</u> |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | |
| | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> |
| \$205,000 | 3.6% | 3.6% | 3.7% | 3.8% | 3.9% | 3.9% |
| \$210,000 | 3.4% | 3.5% | 3.6% | 3.7% | 3.7% | 3.8% |
| \$215,000 | 3.3% | 3.4% | 3.5% | 3.5% | 3.6% | 3.7% |
| \$220,000 | 3.2% | 3.3% | 3.3% | 3.4% | 3.5% | 3.6% |
| \$225,000 | 3.1% | 3.1% | 3.2% | 3.3% | 3.4% | 3.5% |
| \$230,000 | 3.0% | 3.0% | 3.1% | 3.2% | 3.3% | 3.3% |
| \$235,000 | 2.9% | 2.9% | 3.0% | 3.1% | 3.1% | 3.2% |
| \$240,000 | 2.8% | 2.9% | 2.9% | 3.0% | 3.0% | 3.1% |
| \$245,000 | 2.7% | 2.8% | 2.8% | 2.9% | 2.9% | 3.0% |
| \$250,000 | 2.6% | 2.7% | 2.7% | 2.8% | 2.9% | 2.9% |
| \$255,000 | 2.5% | 2.6% | 2.7% | 2.7% | 2.8% | 2.8% |
| \$260,000 | 2.4% | 2.5% | 2.6% | 2.6% | 2.7% | 2.8% |
| \$265,000 | 2.4% | 2.4% | 2.5% | 2.5% | 2.6% | 2.7% |
| \$270,000 | 2.3% | 2.3% | 2.4% | 2.5% | 2.5% | 2.6% |
| \$275,000 | 2.2% | 2.2% | 2.3% | 2.4% | 2.4% | 2.5% |
| \$280,000 | 2.1% | 2.2% | 2.2% | 2.3% | 2.4% | 2.4% |
| \$285,000 | 2.1% | 2.1% | 2.2% | 2.2% | 2.3% | 2.3% |
| \$290,000 | 2.0% | 2.1% | 2.1% | 2.1% | 2.2% | 2.3% |
| \$295,000 | 2.0% | 2.0% | 2.0% | 2.1% | 2.1% | 2.2% |
| \$300,000 | 1.9% | 1.9% | 2.0% | 2.0% | 2.1% | 2.1% |
| \$305,000 | 1.8% | 1.9% | 1.9% | 2.0% | 2.0% | 2.1% |
| \$310,000 | 1.8% | 1.8% | 1.9% | 1.9% | 2.0% | 2.0% |
| \$315,000 | 1.7% | 1.8% | 1.8% | 1.9% | 1.9% | 2.0% |
| \$320,000 | 1.7% | 1.7% | 1.8% | 1.8% | 1.9% | 1.9% |
| \$325,000 | 1.6% | 1.7% | 1.7% | 1.8% | 1.8% | 1.9% |
| \$330,000 | 1.6% | 1.6% | 1.7% | 1.7% | 1.8% | 1.8% |
| \$335,000 | 1.5% | 1.6% | 1.6% | 1.7% | 1.7% | 1.8% |
| \$340,000 | 1.5% | 1.5% | 1.6% | 1.6% | 1.7% | 1.7% |
| \$345,000 | 1.4% | 1.5% | 1.5% | 1.6% | 1.6% | 1.7% |
| \$350,000 | 1.4% | 1.4% | 1.5% | 1.5% | 1.6% | 1.6% |
| \$355,000 | 1.3% | 1.4% | 1.4% | 1.5% | 1.5% | 1.6% |
| \$360,000 | 1.3% | 1.3% | 1.4% | 1.4% | 1.5% | 1.5% |
| \$365,000 | 1.2% | 1.3% | 1.3% | 1.4% | 1.4% | 1.5% |
| \$370,000 | 1.2% | 1.2% | 1.3% | 1.3% | 1.4% | 1.4% |
| \$375,000 | 1.2% | 1.2% | 1.2% | 1.3% | 1.3% | 1.4% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | <u>Q1 2013</u> |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | |
| | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> |
| \$380,000 | 1.2% | 1.2% | 1.2% | 1.2% | 1.3% | 1.3% |
| \$385,000 | 1.1% | 1.2% | 1.2% | 1.2% | 1.2% | 1.3% |
| \$390,000 | 1.1% | 1.1% | 1.2% | 1.2% | 1.2% | 1.2% |
| \$395,000 | 1.1% | 1.1% | 1.1% | 1.2% | 1.2% | 1.2% |
| \$400,000 | 1.1% | 1.1% | 1.1% | 1.1% | 1.2% | 1.2% |
| \$405,000 | 1.0% | 1.1% | 1.1% | 1.1% | 1.1% | 1.2% |
| \$410,000 | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% | 1.2% |
| \$415,000 | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% | 1.1% |
| \$420,000 | 1.0% | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% |
| \$425,000 | 1.0% | 1.0% | 1.0% | 1.0% | 1.1% | 1.1% |
| \$430,000 | 0.9% | 1.0% | 1.0% | 1.0% | 1.0% | 1.1% |
| \$435,000 | 0.9% | 0.9% | 1.0% | 1.0% | 1.0% | 1.0% |
| \$440,000 | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% | 1.0% |
| \$445,000 | 0.9% | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% |
| \$450,000 | 0.8% | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% |
| \$455,000 | 0.8% | 0.8% | 0.9% | 0.9% | 0.9% | 1.0% |
| \$460,000 | 0.8% | 0.8% | 0.8% | 0.9% | 0.9% | 0.9% |
| \$465,000 | 0.8% | 0.8% | 0.8% | 0.9% | 0.9% | 0.9% |
| \$470,000 | 0.7% | 0.8% | 0.8% | 0.8% | 0.9% | 0.9% |
| \$475,000 | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% | 0.9% |
| \$480,000 | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% | 0.8% |
| \$485,000 | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% |
| \$490,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% |
| \$495,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% |
| \$500,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% |
| \$505,000 | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$510,000 | 0.6% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$515,000 | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% | 0.7% |
| \$520,000 | 0.6% | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% |
| \$525,000 | 0.6% | 0.6% | 0.6% | 0.7% | 0.7% | 0.7% |
| \$530,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.7% | 0.7% |
| \$535,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.7% |
| \$540,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.7% |
| \$545,000 | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$550,000 | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | <u>Q1 2013</u> |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | |
| | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> |
| \$555,000 | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$560,000 | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$565,000 | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% |
| \$570,000 | 0.5% | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% |
| \$575,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.6% |
| \$580,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.6% |
| \$585,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% |
| \$590,000 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% |
| \$595,000 | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$600,000 | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$605,000 | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$610,000 | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% | 0.5% |
| \$615,000 | 0.4% | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% |
| \$620,000 | 0.4% | 0.4% | 0.4% | 0.5% | 0.5% | 0.5% |
| \$625,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.5% | 0.5% |
| \$630,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.5% |
| \$635,000 | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.5% |
| \$640,000 | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$645,000 | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$650,000 | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$655,000 | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% |
| \$660,000 | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% |
| \$665,000 | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% |
| \$670,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% |
| \$675,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% |
| \$680,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% |
| \$685,000 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.4% |
| \$690,000 | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$695,000 | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$700,000 | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$705,000 | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% |
| \$710,000 | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% |
| \$715,000 | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% |
| \$720,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% |
| \$725,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% | 0.3% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | <u>Q1 2013</u> |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | |
| | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> |
| \$730,000 | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% |
| \$735,000 | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% |
| \$740,000 | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$745,000 | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$750,000 | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% |
| \$755,000 | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% |
| \$760,000 | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% |
| \$765,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% |
| \$770,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% |
| \$775,000 | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% |
| \$780,000 | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% |
| \$785,000 | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% |
| \$790,000 | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$795,000 | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% |
| \$800,000 | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% |
| \$805,000 | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% |
| \$810,000 | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% |
| \$815,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| \$820,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| \$825,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| \$830,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| \$835,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$840,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$845,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$850,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$855,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$860,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$865,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$870,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$875,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$880,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$885,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$890,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$895,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$900,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

**The Vermont Health Plan
Provision for Large Claims Filing for 2013
Pooling Charge Factors**

Exhibit 2

| <u>Limit</u> | <u>Experience Period Starting Quarter</u> | | | | | <u>Q1 2013</u> |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Q4 2011</u> | <u>Q1 2012</u> | <u>Q2 2012</u> | <u>Q3 2012</u> | <u>Q4 2012</u> | |
| | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> | <u>claim* factor</u> |
| \$905,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$910,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$915,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$920,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$925,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$930,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$935,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$940,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$945,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$950,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$955,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$960,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$965,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$970,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$975,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$980,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$985,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$990,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$995,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| \$1,000,000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

The Vermont Health Plan
Provision for Large Claims Filing for 2013
Net Cost of Reinsurance (PMPM)

Exhibit 3

| Pricing Period Starting Quarter | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| <u>Q2 2013</u> | <u>Q3 2013</u> | <u>Q4 2013</u> | <u>Q1 2014</u> | <u>Q2 2014</u> | <u>Q3 2014</u> |
| \$2.59 | \$2.62 | \$2.66 | \$2.70 | \$2.74 | \$2.78 |



February 6, 2014

Ms. Jacqueline Lee, F.S.A., M.A.A.A.
Vice President & Consulting Actuary
Lewis & Ellis, Inc.

**Subject: Your 02/03/2014 Questions re: The Vermont Health Plan
2014 TVHP Provision for Large Claims
(SERFF Tracking #: BCVT-129374083)**

Dear Ms. Lee:

In response to your request dated February 3, 2014, here are *your questions* and our answers:

- 1. Why is it appropriate to combine the large group experience from the BCBSVT & TVHP for the underwritten and Cost Plus groups together into one? Please provide the credibility percentages or exposure levels for each subset of the group.*

The funding arrangement between the insurer and the employer will not impact the claims incurred by the member. BCBSVT and TVHP are small companies. The total member months in the 2012 experience underlying this filing is 1,574,534.

| Segment | Member Months for CY 2012 |
|---------------------|---------------------------|
| BCBSVT Underwritten | 560,229 |
| TVHP Underwritten | 481,456 |
| BCBSVT Cost Plus | 532,849 |

- 2. Please provide support for the 4.1% trend used to project the experience. This may include the last 36 months of data with sufficient run-out to support the trends used to project the claims costs. To the extent that the historical data does not support the trends used, please provide an explanation for the differences.*

Historically, THVP has used the most recent BCBSVT approved trend for the Stop Loss analysis. The trend used (4.1%) is the Q1-Q2 2014 BCBSVT Approved Uncapped Combined allowed trend. Attached is the complete SERFF PDF Pipeline for this filing (BCVT-129197073 - Q1&Q2 2014 BCBSVT Trend Filing.pdf).

- 3. What is the rating period? Please confirm that the experience is projected to the midpoint of this rating period. If not, please explain.*

Pooling factors are applied to the renewing case's experience period. The experience periods will be 12-month periods starting in the appropriate quarter in the column headings on Exhibit 3. The data underlying this filing has been projected to the midpoint of the 12 month period beginning the first of the first month in each of the six quarterly periods. This treatment is appropriate because the anniversary date for

the vast majority of our business is on the first calendar day of a quarter and typically the experience period is the 12 month period beginning 21 months prior to the anniversary date

4. How were the 2013 Milliman Health Cost Guidelines trended? What timeframe were the Guidelines trended to? What was the trend amount?

The Guidelines were calibrated to match our trended expected claims cost each projected quarter. After adjusting the total annual cost of claims greater than a \$0 deductible, we used the Guidelines' slope to calculate the value of each claim level.

5. How is the pooling point determined when applied to a case?

Underwriting assigns the pooling points to groups based on the size of the case during the experience period.

6. For the block of business subject to the pooling charges, what is the overall increase that will impact policyholders? How were trend and experience considered and applied?

Since the pooling charges are part of a mechanism used in the renewal rating to mitigate the effect of unusually large claims (and therefore to improve the credibility of the experience used in the calculation) the overall effect is expected to be neutral.

As noted in our January 21, 2014 responses to your January 17, 2014 questions, the average change in the large claim factors for experience-rated groups is 17.0% percent, from 15.9% of claims to 18.6% of claims. The majority of this change is due to increases in the Milliman factors, along with the removal of the artificial 4% decrease mandated by the GMCB in the most recent filing in response to short-term favorable experience that did not continue into 2012.

Please note that these pooling charges do not represent an actual increase to the cost of insurance for a policyholder. Rather, they are a means of improving the expected accuracy of the experience rating process. A group with identical amounts in claims below the same pooling point in the previous and the current experience periods see an increase of 2.7% (18.6% less 15.9%) due to the change in factors.

The pooling charges are calculated on a best estimate basis, without implicit or explicit margin or profit. Across the entire book of business, it is our expectation that there will be a net zero impact on experience-rated groups versus not employing the pooling mechanism.

7. For the net cost of reinsurance, explain why you are calculating the anticipated reinsurance premium rather than using the contractual arrangement. What is the change from the prior filing.

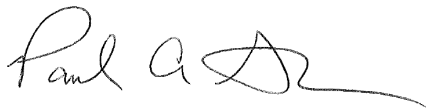
We negotiate our stop loss contract annually. Some or all of each rating period falls outside the range of our current contract. In 2013, TVHP had purchased reinsurance for claims in excess of \$325,000. In 2014, TVHP has purchased reinsurance for claims

in excess of \$250,000¹. The charges from the 2013 and 2014 filings, by Pricing Period Starting Quarter are:

| Pricing Period Starting Quarter | 2013 Filing | 2014 Filing |
|---------------------------------|-------------|-------------|
| Q2 2013 | \$2.30 | |
| Q3 2013 | \$2.37 | |
| Q4 2013 | \$2.37 | |
| Q1 2014 | \$2.38 | |
| Q2 2014 | \$2.45 | \$4.68 |
| Q3 2014 | \$2.45 | \$4.79 |
| Q4 2014 | | \$4.78 |
| Q1 2015 | | \$4.89 |
| Q2 2015 | | \$4.88 |
| Q3 2015 | | \$5.00 |

Please let us know if you have any further questions.

Sincerely,



Paul Schultz, F.S.A., M.A.A.A.

¹ It should be noted that the change in reinsurance limit was motivated primarily by the vagaries of the reinsurance marketplace. Our reinsurance premiums, and therefore the reinsurance retention costs, would have increased significantly even if we had followed our normal strategy of increasing the reinsurance attachment point by trend. In the negotiations we determined that the lower attachment point represented the more cost effective arrangement.

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Project Name/Number: /

Filing at a Glance

Company: BCBSVT
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
State: Vermont
TOI: ML02 - Multi-Line - Other
Sub-TOI: ML02.0000 - Multi-Line - Other
Filing Type: Trend / Admin Charge
Date Submitted: 09/10/2013
SERFF Tr Num: BCVT-129197073
SERFF Status: Closed-Approved
State Tr Num: 68007
State Status: Approved
Co Tr Num:
Co Status:
Implementation: On Approval
Date Requested:
Author(s): Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s): Phil Keller (primary)
Disposition Date: 01/10/2014
Disposition Status: Approved
Implementation Date:

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Project Name/Number: /

General Information

| | |
|--|-------------------------------|
| Project Name: | Status of Filing in Domicile: |
| Project Number: | Date Approved in Domicile: |
| Requested Filing Mode: Review & Approval | Domicile Status Comments: |
| Explanation for Combination/Other: | Market Type: Group |
| Submission Type: New Submission | Group Market Size: Large |
| Group Market Type: Employer | Overall Rate Impact: |
| Filing Status Changed: 01/10/2014 | Company Status Changed: |
| State Status Changed: 01/10/2014 | Deemer Date: |
| Created By: Jude Daye | Submitted By: Pam Young |
| Corresponding Filing Tracking Number: | |

Filing Description:
September 10, 2013

Phil Keller
Director of Insurance Rates and Forms
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Subject: Blue Cross and Blue Shield of Vermont – NAIC # 53295
First and Second Quarter 2014 Trend Filing

Dear Mr. Keller:

Enclosed for your review and approval is the filing for First and Second Quarter 2014 rating trends for Blue Cross and Blue Shield of Vermont (BCBSVT). Upon approval, these trends will be used until the approval of the Third and Fourth Quarter 2014 BCBSVT trend filing.

BCBSVT proposes the following allowed base uncapped trend factors:

Medical Trend: 3.9% (3.7% allowed base, capped at \$200K)
 Pharmacy Trend: 7.2%
 Combined Trend: 4.4%

Support for these trend selections is in the attached Actuarial Memorandum, which describes the methodology used to arrive at the trend values. Underlying data supporting the trend selections is included in Exhibits II – VII.

Please let us know if you have any questions or need additional information during your review.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk/Oliver Wyman

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Project Name/Number: /

Ruth Greene/BCBSVT
 Vince Mace/BCBSVT
 Paul Schultz/BCBSVT
 Donna Lee/BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant dayej@bcbsvt.com
 445 Industrial Lane 802-371-3244 [Phone]
 Montpelier, VT 05601

Filing Company Information

| | | |
|-----------------------------|-------------------------|----------------------------|
| BCBSVT | CoCode: 53295 | State of Domicile: Vermont |
| PO BOX 186 | Group Code: | Company Type: Hospital |
| Montpelier, VT 05601 | Group Name: | Service Corp |
| (802) 371-3450 ext. [Phone] | FEIN Number: 03-0277307 | State ID Number: |

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation:
 Per Company: Yes

| Company | Amount | Date Processed | Transaction # |
|---------|---------|----------------|---------------|
| BCBSVT | \$50.00 | 09/10/2013 | 73868952 |

SERFF Tracking #:

BCVT-129197073

State Tracking #:

68007

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Filing Company: BCBSVT
Project Name/Number: /

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|----------|-------------|------------|----------------|
| Approved | Phil Keller | 01/10/2014 | 01/10/2014 |

Filing Notes

| Subject | Note Type | Created By | Created On | Date Submitted |
|---|------------------|------------|------------|----------------|
| Amendment to BCBSVT 1Q-2Q 2014 Trend Filing | Note To Reviewer | Jude Daye | 01/08/2014 | 01/08/2014 |

SERFF Tracking #:

BCVT-129197073

State Tracking #:

68007

Company Tracking #:

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Project Name/Number: /

Disposition

Disposition Date: 01/10/2014

Implementation Date:

Status: Approved

Comment:

Rate data does NOT apply to filing.

| Schedule | Schedule Item | Schedule Item Status | Public Access |
|---------------------|----------------------------------|----------------------|---------------|
| Supporting Document | Actuarial Memorandum | | Yes |
| Supporting Document | Filing Compliance Certification | | Yes |
| Supporting Document | Health Administrative Forms | | Yes |
| Supporting Document | Health Filing Data | | Yes |
| Supporting Document | Third Party Filing Authorization | | Yes |
| Supporting Document | Table of Contents and Exhibits | | Yes |

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Project Name/Number: /

Note To Reviewer

Created By:

Jude Daye on 01/08/2014 03:32 PM

Last Edited By:

Jude Daye

Submitted On:

01/08/2014 03:32 PM

Subject:

Amendment to BCBSVT 1Q-2Q 2014 Trend Filing

Comments:

Attached please find the letter and supporting document for the amendment to the BCBSVT 1Q-2Q 2014 Trend Filing.



**BlueCross BlueShield
of Vermont**

An Independent Licensee of the Blue Cross and Blue Shield Association.

Kevin Goddard
Vice President External Affairs and Sales

January 7, 2014

Phil Keller
Director of Insurance Rates and Forms
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

**Subject: Blue Cross and Blue Shield of Vermont - NAIC # 53295
First and Second Quarter 2014 Trend Filing - Amended per GMCB
SERFF # BCVT-129197073, VFN 68007**

Dear Mr. Keller:

Enclosed is an amended Exhibit IV for Blue Cross and Blue Shield of Vermont's First and Second Quarter 2014 Trend filing, as ordered by the Green Mountain Care Board in their decision dated January 6, 2014.

Please let us know if you have any questions.

Sincerely,



Kevin Goddard

Cc:
Tammy Tomczyk/Oliver Wyman
Sean Londergan/DFR
Ruth Greene/BCBSVT
Vince Mace/BCBSVT
Paul Schultz/BCBSVT

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| Summary of Trend Picks and Estimations | | | |
|---|---------------------|----------|------------------------|
| Coverage | Allowed Base Picked | | Benefit Paid Estimated |
| | 200K Cap | Uncapped | Uncapped |
| Medical | 3.7% | 3.9% | 4.2% |
| Drug | NA | 5.3% | 5.6% |
| Combined | NA | 4.1% | 4.4% |

| Source of Trend Estimates | | | |
|----------------------------------|---------------------|-----------------------|------------------------|
| Coverage | Allowed Base Picked | | Benefit Paid Estimated |
| | 200K Cap | Uncapped | Uncapped |
| Medical | Data Analysis | Distribution Analysis | Distribution Analysis |
| Drug | NA | Data Analysis | Distribution Analysis |
| Combined | NA | Distribution Analysis | Distribution Analysis |

Use of Trend Factors

1. Determine the type of trend you need: Medical, Rx or Combined. This will be based on the product type and/or the renewal calculation being used.
2. For calculations which apply separate medical and rx trends in the calculations, chose factors from the Medical and Rx columns below. The medical factors below are intended to be applied only to medical claims. Likewise, the Rx factors below are intended to be applied only to Rx claims.
3. For HSA type products, or any product which has a combined medical and rx benefit design, use the combined column.
4. For Large Group and Exempt Association Rating, choose the appropriate Stop Loss Dampened Trend and Benefit Leverage Trend. The Benefit Leverage trends are additive, not multiplicative.
5. For VHP plans, use inpatient copay value to determine the benefit leverage factor by looking at the deductible leverage factor table.
6. When selecting the Rx leverage factor, first determine the average of the plans generic and preferred brand copay. Use that average when selecting a factor.

Note: for each trend type, $\text{Benefit Paid Uncapped} + 0 \text{ Deductible Leverage} = \text{Allowed Base Uncapped}$

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| |
|-----------------------------------|
| Benefit Leveraging Factors |
|-----------------------------------|

Source : Estimated from claim distributions

| <u>Deductible</u> Group and Nongroup | Medical Only | | Combined Med/Rx | |
|--|-----------------|-------------------|-----------------|-------------------|
| | <u>No Coins</u> | <u>With Coins</u> | <u>No Coins</u> | <u>With Coins</u> |
| Medical | | | | |
| \$0 | -0.2% | -0.2% | -0.2% | -0.2% |
| 100 | -0.2% | 0.0% | -0.2% | 0.0% |
| 150 | -0.1% | 0.0% | -0.1% | 0.0% |
| 200 | -0.1% | 0.0% | -0.1% | 0.0% |
| 250 | -0.1% | 0.0% | -0.1% | 0.1% |
| 300 | 0.0% | 0.1% | 0.0% | 0.1% |
| 350 | 0.0% | 0.1% | 0.0% | 0.1% |
| 400 | 0.0% | 0.1% | 0.0% | 0.2% |
| 450 | 0.0% | 0.2% | 0.0% | 0.2% |
| 500 | 0.1% | 0.2% | 0.1% | 0.2% |
| 750 | 0.1% | 0.3% | 0.2% | 0.3% |
| 1,000 | 0.2% | 0.4% | 0.2% | 0.4% |
| 1,150 | 0.3% | 0.4% | 0.3% | 0.4% |
| 1,200 | 0.3% | 0.5% | 0.3% | 0.4% |
| 1,250 | 0.3% | 0.5% | 0.3% | 0.5% |
| 1,500 | 0.4% | 0.5% | 0.4% | 0.6% |
| 2,000 | 0.5% | 0.6% | 0.5% | 0.7% |
| 2,100 | 0.5% | 0.7% | 0.5% | 0.7% |
| 2,200 | 0.5% | 0.7% | 0.6% | 0.7% |
| 2,250 | 0.5% | 0.7% | 0.6% | 0.8% |
| 2,400 | 0.5% | 0.7% | 0.6% | 0.7% |
| 2,500 | 0.6% | 0.7% | 0.6% | 0.8% |
| 2,750 | 0.6% | 0.7% | 0.7% | 0.8% |
| 3,000 | 0.6% | 0.8% | 0.7% | 0.9% |
| 3,250 | 0.7% | 0.8% | 0.8% | 0.9% |
| 3,300 | 0.7% | 0.8% | 0.8% | 0.9% |
| 3,500 | 0.7% | 0.9% | 0.8% | 1.0% |
| 3,750 | 0.8% | 0.9% | 0.9% | 1.0% |
| 4,000 | 0.8% | 0.9% | 0.9% | 1.1% |
| 5,000 | 1.0% | 1.1% | 1.1% | 1.2% |
| 5,950 | 1.1% | 1.2% | 1.2% | 1.3% |
| 7,500 | 1.3% | 1.4% | 1.4% | 1.5% |
| 10,000 | 1.5% | 1.6% | 1.7% | 1.8% |
| | | | | |
| <u>Rx Only</u> | | <u>Rx Factor</u> | | |
| \$0 Ded, No Copay | | -0.3% | | |
| \$50 Ded, No Copay | | -0.1% | | |
| \$100 Ded, No Copay | | 0.1% | | |
| \$100 Ded, 50% Coinsurance, \$1,250 OOPM | | 0.9% | | |
| | | | | |
| \$0 Ded, Copay <=\$15, \$1,250 OOPM | | 0.4% | | |
| \$50 Ded, Copay <=\$15, \$1,250 OOPM | | 0.6% | | |
| \$100 Ded, Copay <=\$15, \$1,250 OOPM | | 0.8% | | |
| | | | | |
| \$0 Ded, Copay >\$15, \$1,250 OOPM | | 0.8% | | |
| \$50 Ded, Copay >\$15, \$1,250 OOPM | | 1.2% | | |
| \$100 Ded, Copay >\$15, \$1,250 OOPM | | 1.4% | | |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| Benefit Paid Attachment Point | | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|----------------------------------|--------------|----------------|-----------|-----------------------------|
| Unlimited | No Stop Loss | 4.2% | 5.6% | 4.4% |
| 35,000 | | 3.2% | 4.5% | 3.4% |
| 40,000 | | 3.3% | 4.6% | 3.5% |
| 45,000 | | 3.3% | 4.6% | 3.5% |
| 50,000 | | 3.3% | 4.7% | 3.5% |
| 55,000 | | 3.4% | 4.7% | 3.6% |
| 60,000 | | 3.4% | 4.7% | 3.6% |
| 65,000 | | 3.4% | 4.8% | 3.6% |
| 70,000 | | 3.5% | 4.8% | 3.7% |
| 75,000 | | 3.5% | 4.8% | 3.7% |
| 80,000 | | 3.5% | 4.8% | 3.7% |
| 85,000 | | 3.5% | 4.8% | 3.7% |
| 90,000 | | 3.6% | 4.8% | 3.8% |
| 95,000 | | 3.6% | 4.8% | 3.8% |
| 100,000 | | 3.6% | 4.8% | 3.8% |
| 105,000 | | 3.6% | 4.8% | 3.8% |
| 110,000 | | 3.7% | 4.9% | 3.9% |
| 115,000 | | 3.7% | 4.9% | 3.9% |
| 120,000 | | 3.7% | 4.9% | 3.9% |
| 125,000 | | 3.7% | 4.9% | 3.9% |
| 130,000 | | 3.7% | 5.0% | 3.9% |
| 135,000 | | 3.7% | 5.0% | 3.9% |
| 140,000 | | 3.7% | 5.0% | 3.9% |
| 145,000 | | 3.7% | 5.0% | 3.9% |
| 150,000 | | 3.8% | 5.0% | 4.0% |
| 155,000 | | 3.8% | 5.0% | 4.0% |
| 160,000 | | 3.8% | 5.1% | 4.0% |
| 165,000 | | 3.8% | 5.1% | 4.0% |
| 170,000 | | 3.8% | 5.1% | 4.0% |
| 175,000 | | 3.8% | 5.1% | 4.0% |
| 180,000 | | 3.8% | 5.1% | 4.0% |
| 185,000 | | 3.8% | 5.1% | 4.0% |
| 190,000 | | 3.8% | 5.1% | 4.0% |
| 195,000 | | 3.8% | 5.1% | 4.0% |
| 200,000 | | 3.9% | 5.1% | 4.1% |
| 205,000 | | 3.9% | 5.1% | 4.1% |
| 210,000 | | 3.9% | 5.2% | 4.1% |
| 215,000 | | 3.9% | 5.2% | 4.1% |
| 220,000 | | 3.9% | 5.2% | 4.1% |
| 225,000 | | 3.9% | 5.2% | 4.1% |
| 230,000 | | 3.9% | 5.2% | 4.1% |
| 235,000 | | 3.9% | 5.2% | 4.1% |
| 240,000 | | 3.9% | 5.2% | 4.1% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 245,000 | 3.9% | 5.2% | 4.1% |
| 250,000 | 3.9% | 5.2% | 4.1% |
| 255,000 | 3.9% | 5.2% | 4.1% |
| 260,000 | 3.9% | 5.2% | 4.1% |
| 265,000 | 4.0% | 5.2% | 4.2% |
| 270,000 | 4.0% | 5.2% | 4.2% |
| 275,000 | 4.0% | 5.2% | 4.2% |
| 280,000 | 4.0% | 5.3% | 4.2% |
| 285,000 | 4.0% | 5.4% | 4.2% |
| 290,000 | 4.0% | 5.4% | 4.2% |
| 295,000 | 4.0% | 5.5% | 4.2% |
| 300,000 | 4.0% | 5.5% | 4.2% |
| 305,000 | 4.0% | 5.5% | 4.2% |
| 310,000 | 4.0% | 5.5% | 4.2% |
| 315,000 | 4.0% | 5.5% | 4.2% |
| 320,000 | 4.0% | 5.5% | 4.2% |
| 325,000 | 4.0% | 5.5% | 4.2% |
| 330,000 | 4.0% | 5.5% | 4.2% |
| 335,000 | 4.0% | 5.5% | 4.2% |
| 340,000 | 4.0% | 5.5% | 4.2% |
| 345,000 | 4.0% | 5.5% | 4.2% |
| 350,000 | 4.0% | 5.5% | 4.2% |
| 355,000 | 4.0% | 5.5% | 4.2% |
| 360,000 | 4.0% | 5.5% | 4.2% |
| 365,000 | 4.0% | 5.5% | 4.2% |
| 370,000 | 4.0% | 5.5% | 4.2% |
| 375,000 | 4.0% | 5.5% | 4.3% |
| 380,000 | 4.0% | 5.5% | 4.3% |
| 385,000 | 4.0% | 5.5% | 4.3% |
| 390,000 | 4.0% | 5.5% | 4.3% |
| 395,000 | 4.0% | 5.5% | 4.3% |
| 400,000 | 4.0% | 5.5% | 4.3% |
| 405,000 | 4.0% | 5.5% | 4.3% |
| 410,000 | 4.0% | 5.5% | 4.3% |
| 415,000 | 4.0% | 5.5% | 4.3% |
| 420,000 | 4.0% | 5.5% | 4.3% |
| 425,000 | 4.0% | 5.5% | 4.3% |
| 430,000 | 4.0% | 5.5% | 4.3% |
| 435,000 | 4.0% | 5.5% | 4.3% |
| 440,000 | 4.1% | 5.5% | 4.3% |
| 445,000 | 4.1% | 5.5% | 4.3% |
| 450,000 | 4.1% | 5.5% | 4.3% |
| 455,000 | 4.1% | 5.5% | 4.3% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 460,000 | 4.1% | 5.5% | 4.3% |
| 465,000 | 4.1% | 5.5% | 4.3% |
| 470,000 | 4.1% | 5.5% | 4.3% |
| 475,000 | 4.1% | 5.5% | 4.3% |
| 480,000 | 4.1% | 5.5% | 4.3% |
| 485,000 | 4.1% | 5.5% | 4.3% |
| 490,000 | 4.1% | 5.5% | 4.3% |
| 495,000 | 4.1% | 5.5% | 4.3% |
| 500,000 | 4.1% | 5.5% | 4.3% |
| 505,000 | 4.1% | 5.5% | 4.3% |
| 510,000 | 4.1% | 5.5% | 4.3% |
| 515,000 | 4.1% | 5.5% | 4.3% |
| 520,000 | 4.1% | 5.5% | 4.3% |
| 525,000 | 4.1% | 5.5% | 4.3% |
| 530,000 | 4.1% | 5.5% | 4.3% |
| 535,000 | 4.1% | 5.5% | 4.3% |
| 540,000 | 4.1% | 5.5% | 4.3% |
| 545,000 | 4.1% | 5.5% | 4.3% |
| 550,000 | 4.1% | 5.5% | 4.3% |
| 555,000 | 4.1% | 5.5% | 4.3% |
| 560,000 | 4.1% | 5.5% | 4.3% |
| 565,000 | 4.1% | 5.5% | 4.3% |
| 570,000 | 4.1% | 5.5% | 4.3% |
| 575,000 | 4.1% | 5.5% | 4.3% |
| 580,000 | 4.1% | 5.5% | 4.3% |
| 585,000 | 4.1% | 5.5% | 4.3% |
| 590,000 | 4.1% | 5.5% | 4.3% |
| 595,000 | 4.1% | 5.5% | 4.3% |
| 600,000 | 4.1% | 5.5% | 4.3% |
| 605,000 | 4.1% | 5.5% | 4.3% |
| 610,000 | 4.1% | 5.5% | 4.3% |
| 615,000 | 4.1% | 5.5% | 4.3% |
| 620,000 | 4.1% | 5.5% | 4.3% |
| 625,000 | 4.1% | 5.5% | 4.3% |
| 630,000 | 4.1% | 5.5% | 4.3% |
| 635,000 | 4.1% | 5.5% | 4.3% |
| 640,000 | 4.1% | 5.5% | 4.3% |
| 645,000 | 4.1% | 5.5% | 4.3% |
| 650,000 | 4.1% | 5.5% | 4.3% |
| 655,000 | 4.1% | 5.5% | 4.3% |
| 660,000 | 4.1% | 5.5% | 4.3% |
| 665,000 | 4.1% | 5.5% | 4.3% |
| 670,000 | 4.1% | 5.5% | 4.3% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 675,000 | 4.1% | 5.5% | 4.3% |
| 680,000 | 4.1% | 5.6% | 4.3% |
| 685,000 | 4.1% | 5.6% | 4.3% |
| 690,000 | 4.1% | 5.6% | 4.3% |
| 695,000 | 4.1% | 5.6% | 4.3% |
| 700,000 | 4.1% | 5.6% | 4.3% |
| 705,000 | 4.1% | 5.6% | 4.3% |
| 710,000 | 4.1% | 5.6% | 4.3% |
| 715,000 | 4.1% | 5.6% | 4.3% |
| 720,000 | 4.1% | 5.6% | 4.3% |
| 725,000 | 4.1% | 5.6% | 4.3% |
| 730,000 | 4.1% | 5.6% | 4.3% |
| 735,000 | 4.1% | 5.6% | 4.3% |
| 740,000 | 4.1% | 5.6% | 4.3% |
| 745,000 | 4.1% | 5.6% | 4.3% |
| 750,000 | 4.1% | 5.6% | 4.3% |
| 755,000 | 4.1% | 5.6% | 4.3% |
| 760,000 | 4.1% | 5.6% | 4.3% |
| 765,000 | 4.1% | 5.6% | 4.3% |
| 770,000 | 4.1% | 5.6% | 4.3% |
| 775,000 | 4.1% | 5.6% | 4.4% |
| 780,000 | 4.1% | 5.6% | 4.4% |
| 785,000 | 4.1% | 5.6% | 4.4% |
| 790,000 | 4.1% | 5.6% | 4.4% |
| 795,000 | 4.1% | 5.6% | 4.4% |
| 800,000 | 4.1% | 5.6% | 4.4% |
| 805,000 | 4.1% | 5.6% | 4.4% |
| 810,000 | 4.1% | 5.6% | 4.4% |
| 815,000 | 4.1% | 5.6% | 4.4% |
| 820,000 | 4.1% | 5.6% | 4.4% |
| 825,000 | 4.1% | 5.6% | 4.4% |
| 830,000 | 4.1% | 5.6% | 4.4% |
| 835,000 | 4.1% | 5.6% | 4.4% |
| 840,000 | 4.1% | 5.6% | 4.4% |
| 845,000 | 4.1% | 5.6% | 4.4% |
| 850,000 | 4.1% | 5.6% | 4.4% |
| 855,000 | 4.1% | 5.6% | 4.4% |
| 860,000 | 4.1% | 5.6% | 4.4% |
| 865,000 | 4.1% | 5.6% | 4.4% |
| 870,000 | 4.1% | 5.6% | 4.4% |
| 875,000 | 4.1% | 5.6% | 4.4% |
| 880,000 | 4.1% | 5.6% | 4.4% |
| 885,000 | 4.1% | 5.6% | 4.4% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014
 Amended per GMCB

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 890,000 | 4.1% | 5.6% | 4.4% |
| 895,000 | 4.1% | 5.6% | 4.4% |
| 900,000 | 4.1% | 5.6% | 4.4% |
| 905,000 | 4.1% | 5.6% | 4.4% |
| 910,000 | 4.1% | 5.6% | 4.4% |
| 915,000 | 4.1% | 5.6% | 4.4% |
| 920,000 | 4.1% | 5.6% | 4.4% |
| 925,000 | 4.1% | 5.6% | 4.4% |
| 930,000 | 4.1% | 5.6% | 4.4% |
| 935,000 | 4.1% | 5.6% | 4.4% |
| 940,000 | 4.1% | 5.6% | 4.4% |
| 945,000 | 4.1% | 5.6% | 4.4% |
| 950,000 | 4.1% | 5.6% | 4.4% |
| 955,000 | 4.1% | 5.6% | 4.4% |
| 960,000 | 4.1% | 5.6% | 4.4% |
| 965,000 | 4.1% | 5.6% | 4.4% |
| 970,000 | 4.1% | 5.6% | 4.4% |
| 975,000 | 4.1% | 5.6% | 4.4% |
| 980,000 | 4.1% | 5.6% | 4.4% |
| 985,000 | 4.1% | 5.6% | 4.4% |
| 990,000 | 4.1% | 5.6% | 4.4% |
| 995,000 | 4.1% | 5.6% | 4.4% |
| 1,000,000 | 4.1% | 5.6% | 4.4% |
| Unlimited No Stop Loss | 4.2% | 5.6% | 4.4% |

SERFF Tracking #:

BCVT-129197073

State Tracking #:

68007

Company Tracking #:

State: Vermont
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Filing Company: BCBSVT
Project Name/Number: /

Supporting Document Schedules

| | |
|--------------------------|---|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | 1Q-2Q14 BCBS Trend - Actuarial Memorandum.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|-----------------------------------|
| Satisfied - Item: | Filing Compliance Certification |
| Comments: | |
| Attachment(s): | Filing Compliance Certificate.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--|
| Satisfied - Item: | Health Administrative Forms |
| Comments: | |
| Attachment(s): | F106 Health Filing Form - BCBSVT 1Q-2Q 2014 Trend Filing.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|---|
| Bypassed - Item: | Health Filing Data |
| Bypass Reason: | Our variability data is filed with our outline of coverage filings. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Third Party Filing Authorization |
| Bypass Reason: | BCBSVT does not use a Third Party to submit filings. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--------------------------------|
| Satisfied - Item: | Table of Contents and Exhibits |
| Comments: | |

SERFF Tracking #:

BCVT-129197073

State Tracking #:

68007

Company Tracking #:

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 1Q-2Q 2014 Trend Filing
Project Name/Number: /

| | |
|-----------------------|--|
| Attachment(s): | 1Q-2Q14 BCBS Trend - Table of Contents.pdf 1Q-2Q14 BCBS Trend - Exhibit I -Trend Data Summary.pdf 1Q-2Q14 BCBS Trend - Exhibit II - Pharmacy Trend Development.pdf 1Q-2Q14 BCBS Trend - Exhibit III - Medical Regression Analysis.pdf 1Q-2Q14 BCBS Trend - Exhibit IV - Requested Trend Table.pdf 1Q-2Q14 BCBS Trend - Exhibit V - Medical Claims Experience - Rolling 12 Basis - \$200K Attachment Point.pdf 1Q-2Q14 BCBS Trend - Exhibit VI - Demographics.pdf 1Q-2Q14 BCBS Trend - Exhibit VII - Medical Claims Experience - Monthly Basis - Uncapped.pdf 1Q-2Q14 BCBS Trend - Plain Language Summary.pdf |
| Item Status: | |
| Status Date: | |

**Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Actuarial Memorandum**

PURPOSE

The purpose of this filing is to develop claim trends for use in the calculation of rates for Blue Cross and Blue Shield of Vermont (BCBSVT) large groups. Because Vermont Health Connect is expected to be established on January 1, 2014, this trend filing is no longer applicable to individual and small group products.

EFFECTIVE PERIOD

Once approved, the trend factors from this filing will be used for large group proposals and renewals prepared until the filing and approval of Third and Fourth Quarter 2014 trend factors, or until superseded by a subsequent trend filing.

MEDICAL TREND DEVELOPMENT

The source of the data is BCBSVT's data warehouse. Exhibits include claims incurred from January 1, 2009 to May 31, 2013, with payments through July 31, 2013. Completion factors are applied to estimate the ultimate incurred claims for each period shown in the exhibits.

The data includes claims from BCBSVT Cost Plus groups, Insured Groups, and Nongroup business (excluding Catamount business). CDHP and Non- CDHP claims are combined. The data from three large groups has been excluded because they were not active for the entire experience period.

Allowed charges are used in this filing instead of claim payments in order to reduce the effect of benefit changes on observed trends. Prior trend filings excluded behavioral health claims from the claims history. This was because behavioral health coverage was capitated and provided via an external vendor. However, behavioral health coverage is now provided by BCBSVT, and behavioral health claims are now included in the rating process. Thus we have included the history of such claims in the trend analysis.

Medicare carve out claims are excluded.

The data has been prepared using a high charges removal point of \$200K, i.e. for members with medical claims in excess of \$200K during a rolling 12 month period, claim amounts over \$200K have been removed from the Inpatient, Outpatient, Professional and Other categories during that period.

12-Month Rolling Model

The 12-month rolling trends by service category (with a \$200K attachment point) can be found in Exhibit V. This exhibit provides cost, utilization and pure premium data, along with the 12-month rolling trends, for the last 30 months. The pure premium 12-month rolling trends as of the May 2013 data point for the medical service categories are:

| | |
|------------------|-------|
| Inpatient | 6.9% |
| Outpatient | -1.3% |
| Professional | 2.0% |
| Other | -4.8% |
| Combined Medical | 1.1% |

Blue Cross and Blue Shield of Vermont First and Second Quarter 2014 Trend Filing Actuarial Memorandum

Regression Models

The second model type uses regression analysis to develop the trends. This method has the advantage of smoothing out the variability that exists even in a 12-month rolling average analysis. For example, the 12-month rolling model calculates a -1.3% Outpatient trend. This trend result is skewed by an atypical pattern of several months of higher-than-normal claims in the first half of 2012, followed immediately by lower-than-normal claims in the final six months of 2012.

For each service category, a regression line is developed for the cost and utilization trend components. The total trend for a service category is the product of the cost and utilization trends.

The regressions are performed with 24 and 36 data points. These regressions provide the best fit for the data. Exhibit III shows the graphs of the 12-month rolling data (with claims capped at \$200K) and the regression analysis results of 3.6% and 3.8% for the current weights total pure premium medical trends using 24 and 36 data points, respectively. The selected BCBSVT medical allowed capped (at \$200K) trend is the average of these two regressions, or 3.7%. This compares to the filed BCBSVT medical allowed capped (at \$200K) trend for Q3-Q4 2013 of 4.7% (3.4% was approved).

PHARMACY TREND DEVELOPMENT

The source of the data is BCBSVT's data warehouse. Because the pharmacy trend developed in this filing will no longer apply to individual and small group products, we have decided to combine the pharmacy experience of BCBSVT and TVHP large groups to develop the pharmacy trend. We used claims incurred from January 1, 2010 to June 30, 2013, with payments through July 31, 2013 (pharmacy claims are largely completed within one month of incurral). Drug card and HSA drug experience is combined, and completion factors (based on the total drug card and HSA pharmacy experience for both companies) were applied to estimate the ultimate incurred claims. Allowed charges are used rather than claim payments, in order to reduce the effect of benefit changes on observed trends. The data from two large groups has been excluded because the groups were not active for the entire experience period.

With the emergence of new and expensive specialty drugs, as well as the increasing shift to generics as more brand drugs come off patent, we have developed a new approach to developing the pharmacy trend. Our new method separately examines the cost and utilization trends of brand, generic, and specialty drugs. The overall pharmacy trend is then calculated by combining the separate components. We have projected the generic dispensing rate, based on the brand drugs that are scheduled to lose patent in the next few years.

ESI has been the pharmacy benefits manager for BCBSVT and TVHP since July 2009. The initial ESI contract was for a period of 3 years; a new contract became effective July 2012. We have adjusted the historical pharmacy claims data, as well as the projected pharmacy claims, to reflect the various discount guarantees within these contracts.

Exhibit II, Pages 1, 2 and 3 provide the monthly and the 12-month rolling data, along with the corresponding year-over-year and exponential regression trends, for pharmacy cost. These are shown separately for the brand, generic, and specialty categories. The 'Supply' columns show the number of days supply, rather than the number of scripts. This corrects for changes

Blue Cross and Blue Shield of Vermont First and Second Quarter 2014 Trend Filing Actuarial Memorandum

in the days supply per script (e.g. increased use of 90-day fills). The regressions use 18 data points on the monthly data, in order to best capture the most recent history of drug costs.

Exhibit II, pages 4 and 5 provide the monthly and the 12-month rolling data, along with the corresponding year-over-year trend and exponential regression trends, for pharmacy utilization. These are shown separately for the non-specialty and specialty categories. Because there are several popular brand drugs that have become generic during the experience period, or will become generic during the projected period, we have combined the data for generic and brand drugs into the non-specialty drug category for purposes of analyzing utilization patterns. To calculate the overall pharmacy trend, the combined data for the non-specialty category will be allocated into the generic and brand categories via the projected generic dispensing rate (GDR), as discussed below. Because there is some seasonality expected for drug utilization (in particular, for HSA plans), we performed the regressions using 12-month rolling data in order to smooth the seasonal pattern. 18 data points were used for the regression for the non-specialty drug category, and 12 points were used for the specialty drug category. These regression criteria were chosen in order to best capture the most recent history of drug costs. The shorter period was chosen for the specialty drug category due to the rapidly evolving marketplace for these drugs.

Exhibit II, page 6 provides an analysis and projection of the generic dispensing rate. The GDR has been increasing steadily over the past 18 months and we expect it to continue to grow, but at a slower rate. Several brand drugs, including popular drugs like Cymbalta and Nexium, are expected to come off patent in the next few years. We have projected the breakdown of the number of days supply into the future assuming:

- For each of the categories of drugs listed in the exhibit (specific brand drugs that will lose patent in the next few years, generic drugs, and specialty drugs), we assumed the average days supply for the 6 month period, January 2013 -June 2013, continues into the future months.
- For the brand drugs coming off patent, this 6 month average is expected to continue through 6 months past the patent-ending date, during which time the drug would still be supplied by a single source. During this exclusivity period, pricing differences from the prior brand drug are relatively small.
- After the 6 months single-source period, the generic days supply increases by the days supply for the formerly brand drug, now a multi-source generic drug.

Exhibit II, page 6 shows the following average dispensing rates for the projection period of April 2014 - March 2015 (this is the average plan year for groups new or renewing during the first and second quarter of 2014):

- Generic dispensing rate: 83.4% of the total days supply
- Brand dispensing rate: 16.0% of the total days supply
- Specialty dispensing rate: 0.6% of the total days supply

Exhibit II, page 7 provides the components of trend for the generic, brand and specialty categories and calculates the overall trend, using data from the 12 months ending May 2013 and the GDR to combine all of the categories. The following table summarizes the pharmacy allowed (uncapped) trends:

**Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Actuarial Memorandum**

| <u>Trends</u> | Generic | Brand | Non-Specialty = Generic + Brand | Specialty | Total |
|---------------|---------|-------|------------------------------------|-----------|-------|
| Utilization | 1.9% | -6.4% | 0.5% | 18.1% | 0.6% |
| Cost | -3.7% | 10.0% | 0.6% | 6.8% | 6.6% |
| Total | -1.9% | 2.9% | 1.0% | 26.2% | 7.2% |

LEVERAGED TRENDS

The above trends are based on allowed charges and do not account for the leveraging effect of deductibles and copays. Exhibit IV shows leveraged trend values based upon claim probability distributions for several deductible and copay levels. Leverage factors are included for both medical and Rx benefits, and are developed from claims distributions data from BCBSVT and TVHP data and Milliman Health Cost Guidelines® (2013 version). Paid-to-allowed factors (based on 2010 and 2011 combined BCBSVT and TVHP claim experience) are used in the development of Stop Loss Dampened trends

STOP LOSS DAMPENED TREND AND NO STOP LOSS TREND

Stop Loss Dampened Trends have also been developed and are displayed in Exhibit IV. To obtain a final rating trend, the appropriate benefit leveraging factor must be added to the Stop Loss Dampened Trend. Base trend factors for No Stop Loss are also included. To obtain a final rating trend for business without a stop loss attachment point, the appropriate benefit leveraging factor must be added to the No Stop Loss Trend.

DEMOGRAPHIC EXHIBIT

Exhibit VI shows a 5-year history of the average age and the average age/sex factors of the BCBSVT membership, based on the 2013 Milliman Health Cost Guidelines®. The historical member data shown in this exhibit is lower than that in the comparable exhibit in the prior BCBSVT trend filing for some of the months, due to the removal of the data for a large group from the experience period for this filing.

**Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Actuarial Memorandum**

ACTUARIAL OPINION

The purpose of this filing is to develop claim trends for use in the rating of Blue Cross and Blue Shield of Vermont large group plans. This filing is not intended to be used for other purposes.

The data used in this analysis has been reviewed for reasonableness and consistency; however, it has not been audited.

It is my opinion that, in aggregate, the rating trends presented in this filing fall within a range of reasonable trend values. They will produce premium rates that are reasonable in relation to the benefits provided, and will not be excessive, deficient or unfairly discriminatory.


I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's Qualification Standards to render this opinion.

Donna M. Lee

Donna M. Lee, F.S.A., M.A.A.A.

August 30, 2013

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont



Kevin Goddard
Vice President, External Affairs and Sales

9/21/13

Date

Health Filing Form F106 (7/98)
Required Information for All Filings & the Fee

NAIC#: 53295
Company Name Blue Cross Blue Shield of Vermont
Address: PO Box 186
City, State, Zip: Montpelier, VT 05601
Phone: 371-3450 Contact Person: Alison Partridge

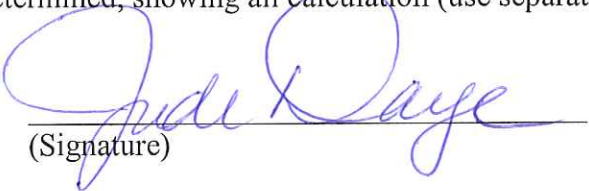
Filing Contents: BCBSVT 1Q-2Q 2014 Trend Filing

- 1) New: Change:
If a Change: Latest Approval Date: _____ Vermont Filing #: _____
2) Rates: Forms: Rates & Forms:
3) Policy: Contract: Amendment: Endorsement:
Handbook: Rider: Certificate: Other: Outline
4) Individual: Small Group (1-50): Large Group (51+): All Groups:

Type of Filing:

- | | | |
|---|--|---|
| Accident Only: <input type="checkbox"/> | Dental: <input type="checkbox"/> | Miscellaneous: <input type="checkbox"/> |
| AD&D: <input type="checkbox"/> | Disability: <input type="checkbox"/> | Nursing Home Only: <input type="checkbox"/> |
| Advertising: <input type="checkbox"/> | Home Health Only: <input type="checkbox"/> | Organ Transplant: <input type="checkbox"/> |
| Blanket: <input type="checkbox"/> | Hospital Indemnity: <input type="checkbox"/> | Prescription Drug: <input type="checkbox"/> |
| Cancer Expense: <input type="checkbox"/> | Limited Benefit: <input type="checkbox"/> | Student/Athlete: <input type="checkbox"/> |
| Comprehensive/ Major Medical: <input type="checkbox"/> | Long Term Care: Qualified: <input type="checkbox"/> | Stop Loss/Excess Risk: <input type="checkbox"/> |
| Conversion: <input type="checkbox"/> | Non-Qualified: <input type="checkbox"/> | Travel: <input type="checkbox"/> |
| Critical Illness: <input type="checkbox"/> | Medicare Supplement: <input type="checkbox"/> | Vision: <input type="checkbox"/> |
| | | Other: <u>Health</u> |

Mandatory - Filing Fee Information:

1. State of Domicile: Vermont
2. Amount of Fee: \$50.00
3. Is the Fee you are sending based on your state of domicile's retaliatory fee? Yes No
4. Explain how each part of the Fee was determined, showing all calculation (use separate sheet if necessary). Vermont filing fee
5. Fee calculated by: Jude Daye
(Printed Name) 
(Signature)

Blue Cross and Blue Shield of Vermont First and Second Quarter 2014 Trend Filing

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\$200K Attachment Point)

Exhibit VI Demographics

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Exhibit I
BCBSVT Trend Data Summary
First and Second Quarter 2014

View 1: Medical Trend

12 Month Rolling Trends - \$200K High Claims Attachment Point

| | Util <u>Trend</u> | Cost <u>Trend</u> | Util <u>Units</u> | Pure Premium <u>PMPM</u> | Pure Premium <u>Trend</u> |
|-----------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------------------|
| Inpatient | 1.0% | 5.8% | 47.8 | \$75.69 | 6.9% |
| Outpatient | -0.9% | -0.4% | 2,564.8 | \$163.32 | -1.3% |
| Professional | -1.0% | 3.0% | 8,422.5 | \$120.02 | 2.0% |
| Other | -4.0% | -0.8% | 1,359.7 | \$16.65 | -4.8% |
| Combined Medical | | | | \$375.69 | 1.1% |
| Current Weights Total | | | | | 1.2% |

Note : If the Outpatient trend was at a typical, historical trend level of 4.2%, the overall trend, using current weights, would be 3.6%.

View 2: Medical Trend

Linear Regression Analysis Summary - 24 Month & 36 Month - \$200K High Claims Attachment Point

(Uses claims incurred through May 2013, paid through July 2013)

| PMPM Summary | 24 Month | | | 36 Month | | | Medical Weight |
|---------------------------|-------------|------|------|-------------|------|------|----------------|
| | Utilization | Cost | PMPM | Utilization | Cost | PMPM | |
| \$75.69 IP | 0.0% | 4.8% | 4.8% | 0.6% | 3.9% | 4.5% | 20.1% |
| \$163.32 OP | 1.0% | 3.0% | 4.0% | 0.1% | 4.2% | 4.4% | 43.5% |
| \$120.02 Prof | 0.5% | 2.3% | 2.8% | 0.3% | 2.2% | 2.5% | 31.9% |
| \$16.65 Other | -1.1% | 2.1% | 1.0% | 0.4% | 3.2% | 3.6% | 4.4% |
| <u>\$375.69 Total Med</u> | | | 3.6% | | | 3.7% | 100.0% |
| Current Weights Total | | | 3.6% | | | 3.8% | |

Selected Medical Trends (Capped at \$200K)

(Uses averages of the utilization trends and the cost trends from the 24 month & 36 month regressions)

| PMPM Summary | Utilization | Cost | PMPM |
|---------------------------------------|-------------|------|-------------|
| \$75.69 IP | 0.3% | 4.3% | 4.7% |
| \$163.32 OP | 0.6% | 3.6% | 4.2% |
| \$120.02 Prof | 0.4% | 2.2% | 2.6% |
| \$16.65 Other | -0.4% | 2.6% | 2.3% |
| <u>\$375.69 Current Weights Total</u> | | | 3.7% |

Selected Pharmacy Trend (Uncapped)

(From Exhibit II, Page 7)

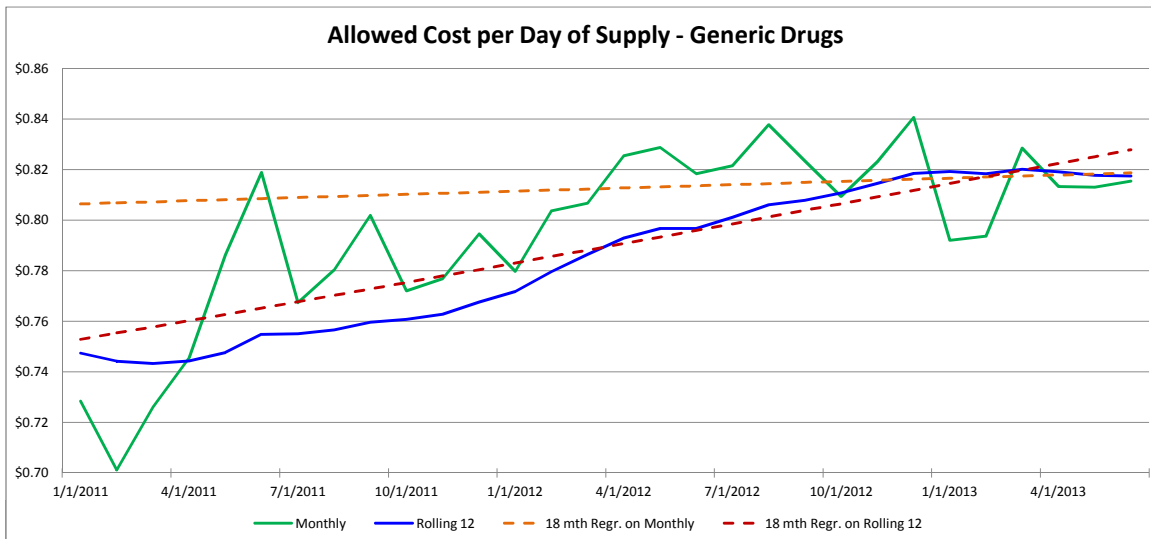
| PMPM | Utilization | Cost | PMPM |
|-------------------|-------------|-------|-------------|
| \$21.05 Generic | 1.9% | -3.7% | -1.9% |
| \$32.20 Brand | -6.4% | 10.0% | 2.9% |
| \$17.31 Specialty | 18.1% | 6.8% | 26.2% |
| <u>\$70.56</u> | | | 7.2% |

Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

GENERIC DRUGS

| Incurred Date | MONTHLY DATA | | | | ROLLING 12 | | | | EXPONENTIAL FIT | |
|---------------|--------------|-------------------------|--------------|--------------------|------------|-------------------------|--------------|-----------------------|-----------------|-----------------|
| | Supply | Adjusted Allowed Charge | Cost/ Supply | Monthly Cost Trend | Supply | Adjusted Allowed Charge | Cost/ Supply | Rolling 12 Cost Trend | Monthly Data | Rolling 12 Data |
| Jan-10 | 1,661,072 | \$1,180,260 | \$0.71 | | | | | | | |
| Feb-10 | 1,566,473 | \$1,157,498 | \$0.74 | | | | | | | |
| Mar-10 | 1,816,131 | \$1,336,369 | \$0.74 | | | | | | | |
| Apr-10 | 1,741,221 | \$1,276,454 | \$0.73 | | | | | | | |
| May-10 | 1,714,668 | \$1,285,371 | \$0.75 | | | | | | | |
| Jun-10 | 1,850,148 | \$1,364,000 | \$0.74 | | | | | | | |
| Jul-10 | 1,760,921 | \$1,348,220 | \$0.77 | | | | | | | |
| Aug-10 | 1,808,463 | \$1,379,775 | \$0.76 | | | | | | | |
| Sep-10 | 1,770,934 | \$1,359,481 | \$0.77 | | | | | | | |
| Oct-10 | 1,833,702 | \$1,390,536 | \$0.76 | | | | | | | |
| Nov-10 | 1,830,941 | \$1,378,904 | \$0.75 | | | | | | | |
| Dec-10 | 1,977,938 | \$1,462,883 | \$0.74 | | | | | | | |
| Jan-11 | 1,929,700 | \$1,405,801 | \$0.73 | 2.5% | 21,601,240 | \$16,145,293 | \$0.75 | | \$0.81 | \$0.75 |
| Feb-11 | 1,783,450 | \$1,250,664 | \$0.70 | -5.1% | 21,818,217 | \$16,238,458 | \$0.74 | | \$0.81 | \$0.76 |
| Mar-11 | 2,032,701 | \$1,476,027 | \$0.73 | -1.3% | 22,034,787 | \$16,378,116 | \$0.74 | | \$0.81 | \$0.76 |
| Apr-11 | 1,922,132 | \$1,433,180 | \$0.75 | 1.7% | 22,215,699 | \$16,534,842 | \$0.74 | | \$0.81 | \$0.76 |
| May-11 | 2,009,912 | \$1,580,167 | \$0.79 | 4.9% | 22,510,943 | \$16,829,638 | \$0.75 | | \$0.81 | \$0.76 |
| Jun-11 | 2,025,686 | \$1,658,838 | \$0.82 | 11.1% | 22,686,480 | \$17,124,476 | \$0.75 | | \$0.81 | \$0.77 |
| Jul-11 | 1,921,903 | \$1,474,852 | \$0.77 | 0.2% | 22,847,462 | \$17,251,108 | \$0.76 | | \$0.81 | \$0.77 |
| Aug-11 | 2,059,132 | \$1,606,685 | \$0.78 | 2.3% | 23,098,131 | \$17,478,018 | \$0.76 | | \$0.81 | \$0.77 |
| Sep-11 | 1,948,787 | \$1,562,856 | \$0.80 | 4.5% | 23,275,984 | \$17,681,393 | \$0.76 | | \$0.81 | \$0.77 |
| Oct-11 | 2,011,231 | \$1,552,918 | \$0.77 | 1.8% | 23,453,513 | \$17,843,775 | \$0.76 | | \$0.81 | \$0.78 |
| Nov-11 | 2,030,149 | \$1,577,249 | \$0.78 | 3.2% | 23,652,721 | \$18,042,120 | \$0.76 | | \$0.81 | \$0.78 |
| Dec-11 | 2,149,281 | \$1,707,886 | \$0.79 | 7.4% | 23,824,064 | \$18,287,122 | \$0.77 | | \$0.81 | \$0.78 |
| Jan-12 | 2,098,854 | \$1,636,604 | \$0.78 | 7.0% | 23,993,218 | \$18,517,926 | \$0.77 | 3.3% | \$0.81 | \$0.78 |
| Feb-12 | 2,001,956 | \$1,608,977 | \$0.80 | 14.6% | 24,211,723 | \$18,876,239 | \$0.78 | 4.8% | \$0.81 | \$0.79 |
| Mar-12 | 2,093,591 | \$1,689,122 | \$0.81 | 11.1% | 24,272,613 | \$19,089,335 | \$0.79 | 5.8% | \$0.81 | \$0.79 |
| Apr-12 | 2,098,370 | \$1,732,161 | \$0.83 | 10.7% | 24,448,851 | \$19,388,316 | \$0.79 | 6.5% | \$0.81 | \$0.79 |
| May-12 | 2,169,223 | \$1,797,711 | \$0.83 | 5.4% | 24,608,161 | \$19,605,860 | \$0.80 | 6.6% | \$0.81 | \$0.79 |
| Jun-12 | 2,178,114 | \$1,782,539 | \$0.82 | -0.1% | 24,760,590 | \$19,729,561 | \$0.80 | 5.6% | \$0.81 | \$0.80 |
| Jul-12 | 2,144,497 | \$1,761,711 | \$0.82 | 7.1% | 24,983,184 | \$20,016,420 | \$0.80 | 6.1% | \$0.81 | \$0.80 |
| Aug-12 | 2,246,093 | \$1,881,579 | \$0.84 | 7.4% | 25,170,145 | \$20,291,314 | \$0.81 | 6.5% | \$0.81 | \$0.80 |
| Sep-12 | 2,048,802 | \$1,687,188 | \$0.82 | 2.7% | 25,270,161 | \$20,415,645 | \$0.81 | 6.4% | \$0.81 | \$0.80 |
| Oct-12 | 2,337,312 | \$1,891,784 | \$0.81 | 4.8% | 25,596,241 | \$20,754,512 | \$0.81 | 6.6% | \$0.82 | \$0.81 |
| Nov-12 | 2,237,438 | \$1,841,879 | \$0.82 | 6.0% | 25,803,530 | \$21,019,142 | \$0.81 | 6.8% | \$0.82 | \$0.81 |
| Dec-12 | 2,268,190 | \$1,906,813 | \$0.84 | 5.8% | 25,922,439 | \$21,218,069 | \$0.82 | 6.6% | \$0.82 | \$0.81 |
| Jan-13 | 2,335,843 | \$1,850,134 | \$0.79 | 1.6% | 26,159,428 | \$21,431,599 | \$0.82 | 6.2% | \$0.82 | \$0.81 |
| Feb-13 | 2,164,536 | \$1,718,161 | \$0.79 | -1.2% | 26,322,009 | \$21,540,782 | \$0.82 | 5.0% | \$0.82 | \$0.82 |
| Mar-13 | 2,259,256 | \$1,871,965 | \$0.83 | 2.7% | 26,487,674 | \$21,723,625 | \$0.82 | 4.3% | \$0.82 | \$0.82 |
| Apr-13 | 2,348,009 | \$1,909,591 | \$0.81 | -1.5% | 26,737,313 | \$21,901,055 | \$0.82 | 3.3% | \$0.82 | \$0.82 |
| May-13 | 2,389,678 | \$1,943,093 | \$0.81 | -1.9% | 26,957,768 | \$22,046,436 | \$0.82 | 2.6% | \$0.82 | \$0.83 |
| Jun-13 | 2,265,986 | \$1,847,827 | \$0.82 | -0.4% | 27,045,640 | \$22,111,725 | \$0.82 | 2.6% | \$0.82 | \$0.83 |

Exponential Trend: 0.6% 4.0%
 Adjustment for Future ESI Contract Terms: 0.9568 0.9568
 Adjusted Trend: -3.7% -0.5%

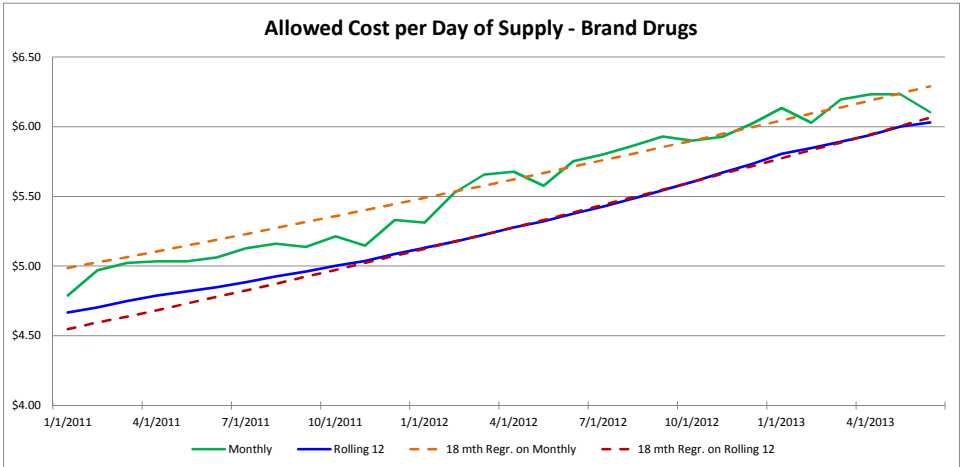


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

BRAND DRUGS

| Incurred Date | MONTHLY DATA | | | | ROLLING 12 | | | | EXPONENTIAL FIT | |
|---------------|--------------|-------------------------|--------------|--------------------|------------|-------------------------|--------------|-----------------------|-----------------|-----------------|
| | Supply | Adjusted Allowed Charge | Cost/ Supply | Monthly Cost Trend | Supply | Adjusted Allowed Charge | Cost/ Supply | Rolling 12 Cost Trend | Monthly Data | Rolling 12 Data |
| Jan-10 | 629,038 | \$2,736,708 | \$4.35 | | | | | | | |
| Feb-10 | 596,673 | \$2,678,970 | \$4.49 | | | | | | | |
| Mar-10 | 679,677 | \$3,070,834 | \$4.52 | | | | | | | |
| Apr-10 | 617,417 | \$2,807,916 | \$4.55 | | | | | | | |
| May-10 | 593,366 | \$2,776,836 | \$4.68 | | | | | | | |
| Jun-10 | 621,664 | \$2,937,245 | \$4.72 | | | | | | | |
| Jul-10 | 566,139 | \$2,633,963 | \$4.65 | | | | | | | |
| Aug-10 | 578,221 | \$2,709,267 | \$4.69 | | | | | | | |
| Sep-10 | 565,506 | \$2,666,315 | \$4.71 | | | | | | | |
| Oct-10 | 590,001 | \$2,797,224 | \$4.74 | | | | | | | |
| Nov-10 | 578,456 | \$2,739,416 | \$4.74 | | | | | | | |
| Dec-10 | 622,937 | \$2,960,926 | \$4.75 | | | | | | | |
| Jan-11 | 557,355 | \$2,669,196 | \$4.79 | 10.1% | 7,167,412 | \$33,448,109 | \$4.67 | | \$4.99 | \$4.55 |
| Feb-11 | 518,803 | \$2,578,958 | \$4.97 | 10.7% | 7,089,542 | \$33,348,096 | \$4.70 | | \$5.03 | \$4.60 |
| Mar-11 | 593,963 | \$2,983,461 | \$5.02 | 11.2% | 7,003,828 | \$33,260,723 | \$4.75 | | \$5.06 | \$4.64 |
| Apr-11 | 557,894 | \$2,808,305 | \$5.03 | 10.7% | 6,944,305 | \$33,261,112 | \$4.79 | | \$5.11 | \$4.68 |
| May-11 | 568,274 | \$2,860,776 | \$5.03 | 7.6% | 6,919,213 | \$33,345,052 | \$4.82 | | \$5.15 | \$4.73 |
| Jun-11 | 575,505 | \$2,913,271 | \$5.06 | 7.1% | 6,873,053 | \$33,321,079 | \$4.85 | | \$5.19 | \$4.78 |
| Jul-11 | 534,161 | \$2,739,315 | \$5.13 | 10.2% | 6,841,076 | \$33,426,430 | \$4.89 | | \$5.23 | \$4.83 |
| Aug-11 | 569,634 | \$2,940,207 | \$5.16 | 10.2% | 6,832,489 | \$33,657,370 | \$4.93 | | \$5.27 | \$4.87 |
| Sep-11 | 552,875 | \$2,840,076 | \$5.14 | 9.0% | 6,819,858 | \$33,831,132 | \$4.96 | | \$5.32 | \$4.92 |
| Oct-11 | 580,888 | \$3,027,950 | \$5.21 | 9.9% | 6,810,745 | \$34,061,858 | \$5.00 | | \$5.36 | \$4.97 |
| Nov-11 | 574,905 | \$2,958,650 | \$5.15 | 8.7% | 6,807,195 | \$34,281,091 | \$5.04 | | \$5.40 | \$5.02 |
| Dec-11 | 601,728 | \$3,207,133 | \$5.33 | 12.1% | 6,785,986 | \$34,527,299 | \$5.09 | | \$5.44 | \$5.07 |
| Jan-12 | 555,009 | \$2,947,829 | \$5.31 | 10.9% | 6,783,640 | \$34,805,932 | \$5.13 | 9.9% | \$5.49 | \$5.12 |
| Feb-12 | 546,042 | \$3,017,293 | \$5.53 | 11.2% | 6,810,878 | \$35,244,267 | \$5.17 | 10.0% | \$5.53 | \$5.18 |
| Mar-12 | 530,120 | \$2,997,929 | \$5.66 | 12.6% | 6,747,035 | \$35,258,735 | \$5.23 | 10.0% | \$5.58 | \$5.23 |
| Apr-12 | 523,888 | \$2,974,021 | \$5.68 | 12.8% | 6,713,029 | \$35,424,451 | \$5.28 | 10.2% | \$5.62 | \$5.28 |
| May-12 | 536,425 | \$2,991,524 | \$5.58 | 10.8% | 6,681,180 | \$35,555,200 | \$5.32 | 10.4% | \$5.67 | \$5.33 |
| Jun-12 | 483,937 | \$2,784,185 | \$5.75 | 13.7% | 6,589,612 | \$35,426,113 | \$5.38 | 10.9% | \$5.71 | \$5.38 |
| Jul-12 | 477,732 | \$2,771,195 | \$5.80 | 13.1% | 6,533,183 | \$35,457,994 | \$5.43 | 11.1% | \$5.76 | \$5.44 |
| Aug-12 | 482,948 | \$2,831,863 | \$5.86 | 13.6% | 6,446,497 | \$35,349,650 | \$5.48 | 11.3% | \$5.81 | \$5.49 |
| Sep-12 | 430,002 | \$2,549,707 | \$5.93 | 15.4% | 6,323,624 | \$35,059,281 | \$5.54 | 11.8% | \$5.85 | \$5.55 |
| Oct-12 | 485,132 | \$2,861,749 | \$5.90 | 13.2% | 6,227,868 | \$34,893,079 | \$5.60 | 12.0% | \$5.90 | \$5.60 |
| Nov-12 | 455,378 | \$2,699,491 | \$5.93 | 15.2% | 6,108,340 | \$34,633,920 | \$5.67 | 12.6% | \$5.95 | \$5.66 |
| Dec-12 | 493,296 | \$2,970,536 | \$6.02 | 13.0% | 5,999,907 | \$34,397,323 | \$5.73 | 12.7% | \$6.00 | \$5.72 |
| Jan-13 | 481,142 | \$2,950,677 | \$6.13 | 15.5% | 5,926,041 | \$34,400,171 | \$5.80 | 13.1% | \$6.04 | \$5.77 |
| Feb-13 | 432,116 | \$2,604,898 | \$6.03 | 9.1% | 5,812,115 | \$33,987,776 | \$5.85 | 13.0% | \$6.09 | \$5.83 |
| Mar-13 | 447,704 | \$2,773,629 | \$6.20 | 9.5% | 5,729,699 | \$33,763,476 | \$5.89 | 12.8% | \$6.14 | \$5.89 |
| Apr-13 | 469,741 | \$2,927,355 | \$6.23 | 9.8% | 5,675,552 | \$33,716,810 | \$5.94 | 12.6% | \$6.19 | \$5.95 |
| May-13 | 481,056 | \$2,998,204 | \$6.23 | 11.8% | 5,620,184 | \$33,723,489 | \$6.00 | 12.8% | \$6.24 | \$6.00 |
| Jun-13 | 463,243 | \$2,827,843 | \$6.10 | 6.1% | 5,599,490 | \$33,767,147 | \$6.03 | 12.2% | \$6.29 | \$6.07 |

| | | |
|---|--------------|--------|
| Exponential Trend: | 10.1% | 12.6% |
| Adjustment for Future ESI Contract Terms: | 0.9995 | 0.9995 |
| Adjusted Trend: | 10.0% | 12.6% |

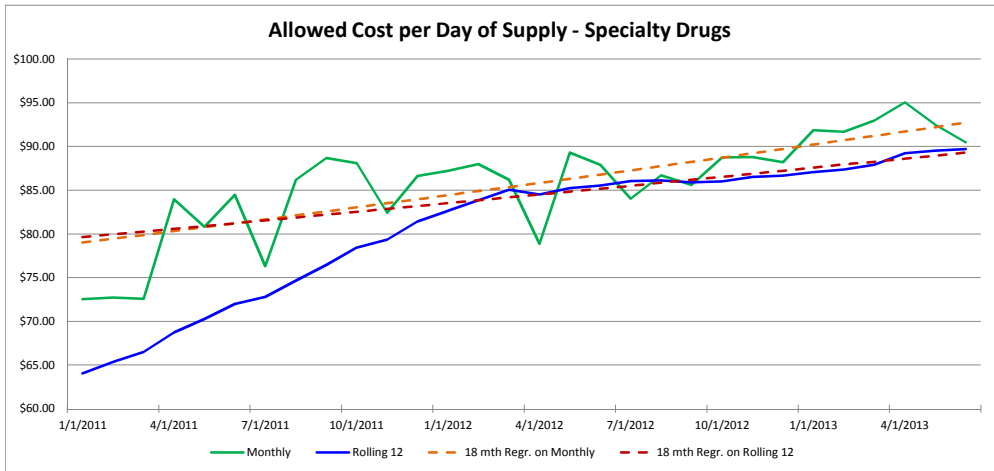


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

SPECIALTY DRUGS

| Incurred Date | MONTHLY DATA | | | | ROLLING 12 | | | | EXPONENTIAL FIT | |
|---------------|--------------|-------------------------|--------------|--------------------|------------|-------------------------|--------------|-----------------------|-----------------|-----------------|
| | Supply | Adjusted Allowed Charge | Cost/ Supply | Monthly Cost Trend | Supply | Adjusted Allowed Charge | Cost/ Supply | Rolling 12 Cost Trend | Monthly Data | Rolling 12 Data |
| Jan-10 | 12,376 | \$644,040 | \$52.04 | | | | | | | |
| Feb-10 | 12,089 | \$675,766 | \$55.90 | | | | | | | |
| Mar-10 | 14,146 | \$845,851 | \$59.79 | | | | | | | |
| Apr-10 | 13,952 | \$790,323 | \$56.65 | | | | | | | |
| May-10 | 12,564 | \$776,827 | \$61.83 | | | | | | | |
| Jun-10 | 13,537 | \$873,278 | \$64.51 | | | | | | | |
| Jul-10 | 12,614 | \$840,946 | \$66.67 | | | | | | | |
| Aug-10 | 12,982 | \$854,416 | \$65.82 | | | | | | | |
| Sep-10 | 12,164 | \$814,077 | \$66.93 | | | | | | | |
| Oct-10 | 12,502 | \$814,095 | \$65.12 | | | | | | | |
| Nov-10 | 11,950 | \$850,089 | \$71.14 | | | | | | | |
| Dec-10 | 13,984 | \$899,575 | \$64.33 | | | | | | | |
| Jan-11 | 11,164 | \$809,774 | \$72.53 | 39.4% | 153,649 | \$9,845,018 | \$64.07 | | \$79.03 | \$79.65 |
| Feb-11 | 11,358 | \$826,060 | \$72.73 | 30.1% | 152,918 | \$9,995,311 | \$65.36 | | \$79.47 | \$79.97 |
| Mar-11 | 13,259 | \$962,485 | \$72.59 | 21.4% | 152,031 | \$10,111,945 | \$66.51 | | \$79.88 | \$80.26 |
| Apr-11 | 11,057 | \$928,266 | \$83.95 | 48.2% | 149,136 | \$10,249,888 | \$68.73 | | \$80.33 | \$80.58 |
| May-11 | 11,878 | \$959,857 | \$80.81 | 30.7% | 148,450 | \$10,432,918 | \$70.28 | | \$80.77 | \$80.90 |
| Jun-11 | 12,178 | \$1,028,449 | \$84.45 | 30.9% | 147,091 | \$10,588,089 | \$71.98 | | \$81.22 | \$81.22 |
| Jul-11 | 11,988 | \$914,863 | \$76.31 | 14.5% | 146,466 | \$10,662,007 | \$72.80 | | \$81.66 | \$81.54 |
| Aug-11 | 13,870 | \$1,195,323 | \$86.18 | 30.9% | 147,354 | \$11,002,913 | \$74.67 | | \$82.12 | \$81.87 |
| Sep-11 | 11,968 | \$1,061,164 | \$88.67 | 32.5% | 147,158 | \$11,250,000 | \$76.45 | | \$82.58 | \$82.20 |
| Oct-11 | 12,998 | \$1,144,997 | \$88.09 | 35.3% | 147,655 | \$11,580,902 | \$78.43 | | \$83.03 | \$82.52 |
| Nov-11 | 12,890 | \$1,062,183 | \$82.40 | 15.8% | 148,595 | \$11,792,996 | \$79.36 | | \$83.50 | \$82.85 |
| Dec-11 | 13,479 | \$1,167,791 | \$86.64 | 34.7% | 148,089 | \$12,061,213 | \$81.45 | | \$83.96 | \$83.18 |
| Jan-12 | 13,855 | \$1,208,439 | \$87.22 | 20.2% | 150,780 | \$12,459,878 | \$82.64 | 29.0% | \$84.43 | \$83.51 |
| Feb-12 | 14,088 | \$1,239,384 | \$87.97 | 21.0% | 153,511 | \$12,873,202 | \$83.86 | 28.3% | \$84.90 | \$83.85 |
| Mar-12 | 15,206 | \$1,310,252 | \$86.17 | 18.7% | 155,457 | \$13,220,969 | \$85.05 | 27.9% | \$85.35 | \$84.16 |
| Apr-12 | 15,654 | \$1,234,595 | \$78.87 | -6.1% | 160,053 | \$13,527,298 | \$84.52 | 23.0% | \$85.83 | \$84.50 |
| May-12 | 15,586 | \$1,392,041 | \$89.31 | 10.5% | 163,761 | \$13,959,482 | \$85.24 | 21.3% | \$86.30 | \$84.83 |
| Jun-12 | 15,315 | \$1,346,046 | \$87.89 | 4.1% | 166,898 | \$14,277,080 | \$85.54 | 18.8% | \$86.79 | \$85.17 |
| Jul-12 | 16,614 | \$1,396,133 | \$84.04 | 10.1% | 171,524 | \$14,758,349 | \$86.04 | 18.2% | \$87.26 | \$85.51 |
| Aug-12 | 17,455 | \$1,513,369 | \$86.70 | 0.6% | 175,108 | \$15,076,395 | \$86.10 | 15.3% | \$87.75 | \$85.85 |
| Sep-12 | 16,023 | \$1,371,758 | \$85.61 | -3.4% | 179,163 | \$15,386,990 | \$85.88 | 12.3% | \$88.24 | \$86.20 |
| Oct-12 | 17,838 | \$1,582,977 | \$88.74 | 0.7% | 184,003 | \$15,824,970 | \$86.00 | 9.7% | \$88.72 | \$86.53 |
| Nov-12 | 17,854 | \$1,584,863 | \$88.77 | 7.7% | 188,967 | \$16,347,651 | \$86.51 | 9.0% | \$89.22 | \$86.88 |
| Dec-12 | 17,867 | \$1,576,084 | \$88.21 | 1.8% | 193,355 | \$16,755,943 | \$86.66 | 6.4% | \$89.71 | \$87.22 |
| Jan-13 | 17,030 | \$1,564,634 | \$91.87 | 5.3% | 196,530 | \$17,112,139 | \$87.07 | 5.4% | \$90.21 | \$87.57 |
| Feb-13 | 15,638 | \$1,433,766 | \$91.69 | 4.2% | 198,079 | \$17,306,521 | \$87.37 | 4.2% | \$90.72 | \$87.92 |
| Mar-13 | 16,142 | \$1,500,254 | \$92.94 | 7.9% | 199,016 | \$17,496,523 | \$87.92 | 3.4% | \$91.18 | \$88.24 |
| Apr-13 | 17,196 | \$1,634,048 | \$95.02 | 20.5% | 200,558 | \$17,895,975 | \$89.23 | 5.6% | \$91.70 | \$88.60 |
| May-13 | 17,599 | \$1,627,203 | \$92.46 | 3.5% | 202,571 | \$18,131,137 | \$89.51 | 5.0% | \$92.20 | \$88.95 |
| Jun-13 | 17,138 | \$1,550,307 | \$90.46 | 2.9% | 204,394 | \$18,335,398 | \$89.71 | 4.9% | \$92.72 | \$89.30 |

Exponential Trend: 6.8% 4.8%
 Adjustment for Future ESI Contract Terms: 1.0000 1.0000
 Adjusted Trend: 6.8% 4.8%

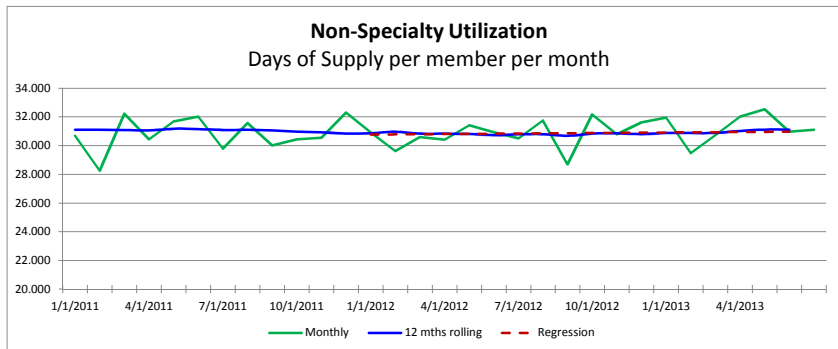


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

NON-SPECIALTY DRUGS

| Incurred Date | MONTHLY DATA | | | | ROLLING 12 | | | | EXPONENTIAL FIT |
|---------------|--------------|-----------|-------------------|---------------------------|------------|------------|-------------------|------------------------------|-----------------|
| | Membership | Supply | Supply per Member | Monthly Utilization Trend | Membership | Supply | Supply per Member | Rolling 12 Utilization Trend | Rolling 12 Data |
| Jan-10 | 76,869 | 2,290,110 | 29.792 | | | | | | |
| Feb-10 | 76,980 | 2,163,146 | 28.100 | | | | | | |
| Mar-10 | 76,618 | 2,495,808 | 32.575 | | | | | | |
| Apr-10 | 76,530 | 2,358,638 | 30.820 | | | | | | |
| May-10 | 76,458 | 2,308,034 | 30.187 | | | | | | |
| Jun-10 | 76,387 | 2,471,812 | 32.359 | | | | | | |
| Jul-10 | 76,111 | 2,327,060 | 30.575 | | | | | | |
| Aug-10 | 76,084 | 2,386,684 | 31.369 | | | | | | |
| Sep-10 | 76,596 | 2,336,440 | 30.503 | | | | | | |
| Oct-10 | 77,207 | 2,423,703 | 31.392 | | | | | | |
| Nov-10 | 77,377 | 2,409,397 | 31.138 | | | | | | |
| Dec-10 | 77,440 | 2,600,875 | 33.586 | | | | | | |
| Jan-11 | 81,069 | 2,487,055 | 30.678 | 3.0% | 924,857 | 28,768,652 | 31.106 | | |
| Feb-11 | 81,471 | 2,302,253 | 28.259 | 0.6% | 929,348 | 28,907,759 | 31.105 | | |
| Mar-11 | 81,510 | 2,626,665 | 32.225 | -1.1% | 934,240 | 29,038,616 | 31.083 | | |
| Apr-11 | 81,497 | 2,480,026 | 30.431 | -1.3% | 939,207 | 29,160,004 | 31.047 | | |
| May-11 | 81,387 | 2,578,186 | 31.678 | 4.9% | 944,136 | 29,430,156 | 31.172 | | |
| Jun-11 | 81,228 | 2,601,190 | 32.023 | -1.0% | 948,977 | 29,559,534 | 31.149 | | |
| Jul-11 | 82,446 | 2,456,065 | 29.790 | -2.6% | 955,312 | 29,688,538 | 31.077 | | |
| Aug-11 | 83,264 | 2,628,766 | 31.571 | 0.6% | 962,492 | 29,930,620 | 31.097 | | |
| Sep-11 | 83,335 | 2,501,662 | 30.019 | -1.6% | 969,231 | 30,095,842 | 31.051 | | |
| Oct-11 | 85,147 | 2,592,119 | 30.443 | -3.0% | 977,171 | 30,264,258 | 30.971 | | |
| Nov-11 | 85,272 | 2,605,055 | 30.550 | -1.9% | 985,066 | 30,459,916 | 30.922 | | |
| Dec-11 | 85,130 | 2,751,009 | 32.315 | -3.8% | 992,756 | 30,610,050 | 30.833 | | |
| Jan-12 | 85,784 | 2,653,862 | 30.937 | 0.8% | 997,471 | 30,776,858 | 30.855 | -0.8% | 30.76 |
| Feb-12 | 86,020 | 2,547,997 | 29.621 | 4.8% | 1,002,020 | 31,022,602 | 30.960 | -0.5% | 30.78 |
| Mar-12 | 85,785 | 2,623,711 | 30.585 | -5.1% | 1,006,295 | 31,019,648 | 30.826 | -0.8% | 30.79 |
| Apr-12 | 86,198 | 2,622,258 | 30.421 | 0.0% | 1,010,996 | 31,161,880 | 30.823 | -0.7% | 30.80 |
| May-12 | 86,098 | 2,705,647 | 31.425 | -0.8% | 1,015,707 | 31,289,342 | 30.805 | -1.2% | 30.81 |
| Jun-12 | 86,053 | 2,662,051 | 30.935 | -3.4% | 1,020,532 | 31,350,202 | 30.719 | -1.4% | 30.82 |
| Jul-12 | 85,961 | 2,622,229 | 30.505 | 2.4% | 1,024,047 | 31,516,367 | 30.776 | -1.0% | 30.83 |
| Aug-12 | 85,944 | 2,729,042 | 31.754 | 0.6% | 1,026,727 | 31,616,642 | 30.794 | -1.0% | 30.85 |
| Sep-12 | 86,359 | 2,478,804 | 28.703 | -4.4% | 1,029,751 | 31,593,784 | 30.681 | -1.2% | 30.86 |
| Oct-12 | 87,717 | 2,822,444 | 32.177 | 5.7% | 1,032,321 | 31,824,109 | 30.828 | -0.5% | 30.87 |
| Nov-12 | 87,431 | 2,692,815 | 30.799 | 0.8% | 1,034,480 | 31,911,870 | 30.848 | -0.2% | 30.88 |
| Dec-12 | 87,315 | 2,761,486 | 31.627 | -2.1% | 1,036,665 | 31,922,347 | 30.793 | -0.1% | 30.89 |
| Jan-13 | 88,153 | 2,816,984 | 31.956 | 3.3% | 1,039,034 | 32,085,468 | 30.880 | 0.1% | 30.91 |
| Feb-13 | 88,053 | 2,596,653 | 29.490 | -0.4% | 1,041,067 | 32,134,124 | 30.867 | -0.3% | 30.92 |
| Mar-13 | 88,117 | 2,706,961 | 30.720 | 0.4% | 1,043,399 | 32,217,373 | 30.877 | 0.2% | 30.93 |
| Apr-13 | 87,993 | 2,817,750 | 32.022 | 5.3% | 1,045,194 | 32,412,865 | 31.011 | 0.6% | 30.94 |
| May-13 | 88,214 | 2,870,734 | 32.543 | 3.6% | 1,047,310 | 32,577,952 | 31.106 | 1.0% | 30.95 |
| Jun-13 | 88,141 | 2,729,229 | 30.964 | 0.1% | 1,049,398 | 32,645,130 | 31.108 | 1.3% | 30.97 |

Exponential Trend: 0.5%

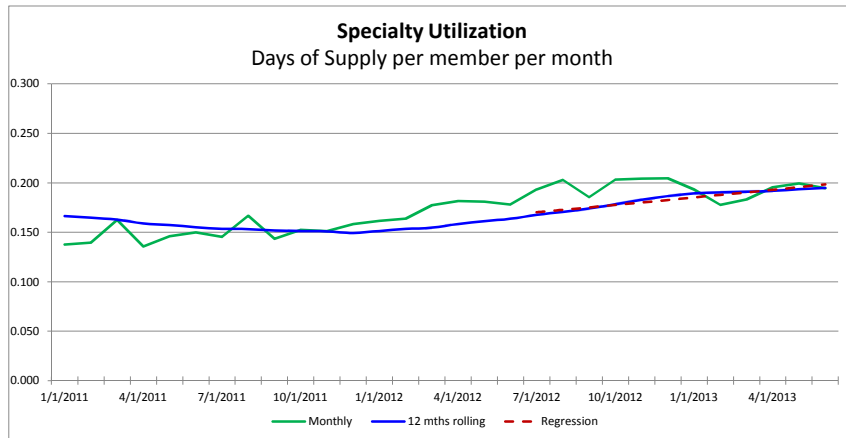


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

SPECIALTY DRUGS

| Incurred Date | MONTHLY DATA | | | | ROLLING 12 | | | | EXPONENTIAL FIT |
|---------------|--------------|--------|-------------------|---------------------------|------------|---------|-------------------|------------------------------|-----------------|
| | Membership | Supply | Supply per Member | Monthly Utilization Trend | Membership | Supply | Supply per Member | Rolling 12 Utilization Trend | Rolling 12 Data |
| Jan-10 | 76,869 | 12,376 | 0.161 | | | | | | |
| Feb-10 | 76,980 | 12,089 | 0.157 | | | | | | |
| Mar-10 | 76,618 | 14,146 | 0.185 | | | | | | |
| Apr-10 | 76,530 | 13,952 | 0.182 | | | | | | |
| May-10 | 76,458 | 12,564 | 0.164 | | | | | | |
| Jun-10 | 76,387 | 13,537 | 0.177 | | | | | | |
| Jul-10 | 76,111 | 12,614 | 0.166 | | | | | | |
| Aug-10 | 76,084 | 12,982 | 0.171 | | | | | | |
| Sep-10 | 76,596 | 12,164 | 0.159 | | | | | | |
| Oct-10 | 77,207 | 12,502 | 0.162 | | | | | | |
| Nov-10 | 77,377 | 11,950 | 0.154 | | | | | | |
| Dec-10 | 77,440 | 13,984 | 0.181 | | 920,657 | 154,860 | 0.168 | | |
| Jan-11 | 81,069 | 11,164 | 0.138 | -14.5% | 924,857 | 153,649 | 0.166 | | |
| Feb-11 | 81,471 | 11,358 | 0.139 | -11.2% | 929,348 | 152,918 | 0.165 | | |
| Mar-11 | 81,510 | 13,259 | 0.163 | -11.9% | 934,240 | 152,031 | 0.163 | | |
| Apr-11 | 81,497 | 11,057 | 0.136 | -25.6% | 939,207 | 149,136 | 0.159 | | |
| May-11 | 81,387 | 11,878 | 0.146 | -11.2% | 944,136 | 148,450 | 0.157 | | |
| Jun-11 | 81,228 | 12,178 | 0.150 | -15.4% | 948,977 | 147,091 | 0.155 | | |
| Jul-11 | 82,446 | 11,988 | 0.145 | -12.3% | 955,312 | 146,466 | 0.153 | | |
| Aug-11 | 83,264 | 13,870 | 0.167 | -2.4% | 962,492 | 147,354 | 0.153 | | |
| Sep-11 | 83,335 | 11,968 | 0.144 | -9.6% | 969,231 | 147,158 | 0.152 | | |
| Oct-11 | 85,147 | 12,998 | 0.153 | -5.7% | 977,171 | 147,655 | 0.151 | | |
| Nov-11 | 85,272 | 12,890 | 0.151 | -2.1% | 985,066 | 148,595 | 0.151 | | |
| Dec-11 | 85,130 | 13,479 | 0.158 | -12.3% | 992,756 | 148,089 | 0.149 | -11.3% | |
| Jan-12 | 85,784 | 13,855 | 0.162 | 17.3% | 997,471 | 150,780 | 0.151 | -9.0% | |
| Feb-12 | 86,020 | 14,088 | 0.164 | 17.5% | 1,002,020 | 153,511 | 0.153 | -6.9% | |
| Mar-12 | 85,785 | 15,206 | 0.177 | 9.0% | 1,006,295 | 155,457 | 0.154 | -5.1% | |
| Apr-12 | 86,198 | 15,654 | 0.182 | 33.9% | 1,010,996 | 160,053 | 0.158 | -0.3% | |
| May-12 | 86,098 | 15,586 | 0.181 | 24.0% | 1,015,707 | 163,761 | 0.161 | 2.5% | |
| Jun-12 | 86,053 | 15,315 | 0.178 | 18.7% | 1,020,532 | 166,898 | 0.164 | 5.5% | |
| Jul-12 | 85,961 | 16,614 | 0.193 | 32.9% | 1,024,047 | 171,524 | 0.167 | 9.2% | 0.17 |
| Aug-12 | 85,944 | 17,455 | 0.203 | 21.9% | 1,026,727 | 175,108 | 0.171 | 11.4% | 0.17 |
| Sep-12 | 86,359 | 16,023 | 0.186 | 29.2% | 1,029,751 | 179,163 | 0.174 | 14.6% | 0.18 |
| Oct-12 | 87,717 | 17,838 | 0.203 | 33.2% | 1,032,321 | 184,003 | 0.178 | 18.0% | 0.18 |
| Nov-12 | 87,431 | 17,854 | 0.204 | 35.1% | 1,034,480 | 188,967 | 0.183 | 21.1% | 0.18 |
| Dec-12 | 87,315 | 17,867 | 0.205 | 29.2% | 1,036,665 | 193,355 | 0.187 | 25.0% | 0.18 |
| Jan-13 | 88,153 | 17,030 | 0.193 | 19.6% | 1,039,034 | 196,530 | 0.189 | 25.1% | 0.19 |
| Feb-13 | 88,053 | 15,638 | 0.178 | 8.4% | 1,041,067 | 198,079 | 0.190 | 24.2% | 0.19 |
| Mar-13 | 88,117 | 16,142 | 0.183 | 3.3% | 1,043,399 | 199,016 | 0.191 | 23.5% | 0.19 |
| Apr-13 | 87,993 | 17,196 | 0.195 | 7.6% | 1,045,194 | 200,558 | 0.192 | 21.2% | 0.19 |
| May-13 | 88,214 | 17,599 | 0.200 | 10.2% | 1,047,310 | 202,571 | 0.193 | 20.0% | 0.20 |
| Jun-13 | 88,141 | 17,138 | 0.194 | 9.3% | 1,049,398 | 204,394 | 0.195 | 19.1% | 0.20 |

Exponential Trend: 18.1%



**Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development**

**ACTUAL AND PROJECTED DISPENSING RATES
GENERIC AND SPECIALTY DRUGS**

| Brands losing Patent→ Patent Exp Date→ | ATACAND 201305 | NIASPAN 201309 | CYMBALTA 201312 | CELEBREX 201405 | NEXIUM 201405 | SYMBICORT 201410 | NOVOLOG 201412 | NAMENDA 201501 | LANTUS 201502 | GLEEVEC 201507 | LIDODERM 201510 | Other Brand | Generic | Specialty | Total | Generic Dispensing Rate | | Specialty Dispensing Rate | |
|---|---------------------------------------|-------------------|--------------------|--------------------|------------------|---------------------|-------------------|-------------------|------------------|-------------------|--------------------|----------------|------------------|---------------|------------------|-------------------------|------------|---------------------------|------------|
| | | | | | | | | | | | | | | | | Monthly | Rolling 12 | Monthly | Rolling 12 |
| Incurred Date | # DAYS SUPPLY BY INCURRED DATE | | | | | | | | | | | | | | | | | | |
| Jan-11 | 630 | 3,915 | 10,397 | 7,914 | 18,351 | 3,271 | 6,280 | 570 | 13,280 | 150 | 787 | 491,959 | 1,929,700 | 11,014 | 2,498,219 | 77.2% | | 77.2% | 0.4% |
| Feb-11 | 870 | 4,355 | 9,128 | 6,014 | 17,349 | 3,012 | 5,999 | 836 | 12,414 | 120 | 714 | 458,112 | 1,783,450 | 11,238 | 2,313,611 | 77.1% | | 77.1% | 0.5% |
| Mar-11 | 900 | 4,885 | 11,761 | 7,770 | 18,494 | 4,627 | 6,005 | 810 | 12,790 | 120 | 499 | 525,422 | 2,032,701 | 13,139 | 2,639,924 | 77.0% | | 77.0% | 0.5% |
| Apr-11 | 480 | 4,960 | 10,267 | 7,088 | 20,299 | 4,204 | 6,303 | 570 | 11,988 | 30 | 638 | 491,096 | 1,922,132 | 11,027 | 2,491,083 | 77.2% | | 77.2% | 0.4% |
| May-11 | 690 | 5,014 | 10,511 | 7,085 | 10,567 | 4,721 | 6,725 | 735 | 13,592 | 120 | 943 | 507,691 | 2,009,912 | 11,758 | 2,590,064 | 77.6% | | 77.6% | 0.5% |
| Jun-11 | 1,290 | 5,251 | 10,609 | 7,741 | 10,715 | 4,835 | 5,889 | 960 | 14,334 | 60 | 968 | 512,912 | 2,025,686 | 12,118 | 2,613,368 | 77.5% | | 77.5% | 0.5% |
| Jul-11 | 450 | 4,410 | 10,831 | 7,228 | 10,102 | 4,329 | 6,288 | 660 | 12,513 | 120 | 853 | 476,497 | 1,921,903 | 11,868 | 2,468,053 | 77.9% | | 77.9% | 0.5% |
| Aug-11 | 990 | 3,630 | 12,234 | 7,609 | 9,447 | 4,170 | 7,906 | 715 | 13,313 | 90 | 1,211 | 508,408 | 2,059,132 | 13,780 | 2,642,636 | 77.9% | | 77.9% | 0.5% |
| Sep-11 | 570 | 4,410 | 12,059 | 6,646 | 8,729 | 4,495 | 6,136 | 852 | 12,301 | 210 | 901 | 495,776 | 1,948,787 | 11,758 | 2,513,630 | 77.5% | | 77.5% | 0.5% |
| Oct-11 | 690 | 4,168 | 11,554 | 7,733 | 7,959 | 4,700 | 7,527 | 944 | 13,035 | 90 | 837 | 521,740 | 2,011,231 | 12,908 | 2,605,118 | 77.2% | | 77.2% | 0.5% |
| Nov-11 | 900 | 3,960 | 11,624 | 6,983 | 8,729 | 5,464 | 7,057 | 720 | 14,173 | 202 | 1,276 | 514,019 | 2,030,149 | 12,688 | 2,617,945 | 77.5% | | 77.5% | 0.5% |
| Dec-11 | 570 | 4,402 | 11,544 | 6,783 | 9,857 | 6,841 | 6,741 | 709 | 14,577 | 156 | 1,235 | 538,468 | 2,149,281 | 13,323 | 2,764,488 | 77.7% | 77.5% | 77.7% | 0.5% |
| Jan-12 | 630 | 3,466 | 10,782 | 7,102 | 8,613 | 5,317 | 6,298 | 780 | 12,161 | 90 | 1,027 | 498,833 | 2,098,854 | 13,765 | 2,667,718 | 78.7% | 77.6% | 78.7% | 0.5% |
| Feb-12 | 960 | 3,369 | 10,472 | 6,222 | 8,348 | 6,868 | 7,767 | 660 | 13,926 | 142 | 1,410 | 486,039 | 2,001,956 | 13,946 | 2,562,086 | 78.1% | 77.7% | 78.1% | 0.5% |
| Mar-12 | 510 | 4,374 | 11,584 | 6,236 | 7,874 | 7,265 | 6,701 | 750 | 12,125 | 172 | 952 | 471,748 | 2,093,591 | 15,034 | 2,638,917 | 79.3% | 77.9% | 79.3% | 0.6% |
| Apr-12 | 540 | 3,188 | 11,490 | 7,026 | 9,021 | 6,432 | 7,033 | 580 | 13,669 | 82 | 1,293 | 463,615 | 2,098,370 | 15,572 | 2,637,911 | 79.5% | 78.1% | 79.5% | 0.5% |
| May-12 | 570 | 3,322 | 11,239 | 7,217 | 8,274 | 6,327 | 7,450 | 660 | 15,391 | 142 | 1,371 | 474,603 | 2,169,223 | 15,444 | 2,721,233 | 79.7% | 78.2% | 79.7% | 0.5% |
| Jun-12 | 810 | 4,555 | 12,021 | 5,434 | 8,426 | 6,772 | 7,541 | 853 | 14,735 | 164 | 1,156 | 421,633 | 2,178,114 | 15,151 | 2,677,366 | 81.4% | 78.6% | 81.4% | 0.5% |
| Jul-12 | 464 | 3,511 | 12,327 | 7,292 | 9,202 | 7,595 | 7,374 | 570 | 14,139 | 112 | 1,155 | 414,103 | 2,144,497 | 16,502 | 2,638,843 | 81.3% | 78.8% | 81.3% | 0.5% |
| Aug-12 | 990 | 2,641 | 11,303 | 7,374 | 8,087 | 7,179 | 8,102 | 570 | 14,833 | 164 | 1,202 | 420,666 | 2,246,093 | 17,291 | 2,746,497 | 81.8% | 79.2% | 81.8% | 0.5% |
| Sep-12 | 450 | 3,002 | 10,866 | 5,289 | 8,539 | 7,995 | 6,397 | 850 | 15,012 | 112 | 1,092 | 370,510 | 2,048,802 | 15,911 | 2,494,827 | 82.1% | 79.5% | 82.1% | 0.6% |
| Oct-12 | 508 | 4,007 | 12,175 | 7,880 | 7,651 | 8,986 | 7,706 | 660 | 14,624 | 82 | 1,222 | 419,713 | 2,337,312 | 17,756 | 2,840,282 | 82.3% | 80.0% | 82.3% | 0.6% |
| Nov-12 | 840 | 2,401 | 11,013 | 6,552 | 8,343 | 9,397 | 6,944 | 400 | 14,426 | 82 | 1,106 | 393,955 | 2,237,438 | 17,772 | 2,710,669 | 82.5% | 80.4% | 82.5% | 0.6% |
| Dec-12 | 510 | 3,347 | 13,269 | 6,808 | 9,499 | 9,113 | 8,436 | 640 | 16,696 | 134 | 1,287 | 423,691 | 2,268,190 | 17,733 | 2,779,353 | 81.6% | 80.7% | 81.6% | 0.6% |
| Jan-13 | 540 | 3,032 | 12,318 | 7,620 | 7,128 | 10,778 | 6,564 | 808 | 15,836 | 142 | 1,147 | 415,370 | 2,335,843 | 16,888 | 2,834,014 | 82.4% | 81.0% | 82.4% | 0.6% |
| Feb-13 | 690 | 2,627 | 11,494 | 6,199 | 8,043 | 9,990 | 7,584 | 376 | 14,594 | 120 | 813 | 369,706 | 2,164,536 | 15,518 | 2,612,291 | 82.9% | 81.4% | 82.9% | 0.6% |
| Mar-13 | 270 | 2,642 | 11,750 | 6,292 | 8,105 | 9,116 | 7,624 | 936 | 15,405 | 210 | 913 | 384,650 | 2,259,256 | 15,932 | 2,723,102 | 83.0% | 81.7% | 83.0% | 0.6% |
| Apr-13 | 420 | 3,544 | 12,256 | 7,446 | 7,852 | 10,445 | 7,127 | 1,094 | 16,035 | 120 | 1,287 | 402,233 | 2,348,009 | 17,076 | 2,834,946 | 82.8% | 82.0% | 82.8% | 0.6% |
| May-13 | 631 | 2,880 | 12,974 | 8,225 | 7,846 | 9,897 | 7,036 | 809 | 17,102 | 210 | 1,453 | 412,204 | 2,389,678 | 17,389 | 2,888,333 | 82.7% | 82.2% | 82.7% | 0.6% |
| Jun-13 | 30 | 2,473 | 13,895 | 6,608 | 7,990 | 11,263 | 7,969 | 569 | 16,595 | 150 | 1,407 | 394,442 | 2,265,986 | 16,988 | 2,746,367 | 82.5% | 82.3% | 82.5% | 0.6% |
| Jul-13 | 30 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,885 | 16,632 | 2,772,775 | 82.7% | 82.5% | 82.7% | 0.6% |
| Aug-13 | 30 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,885 | 16,632 | 2,772,775 | 82.7% | 82.5% | 82.7% | 0.6% |
| Sep-13 | 30 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,885 | 16,632 | 2,772,775 | 82.7% | 82.6% | 82.7% | 0.6% |
| Oct-13 | 30 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,885 | 16,632 | 2,772,775 | 82.7% | 82.6% | 82.7% | 0.6% |
| Nov-13 | 30 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,885 | 16,632 | 2,772,775 | 82.7% | 82.6% | 82.7% | 0.6% |
| Dec-13 | 0 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,915 | 16,632 | 2,772,775 | 82.7% | 82.7% | 82.7% | 0.6% |
| Jan-14 | 0 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,915 | 16,632 | 2,772,775 | 82.7% | 82.7% | 82.7% | 0.6% |
| Feb-14 | 0 | 2,866 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,293,915 | 16,632 | 2,772,775 | 82.7% | 82.7% | 82.7% | 0.6% |
| Mar-14 | 0 | 0 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,296,781 | 16,632 | 2,772,775 | 82.8% | 82.7% | 82.8% | 0.6% |
| Apr-14 | 0 | 0 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,296,781 | 16,632 | 2,772,775 | 82.8% | 82.7% | 82.8% | 0.6% |
| May-14 | 0 | 0 | 12,448 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,296,781 | 16,632 | 2,772,775 | 82.8% | 82.7% | 82.8% | 0.6% |
| Jun-14 | 0 | 0 | 0 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,309,229 | 16,632 | 2,772,775 | 83.3% | 82.8% | 83.3% | 0.6% |
| Jul-14 | 0 | 0 | 0 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,309,229 | 16,632 | 2,772,775 | 83.3% | 82.8% | 83.3% | 0.6% |
| Aug-14 | 0 | 0 | 0 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,309,229 | 16,632 | 2,772,775 | 83.3% | 82.9% | 83.3% | 0.6% |
| Sep-14 | 0 | 0 | 0 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,309,229 | 16,632 | 2,772,775 | 83.3% | 82.9% | 83.3% | 0.6% |
| Oct-14 | 0 | 0 | 0 | 7,065 | 7,827 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,309,229 | 16,632 | 2,772,775 | 83.3% | 82.9% | 83.3% | 0.6% |
| Nov-14 | 0 | 0 | 0 | 0 | 0 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,324,122 | 16,632 | 2,772,775 | 83.8% | 83.1% | 83.8% | 0.6% |
| Dec-14 | 0 | 0 | 0 | 0 | 0 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,324,122 | 16,632 | 2,772,775 | 83.8% | 83.2% | 83.8% | 0.6% |
| Jan-15 | 0 | 0 | 0 | 0 | 0 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,324,122 | 16,632 | 2,772,775 | 83.8% | 83.3% | 83.8% | 0.6% |
| Feb-15 | 0 | 0 | 0 | 0 | 0 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,324,122 | 16,632 | 2,772,775 | 83.8% | 83.3% | 83.8% | 0.6% |
| Mar-15 | 0 | 0 | 0 | 0 | 0 | 10,248 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,324,122 | 16,632 | 2,772,775 | 83.8% | 83.4% | 83.8% | 0.6% |
| Apr-15 | 0 | 0 | 0 | 0 | 0 | 7,318 | 765 | 15,928 | 159 | 1,170 | 396,434 | 2,334,370 | 16,632 | 2,772,775 | 84.2% | 83.5% | 84.2% | 0.6% | |
| May-15 | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | |

Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

Pharmacy Trend Calculation

For the 12 months ending May 2013:

Days Supply

Allowed Charge per Supply

Total Allowed Charges

Utilization Trends

Projected # Days Supply (1 yr)

Projected Rolling-12 dispensing rate (Generic and Brand split)

Non-Specialty Projected # Days Supply: Generic and Brand

Utilization Trends: Generic and Brand

Cost Trends

Projected Allowed Charge per Supply

Projected Total Allowed Charges

Total Trends

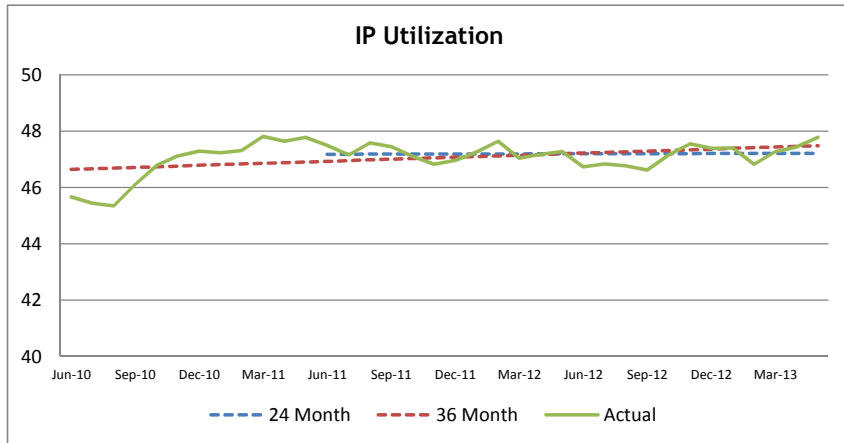
PMPM Calculation

Member Months for the 12 months ending May 2013

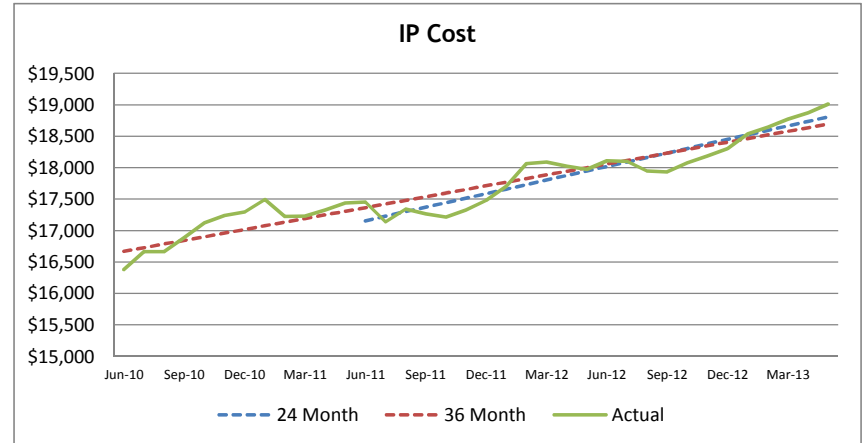
PMPM by category

| | Generic | Brand | Non-Specialty= Generic+Brand | Specialty | | Total |
|--------------|--------------|--------------|---------------------------------|--------------|---------|--------------|
| a | 26,957,768 | 5,620,184 | 32,577,952 | 202,571 | a=Σ | 32,780,523 |
| b | \$0.82 | \$6.00 | | \$89.51 | b=c/a | \$2.25 |
| c=a*b | \$22,046,436 | \$33,723,489 | \$55,769,925 | \$18,131,137 | c=Σ | \$73,901,063 |
| d | | | 0.5% | 18.1% | d=e/a-1 | 0.6% |
| e=a*(1+d) | | | 32,729,053 | 239,212 | e=Σ | 32,968,265 |
| f | 83.9% | 16.1% | | | | |
| g=e*f | 27,471,019 | 5,258,033 | | | | |
| h=g/a-1 | 1.9% | -6.4% | | | | |
| i | -3.7% | 10.0% | | 6.8% | i=j/b | 6.6% |
| j=b*(1+h) | \$0.79 | \$6.60 | | \$95.62 | j=k/e | \$2.40 |
| k=g*j OR e*j | \$21,630,607 | \$34,713,898 | \$56,344,505 | \$22,873,681 | k=Σ | \$79,218,186 |
| l=k/c-1 | -1.9% | 2.9% | 1.0% | 26.2% | l=k/c-1 | 7.2% |
| m | | | | | | 1,047,310 |
| n=c/m | \$21.05 | \$32.20 | \$53.25 | \$17.31 | | \$70.56 |

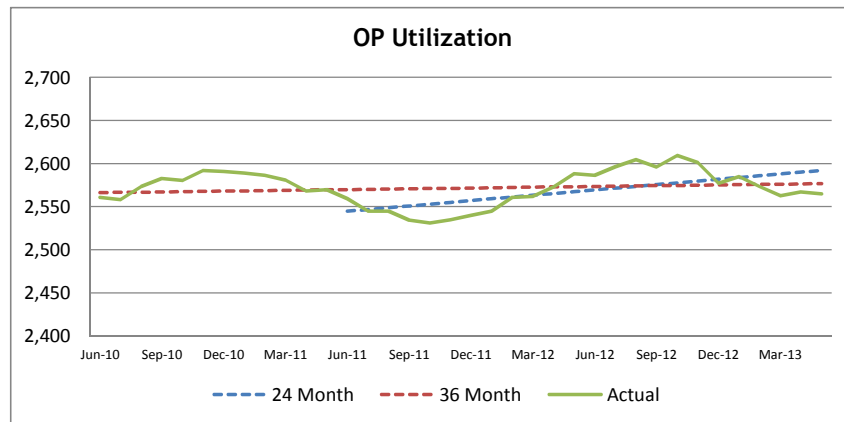
**Exhibit III - Linear Regression
BCBS Q1 - Q2 2014 Total Trend Components
\$200K Attachment Point**



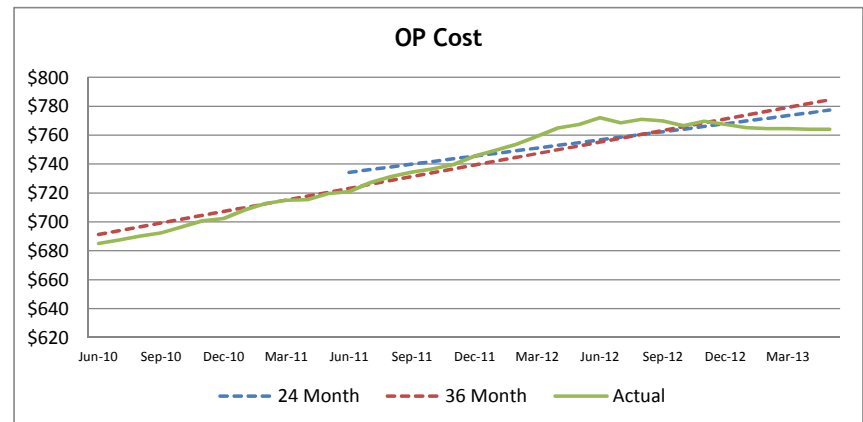
| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 0.0% | 0.6% |
| R ² | 0.00 | 0.17 |



| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 4.8% | 3.9% |
| R ² | 0.89 | 0.89 |

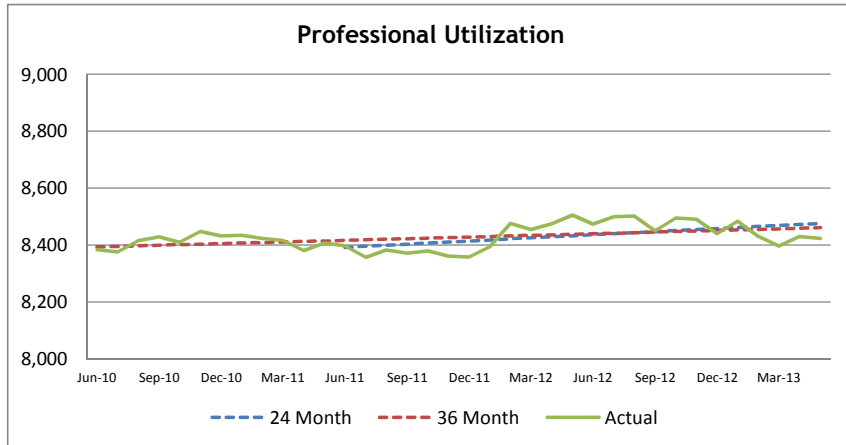


| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 1.0% | 0.1% |
| R ² | 0.37 | 0.02 |

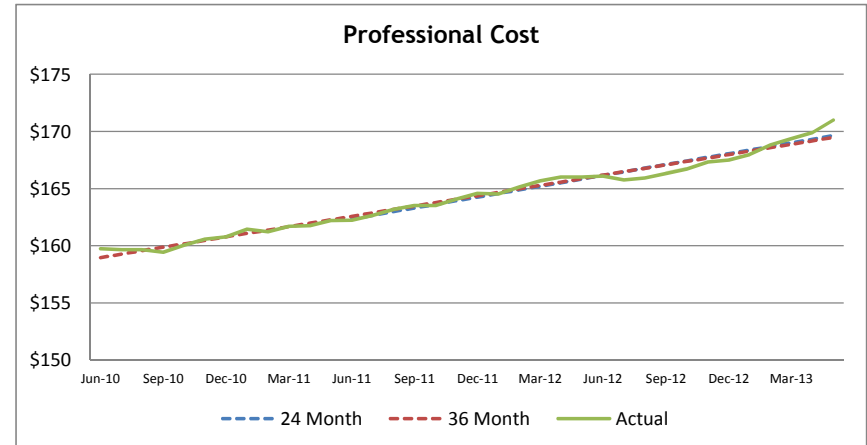


| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 3.0% | 4.2% |
| R ² | 0.70 | 0.91 |

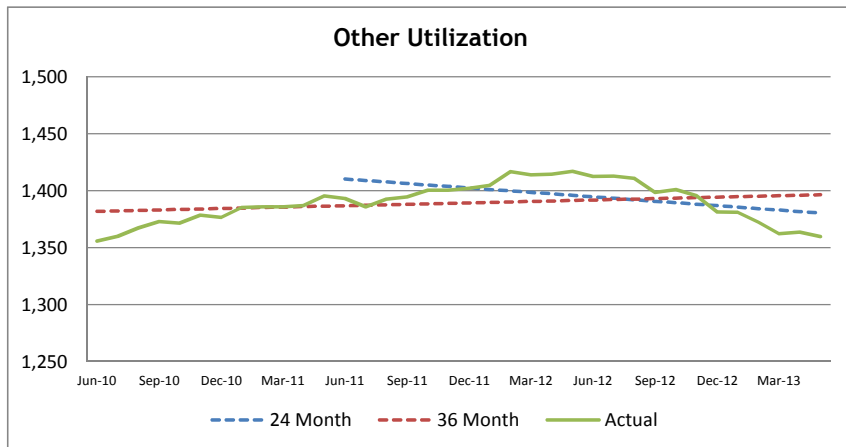
**Exhibit III - Linear Regression
BCBS Q1 - Q2 2014 Total Trend Components
\$200K Attachment Point**



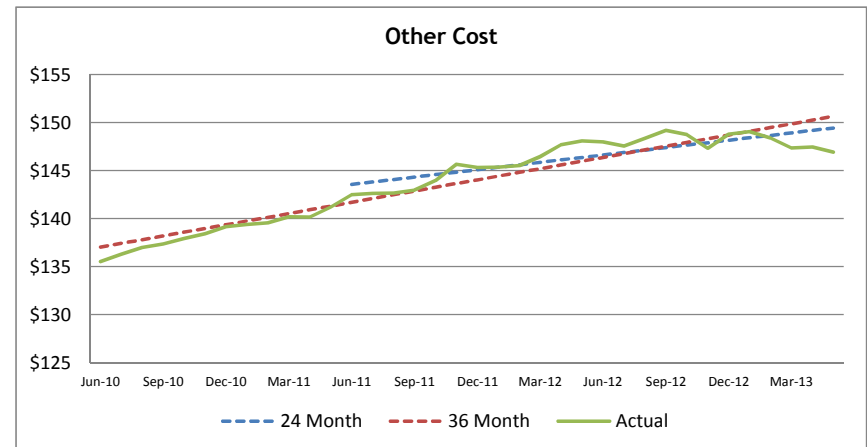
| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 0.5% | 0.3% |
| R ² | 0.26 | 0.21 |



| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 2.3% | 2.2% |
| R ² | 0.95 | 0.98 |

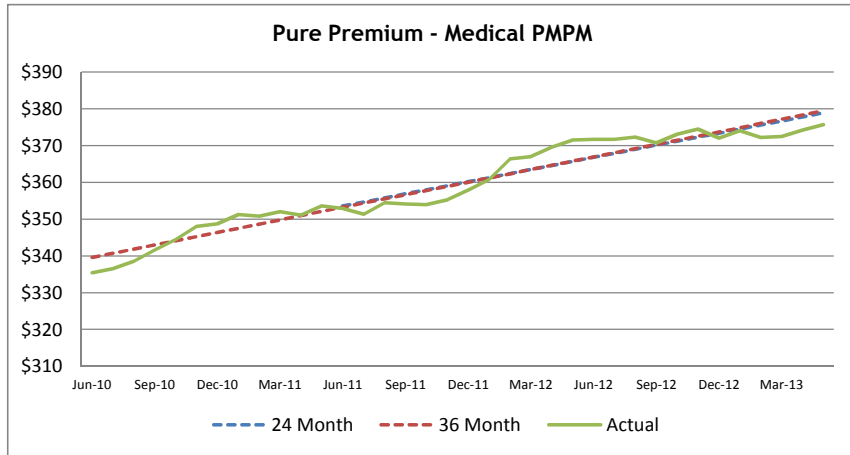


| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | -1.1% | 0.4% |
| R ² | 0.27 | 0.06 |



| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 2.1% | 3.2% |
| R ² | 0.69 | 0.90 |

**Exhibit III - Linear Regression
BCBS Q1 - Q2 2014 Total Trend Components
\$200K Attachment Point**



| | 24 Month | 36 Month |
|---------------------|----------|----------|
| Avg Annual Increase | 3.6% | 3.7% |
| R ² | 0.84 | 0.94 |

| PMPM | Summary | 24 Month | | | 36 Month | | | Medical Weight | R ² 24 Mth | | R ² 36 Mth | |
|----------|-----------------------|-------------|------|------|-------------|------|------|----------------|-----------------------|------|-----------------------|------|
| | | Utilization | Cost | PMPM | Utilization | Cost | PMPM | | Utilization | Cost | Utilization | Cost |
| \$75.69 | IP | 0.0% | 4.8% | 4.8% | 0.6% | 3.9% | 4.5% | 20.1% | 0.00 | 0.89 | 0.17 | 0.89 |
| \$163.32 | OP | 1.0% | 3.0% | 4.0% | 0.1% | 4.2% | 4.4% | 43.5% | 0.37 | 0.70 | 0.02 | 0.91 |
| \$120.02 | Prof | 0.5% | 2.3% | 2.8% | 0.3% | 2.2% | 2.5% | 31.9% | 0.26 | 0.95 | 0.21 | 0.98 |
| \$16.65 | Other | -1.1% | 2.1% | 1.0% | 0.4% | 3.2% | 3.6% | 4.4% | 0.27 | 0.69 | 0.06 | 0.90 |
| \$375.69 | Total Med | | | 3.6% | | | 3.7% | 100.0% | | | | |
| | Current Weights Total | | | 3.6% | | | 3.8% | | | | | |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014

| Summary of Trend Picks and Estimations | | | |
|---|--------------------|----------|-----------------------|
| Coverage | Allowed Base | | Benefit Paid |
| | Picked 200K Cap | Uncapped | Estimated Uncapped |
| Medical | 3.7% | 3.9% | 4.2% |
| Drug | NA | 7.2% | 7.6% |
| Combined | NA | 4.4% | 4.6% |

| Source of Trend Estimates | | | |
|----------------------------------|--------------------|--------------------------|--------------------------|
| Coverage | Allowed Base | | Benefit Paid |
| | Picked 200K Cap | Uncapped | Estimated Uncapped |
| Medical | Data Analysis | Distribution Analysis | Distribution Analysis |
| Drug | NA | Data Analysis | Distribution Analysis |
| Combined | NA | Distribution Analysis | Distribution Analysis |

Use of Trend Factors

1. Determine the type of trend you need: Medical, Rx or Combined. This will be based on the product type and/or the renewal calculation being used.
2. For calculations which apply separate medical and rx trends in the calculations, chose factors from the Medical and Rx columns below. The medical factors below are intended to be applied only to medical claims. Likewise, the Rx factors below are intended to be applied only to Rx claims.
3. For HSA type products, or any product which has a combined medical and rx benefit design, use the combined column.
4. For Large Group and Exempt Association Rating, choose the appropriate Stop Loss Dampened Trend and Benefit Leverage Trend. The Benefit Leverage trends are additive, not multiplicative.
5. For VHP plans, use inpatient copay value to determine the benefit leverage factor by looking at the deductible leverage factor table.
6. When selecting the Rx leverage factor, first determine the average of the plans generic and preferred brand copay. Use that average when selecting a factor.

Note: for each trend type, $\text{Benefit Paid Uncapped} + 0 \text{ Deductible Leverage} = \text{Allowed Base Uncapped}$

Exhibit IV
BCBSVT Requested Trends
First and Second Quarter 2014

| |
|-----------------------------------|
| Benefit Leveraging Factors |
|-----------------------------------|

Source : Estimated from claim distributions

| <u>Deductible</u> Group and Nongroup Medical | Medical Only | | Combined Med/Rx | |
|--|------------------|-------------------|-----------------|-------------------|
| | <u>No Coins</u> | <u>With Coins</u> | <u>No Coins</u> | <u>With Coins</u> |
| \$0 | -0.2% | -0.2% | -0.2% | -0.2% |
| 100 | -0.2% | 0.0% | -0.1% | 0.0% |
| 150 | -0.1% | 0.0% | -0.1% | 0.0% |
| 200 | -0.1% | 0.0% | -0.1% | 0.0% |
| 250 | -0.1% | 0.0% | -0.1% | 0.0% |
| 300 | 0.0% | 0.1% | 0.0% | 0.1% |
| 350 | 0.0% | 0.1% | 0.0% | 0.1% |
| 400 | 0.0% | 0.1% | 0.0% | 0.1% |
| 450 | 0.0% | 0.2% | 0.0% | 0.1% |
| 500 | 0.1% | 0.2% | 0.0% | 0.2% |
| 750 | 0.1% | 0.3% | 0.1% | 0.3% |
| 1,000 | 0.2% | 0.4% | 0.2% | 0.4% |
| 1,150 | 0.3% | 0.4% | 0.2% | 0.3% |
| 1,200 | 0.3% | 0.5% | 0.2% | 0.4% |
| 1,250 | 0.3% | 0.5% | 0.2% | 0.4% |
| 1,500 | 0.4% | 0.5% | 0.3% | 0.5% |
| 2,000 | 0.5% | 0.6% | 0.4% | 0.6% |
| 2,100 | 0.5% | 0.7% | 0.4% | 0.5% |
| 2,200 | 0.5% | 0.7% | 0.4% | 0.6% |
| 2,250 | 0.5% | 0.7% | 0.5% | 0.7% |
| 2,400 | 0.5% | 0.7% | 0.5% | 0.6% |
| 2,500 | 0.6% | 0.7% | 0.5% | 0.7% |
| 2,750 | 0.6% | 0.7% | 0.5% | 0.7% |
| 3,000 | 0.6% | 0.8% | 0.6% | 0.8% |
| 3,250 | 0.7% | 0.8% | 0.6% | 0.7% |
| 3,300 | 0.7% | 0.8% | 0.6% | 0.8% |
| 3,500 | 0.7% | 0.9% | 0.7% | 0.9% |
| 3,750 | 0.8% | 0.9% | 0.7% | 0.8% |
| 4,000 | 0.8% | 0.9% | 0.7% | 0.9% |
| 5,000 | 1.0% | 1.1% | 0.9% | 1.1% |
| 5,950 | 1.1% | 1.2% | 1.0% | 1.1% |
| 7,500 | 1.3% | 1.4% | 1.2% | 1.3% |
| 10,000 | 1.5% | 1.6% | 1.4% | 1.6% |
| | | | | |
| <u>Rx Only</u> | <u>Rx Factor</u> | | | |
| \$0 Ded, No Copay | -0.4% | | | |
| \$50 Ded, No Copay | -0.1% | | | |
| \$100 Ded, No Copay | 0.1% | | | |
| \$100 Ded, 50% Coinsurance, \$1,250 OOPM | 1.2% | | | |
| | | | | |
| \$0 Ded, Copay <=\$15, \$1,250 OOPM | 0.5% | | | |
| \$50 Ded, Copay <=\$15, \$1,250 OOPM | 0.9% | | | |
| \$100 Ded, Copay <=\$15, \$1,250 OOPM | 1.1% | | | |
| | | | | |
| \$0 Ded, Copay >\$15, \$1,250 OOPM | 1.2% | | | |
| \$50 Ded, Copay >\$15, \$1,250 OOPM | 1.6% | | | |
| \$100 Ded, Copay >\$15, \$1,250 OOPM | 1.9% | | | |

Exhibit IV
BCBSVT Requested Trends
First and Second Quarter 2014

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| Benefit Paid Attachment Point | Medical | Rx | Weighted Average |
|----------------------------------|---------|------|---------------------|
| Unlimited No Stop Loss | 4.2% | 7.6% | 4.7% |
| 35,000 | 3.2% | 6.0% | 3.7% |
| 40,000 | 3.3% | 6.1% | 3.7% |
| 45,000 | 3.3% | 6.2% | 3.8% |
| 50,000 | 3.3% | 6.3% | 3.8% |
| 55,000 | 3.4% | 6.4% | 3.8% |
| 60,000 | 3.4% | 6.4% | 3.9% |
| 65,000 | 3.4% | 6.4% | 3.9% |
| 70,000 | 3.5% | 6.4% | 3.9% |
| 75,000 | 3.5% | 6.5% | 4.0% |
| 80,000 | 3.5% | 6.5% | 4.0% |
| 85,000 | 3.5% | 6.5% | 4.0% |
| 90,000 | 3.6% | 6.5% | 4.0% |
| 95,000 | 3.6% | 6.5% | 4.1% |
| 100,000 | 3.6% | 6.5% | 4.1% |
| 105,000 | 3.6% | 6.6% | 4.1% |
| 110,000 | 3.7% | 6.6% | 4.1% |
| 115,000 | 3.7% | 6.6% | 4.1% |
| 120,000 | 3.7% | 6.6% | 4.1% |
| 125,000 | 3.7% | 6.6% | 4.2% |
| 130,000 | 3.7% | 6.7% | 4.2% |
| 135,000 | 3.7% | 6.8% | 4.2% |
| 140,000 | 3.7% | 6.8% | 4.2% |
| 145,000 | 3.7% | 6.8% | 4.2% |
| 150,000 | 3.8% | 6.8% | 4.2% |
| 155,000 | 3.8% | 6.8% | 4.3% |
| 160,000 | 3.8% | 6.8% | 4.3% |
| 165,000 | 3.8% | 6.9% | 4.3% |
| 170,000 | 3.8% | 6.9% | 4.3% |
| 175,000 | 3.8% | 6.9% | 4.3% |
| 180,000 | 3.8% | 6.9% | 4.3% |
| 185,000 | 3.8% | 6.9% | 4.3% |
| 190,000 | 3.8% | 6.9% | 4.3% |
| 195,000 | 3.8% | 6.9% | 4.3% |
| 200,000 | 3.9% | 6.9% | 4.4% |
| 205,000 | 3.9% | 7.0% | 4.4% |
| 210,000 | 3.9% | 7.0% | 4.4% |
| 215,000 | 3.9% | 7.0% | 4.4% |
| 220,000 | 3.9% | 7.0% | 4.4% |
| 225,000 | 3.9% | 7.0% | 4.4% |
| 230,000 | 3.9% | 7.0% | 4.4% |
| 235,000 | 3.9% | 7.1% | 4.4% |
| 240,000 | 3.9% | 7.1% | 4.4% |
| 245,000 | 3.9% | 7.1% | 4.4% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 250,000 | 3.9% | 7.1% | 4.4% |
| 255,000 | 3.9% | 7.1% | 4.4% |
| 260,000 | 3.9% | 7.1% | 4.4% |
| 265,000 | 4.0% | 7.1% | 4.4% |
| 270,000 | 4.0% | 7.1% | 4.5% |
| 275,000 | 4.0% | 7.1% | 4.5% |
| 280,000 | 4.0% | 7.1% | 4.5% |
| 285,000 | 4.0% | 7.2% | 4.5% |
| 290,000 | 4.0% | 7.3% | 4.5% |
| 295,000 | 4.0% | 7.3% | 4.5% |
| 300,000 | 4.0% | 7.4% | 4.5% |
| 305,000 | 4.0% | 7.4% | 4.5% |
| 310,000 | 4.0% | 7.4% | 4.5% |
| 315,000 | 4.0% | 7.4% | 4.5% |
| 320,000 | 4.0% | 7.4% | 4.5% |
| 325,000 | 4.0% | 7.4% | 4.5% |
| 330,000 | 4.0% | 7.4% | 4.5% |
| 335,000 | 4.0% | 7.4% | 4.5% |
| 340,000 | 4.0% | 7.4% | 4.5% |
| 345,000 | 4.0% | 7.4% | 4.5% |
| 350,000 | 4.0% | 7.4% | 4.5% |
| 355,000 | 4.0% | 7.4% | 4.5% |
| 360,000 | 4.0% | 7.4% | 4.5% |
| 365,000 | 4.0% | 7.4% | 4.5% |
| 370,000 | 4.0% | 7.4% | 4.5% |
| 375,000 | 4.0% | 7.4% | 4.6% |
| 380,000 | 4.0% | 7.4% | 4.6% |
| 385,000 | 4.0% | 7.4% | 4.6% |
| 390,000 | 4.0% | 7.4% | 4.6% |
| 395,000 | 4.0% | 7.4% | 4.6% |
| 400,000 | 4.0% | 7.4% | 4.6% |
| 405,000 | 4.0% | 7.4% | 4.6% |
| 410,000 | 4.0% | 7.4% | 4.6% |
| 415,000 | 4.0% | 7.4% | 4.6% |
| 420,000 | 4.0% | 7.4% | 4.6% |
| 425,000 | 4.0% | 7.4% | 4.6% |
| 430,000 | 4.0% | 7.4% | 4.6% |
| 435,000 | 4.0% | 7.4% | 4.6% |
| 440,000 | 4.1% | 7.4% | 4.6% |
| 445,000 | 4.1% | 7.5% | 4.6% |
| 450,000 | 4.1% | 7.5% | 4.6% |
| 455,000 | 4.1% | 7.5% | 4.6% |
| 460,000 | 4.1% | 7.5% | 4.6% |
| 465,000 | 4.1% | 7.5% | 4.6% |
| 470,000 | 4.1% | 7.5% | 4.6% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 475,000 | 4.1% | 7.5% | 4.6% |
| 480,000 | 4.1% | 7.5% | 4.6% |
| 485,000 | 4.1% | 7.5% | 4.6% |
| 490,000 | 4.1% | 7.5% | 4.6% |
| 495,000 | 4.1% | 7.5% | 4.6% |
| 500,000 | 4.1% | 7.5% | 4.6% |
| 505,000 | 4.1% | 7.5% | 4.6% |
| 510,000 | 4.1% | 7.5% | 4.6% |
| 515,000 | 4.1% | 7.5% | 4.6% |
| 520,000 | 4.1% | 7.5% | 4.6% |
| 525,000 | 4.1% | 7.5% | 4.6% |
| 530,000 | 4.1% | 7.5% | 4.6% |
| 535,000 | 4.1% | 7.5% | 4.6% |
| 540,000 | 4.1% | 7.5% | 4.6% |
| 545,000 | 4.1% | 7.5% | 4.6% |
| 550,000 | 4.1% | 7.5% | 4.6% |
| 555,000 | 4.1% | 7.5% | 4.6% |
| 560,000 | 4.1% | 7.5% | 4.6% |
| 565,000 | 4.1% | 7.5% | 4.6% |
| 570,000 | 4.1% | 7.5% | 4.6% |
| 575,000 | 4.1% | 7.5% | 4.6% |
| 580,000 | 4.1% | 7.5% | 4.6% |
| 585,000 | 4.1% | 7.5% | 4.6% |
| 590,000 | 4.1% | 7.5% | 4.6% |
| 595,000 | 4.1% | 7.5% | 4.6% |
| 600,000 | 4.1% | 7.5% | 4.6% |
| 605,000 | 4.1% | 7.5% | 4.6% |
| 610,000 | 4.1% | 7.5% | 4.6% |
| 615,000 | 4.1% | 7.5% | 4.6% |
| 620,000 | 4.1% | 7.5% | 4.6% |
| 625,000 | 4.1% | 7.5% | 4.6% |
| 630,000 | 4.1% | 7.5% | 4.6% |
| 635,000 | 4.1% | 7.5% | 4.6% |
| 640,000 | 4.1% | 7.5% | 4.6% |
| 645,000 | 4.1% | 7.5% | 4.6% |
| 650,000 | 4.1% | 7.5% | 4.6% |
| 655,000 | 4.1% | 7.5% | 4.6% |
| 660,000 | 4.1% | 7.5% | 4.6% |
| 665,000 | 4.1% | 7.5% | 4.6% |
| 670,000 | 4.1% | 7.5% | 4.6% |
| 675,000 | 4.1% | 7.5% | 4.6% |
| 680,000 | 4.1% | 7.5% | 4.6% |
| 685,000 | 4.1% | 7.5% | 4.6% |
| 690,000 | 4.1% | 7.5% | 4.6% |
| 695,000 | 4.1% | 7.5% | 4.7% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 700,000 | 4.1% | 7.5% | 4.7% |
| 705,000 | 4.1% | 7.6% | 4.7% |
| 710,000 | 4.1% | 7.6% | 4.7% |
| 715,000 | 4.1% | 7.6% | 4.7% |
| 720,000 | 4.1% | 7.6% | 4.7% |
| 725,000 | 4.1% | 7.6% | 4.7% |
| 730,000 | 4.1% | 7.6% | 4.7% |
| 735,000 | 4.1% | 7.6% | 4.7% |
| 740,000 | 4.1% | 7.6% | 4.7% |
| 745,000 | 4.1% | 7.6% | 4.7% |
| 750,000 | 4.1% | 7.6% | 4.7% |
| 755,000 | 4.1% | 7.6% | 4.7% |
| 760,000 | 4.1% | 7.6% | 4.7% |
| 765,000 | 4.1% | 7.6% | 4.7% |
| 770,000 | 4.1% | 7.6% | 4.7% |
| 775,000 | 4.1% | 7.6% | 4.7% |
| 780,000 | 4.1% | 7.6% | 4.7% |
| 785,000 | 4.1% | 7.6% | 4.7% |
| 790,000 | 4.1% | 7.6% | 4.7% |
| 795,000 | 4.1% | 7.6% | 4.7% |
| 800,000 | 4.1% | 7.6% | 4.7% |
| 805,000 | 4.1% | 7.6% | 4.7% |
| 810,000 | 4.1% | 7.6% | 4.7% |
| 815,000 | 4.1% | 7.6% | 4.7% |
| 820,000 | 4.1% | 7.6% | 4.7% |
| 825,000 | 4.1% | 7.6% | 4.7% |
| 830,000 | 4.1% | 7.6% | 4.7% |
| 835,000 | 4.1% | 7.6% | 4.7% |
| 840,000 | 4.1% | 7.6% | 4.7% |
| 845,000 | 4.1% | 7.6% | 4.7% |
| 850,000 | 4.1% | 7.6% | 4.7% |
| 855,000 | 4.1% | 7.6% | 4.7% |
| 860,000 | 4.1% | 7.6% | 4.7% |
| 865,000 | 4.1% | 7.6% | 4.7% |
| 870,000 | 4.1% | 7.6% | 4.7% |
| 875,000 | 4.1% | 7.6% | 4.7% |
| 880,000 | 4.1% | 7.6% | 4.7% |
| 885,000 | 4.1% | 7.6% | 4.7% |
| 890,000 | 4.1% | 7.6% | 4.7% |
| 895,000 | 4.1% | 7.6% | 4.7% |
| 900,000 | 4.1% | 7.6% | 4.7% |
| 905,000 | 4.1% | 7.6% | 4.7% |
| 910,000 | 4.1% | 7.6% | 4.7% |
| 915,000 | 4.1% | 7.6% | 4.7% |
| 920,000 | 4.1% | 7.6% | 4.7% |

Exhibit IV
 BCBSVT Requested Trends
 First and Second Quarter 2014

| |
|---------------------------------------|
| Base Stop Loss Dampened Trends |
|---------------------------------------|

Source : Estimated from claim distributions

| <u>Benefit Paid Attachment Point</u> | <u>Medical</u> | <u>Rx</u> | <u>Weighted Average</u> |
|--|----------------|-----------|-----------------------------|
| 925,000 | 4.1% | 7.6% | 4.7% |
| 930,000 | 4.1% | 7.6% | 4.7% |
| 935,000 | 4.1% | 7.6% | 4.7% |
| 940,000 | 4.1% | 7.6% | 4.7% |
| 945,000 | 4.1% | 7.6% | 4.7% |
| 950,000 | 4.1% | 7.6% | 4.7% |
| 955,000 | 4.1% | 7.6% | 4.7% |
| 960,000 | 4.1% | 7.6% | 4.7% |
| 965,000 | 4.1% | 7.6% | 4.7% |
| 970,000 | 4.1% | 7.6% | 4.7% |
| 975,000 | 4.1% | 7.6% | 4.7% |
| 980,000 | 4.1% | 7.6% | 4.7% |
| 985,000 | 4.1% | 7.6% | 4.7% |
| 990,000 | 4.1% | 7.6% | 4.7% |
| 995,000 | 4.1% | 7.6% | 4.7% |
| 1,000,000 | 4.1% | 7.6% | 4.7% |
| Unlimited No Stop Loss | 4.2% | 7.6% | 4.7% |

Rating Method: **All Combined**
 Family: **All Combined**
 Claim Type: **Hospital**
Excluding Carveout
 High Claims Attachment: **\$200K**

Blue Cross and Blue Shield of Vermont
Claim Trend Report

ROLLING 12 MONTH

Exhibit V
 Page 1

| 12 month period ending | Allowed Charge | Completion Factor | Completed Allowed Charge | Member Months | Pure Premium PMPM | Pure Premium Trend |
|------------------------|----------------|-------------------|--------------------------|---------------|-------------------|--------------------|
| Dec-09 | 219,102,443 | 1.000 | 219,102,443 | 1,060,056 | 206.69 | #N/A |
| Jan-10 | 216,180,747 | 1.000 | 216,180,747 | 1,049,342 | 206.02 | #N/A |
| Feb-10 | 214,628,471 | 1.000 | 214,628,471 | 1,039,065 | 206.56 | #N/A |
| Mar-10 | 214,163,835 | 1.000 | 214,163,835 | 1,028,704 | 208.19 | #N/A |
| Apr-10 | 211,142,226 | 1.000 | 211,142,226 | 1,018,530 | 207.30 | #N/A |
| May-10 | 208,948,682 | 1.000 | 208,948,682 | 1,008,610 | 207.16 | #N/A |
| Jun-10 | 208,337,725 | 1.000 | 208,337,725 | 999,154 | 208.51 | #N/A |
| Jul-10 | 207,390,672 | 1.000 | 207,390,672 | 989,121 | 209.67 | #N/A |
| Aug-10 | 206,575,475 | 1.000 | 206,575,475 | 979,214 | 210.96 | #N/A |
| Sep-10 | 207,451,716 | 1.000 | 207,451,716 | 969,874 | 213.90 | #N/A |
| Oct-10 | 208,096,269 | 1.000 | 208,096,269 | 961,046 | 216.53 | #N/A |
| Nov-10 | 208,644,756 | 1.000 | 208,644,756 | 952,364 | 219.08 | #N/A |
| Dec-10 | 207,461,804 | 1.000 | 207,461,804 | 944,003 | 219.77 | 6.3% |
| Jan-11 | 209,092,843 | 1.000 | 209,092,843 | 943,312 | 221.66 | 7.6% |
| Feb-11 | 208,851,080 | 1.000 | 208,851,080 | 942,661 | 221.55 | 7.3% |
| Mar-11 | 209,672,483 | 1.000 | 209,672,747 | 942,606 | 222.44 | 6.8% |
| Apr-11 | 209,112,870 | 1.000 | 209,112,870 | 942,446 | 221.88 | 7.0% |
| May-11 | 210,444,349 | 1.000 | 210,444,349 | 941,583 | 223.50 | 7.9% |
| Jun-11 | 209,610,071 | 1.000 | 209,610,071 | 940,646 | 222.84 | 6.9% |
| Jul-11 | 208,444,474 | 1.000 | 208,444,474 | 940,770 | 221.57 | 5.7% |
| Aug-11 | 210,812,363 | 1.000 | 210,812,363 | 941,631 | 223.88 | 6.1% |
| Sep-11 | 210,479,305 | 1.000 | 210,479,305 | 942,189 | 223.39 | 4.4% |
| Oct-11 | 210,465,680 | 1.000 | 210,465,680 | 944,081 | 222.93 | 3.0% |
| Nov-11 | 211,834,198 | 1.000 | 211,845,078 | 946,263 | 223.88 | 2.2% |
| Dec-11 | 214,466,937 | 1.000 | 214,489,218 | 948,158 | 226.22 | 2.9% |
| Jan-12 | 216,623,831 | 1.000 | 216,646,373 | 947,525 | 228.64 | 3.2% |
| Feb-12 | 220,165,081 | 1.000 | 220,199,441 | 946,769 | 232.58 | 5.0% |
| Mar-12 | 220,343,502 | 1.000 | 220,378,070 | 945,725 | 233.03 | 4.8% |
| Apr-12 | 221,949,514 | 1.000 | 221,995,837 | 945,203 | 234.87 | 5.9% |
| May-12 | 223,447,630 | 1.000 | 223,505,770 | 945,573 | 236.37 | 5.8% |
| Jun-12 | 224,125,934 | 1.000 | 224,195,632 | 946,236 | 236.93 | 6.3% |
| Jul-12 | 224,078,557 | 1.000 | 224,160,181 | 946,162 | 236.92 | 6.9% |
| Aug-12 | 224,259,049 | 1.000 | 224,352,317 | 945,453 | 237.30 | 6.0% |
| Sep-12 | 223,116,445 | 0.999 | 223,242,315 | 945,021 | 236.23 | 5.7% |
| Oct-12 | 224,190,377 | 0.999 | 224,350,008 | 943,889 | 237.69 | 6.6% |
| Nov-12 | 224,994,135 | 0.999 | 225,178,161 | 942,516 | 238.91 | 6.7% |
| Dec-12 | 222,954,893 | 0.999 | 223,181,025 | 941,232 | 237.12 | 4.8% |
| Jan-13 | 223,878,125 | 0.999 | 224,186,736 | 941,614 | 238.09 | 4.1% |
| Feb-13 | 222,565,049 | 0.998 | 222,991,156 | 942,163 | 236.68 | 1.8% |
| Mar-13 | 223,067,004 | 0.997 | 223,705,494 | 943,012 | 237.22 | 1.8% |
| Apr-13 | 223,579,986 | 0.995 | 224,606,416 | 943,393 | 238.08 | 1.4% |
| May-13 | 223,806,852 | 0.992 | 225,562,318 | 943,702 | 239.02 | 1.1% |

Note: Claims are paid through July 2013

Rating Method: **All Combined**
 Family: **All Combined**
 Claim Type: **Inpatient**
 Excluding Carveout
 High Claims Attachment: **\$200K**

Blue Cross and Blue Shield of Vermont
Claim Trend Report

ROLLING 12 MONTH

| 12 month period ending | Admits | Member Months | ALOS | Allowed Charge per Admit | Pure Premium PMPM | Admits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|------------------------|--------|---------------|------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 4,143 | 1,060,056 | 4.5 | 16,018 | 62.60 | 46.9 | #N/A | #N/A | #N/A |
| Jan-10 | 4,075 | 1,049,342 | 4.5 | 16,093 | 62.50 | 46.6 | #N/A | #N/A | #N/A |
| Feb-10 | 4,001 | 1,039,065 | 4.6 | 16,301 | 62.77 | 46.2 | #N/A | #N/A | #N/A |
| Mar-10 | 3,975 | 1,028,704 | 4.7 | 16,375 | 63.27 | 46.4 | #N/A | #N/A | #N/A |
| Apr-10 | 3,912 | 1,018,530 | 4.7 | 16,231 | 62.34 | 46.1 | #N/A | #N/A | #N/A |
| May-10 | 3,843 | 1,008,610 | 4.9 | 16,195 | 61.71 | 45.7 | #N/A | #N/A | #N/A |
| Jun-10 | 3,802 | 999,154 | 4.9 | 16,378 | 62.32 | 45.7 | #N/A | #N/A | #N/A |
| Jul-10 | 3,745 | 989,121 | 5.0 | 16,667 | 63.10 | 45.4 | #N/A | #N/A | #N/A |
| Aug-10 | 3,700 | 979,214 | 5.0 | 16,666 | 62.97 | 45.3 | #N/A | #N/A | #N/A |
| Sep-10 | 3,727 | 969,874 | 5.0 | 16,887 | 64.89 | 46.1 | #N/A | #N/A | #N/A |
| Oct-10 | 3,746 | 961,046 | 5.0 | 17,124 | 66.75 | 46.8 | #N/A | #N/A | #N/A |
| Nov-10 | 3,740 | 952,364 | 5.0 | 17,242 | 67.71 | 47.1 | #N/A | #N/A | #N/A |
| Dec-10 | 3,720 | 944,003 | 5.0 | 17,294 | 68.15 | 47.3 | 8.0% | 0.8% | 8.9% |
| Jan-11 | 3,713 | 943,312 | 5.1 | 17,492 | 68.85 | 47.2 | 8.7% | 1.4% | 10.2% |
| Feb-11 | 3,717 | 942,661 | 4.9 | 17,223 | 67.91 | 47.3 | 5.7% | 2.4% | 8.2% |
| Mar-11 | 3,756 | 942,606 | 4.9 | 17,231 | 68.66 | 47.8 | 5.2% | 3.1% | 8.5% |
| Apr-11 | 3,742 | 942,446 | 4.8 | 17,325 | 68.79 | 47.6 | 6.7% | 3.4% | 10.3% |
| May-11 | 3,749 | 941,583 | 4.8 | 17,439 | 69.43 | 47.8 | 7.7% | 4.5% | 12.5% |
| Jun-11 | 3,723 | 940,646 | 4.8 | 17,453 | 69.08 | 47.5 | 6.6% | 4.0% | 10.8% |
| Jul-11 | 3,697 | 940,770 | 4.8 | 17,138 | 67.35 | 47.2 | 2.8% | 3.8% | 6.7% |
| Aug-11 | 3,734 | 941,631 | 4.9 | 17,341 | 68.76 | 47.6 | 4.0% | 4.9% | 9.2% |
| Sep-11 | 3,726 | 942,189 | 4.8 | 17,264 | 68.27 | 47.5 | 2.2% | 2.9% | 5.2% |
| Oct-11 | 3,705 | 944,081 | 4.9 | 17,214 | 67.55 | 47.1 | 0.5% | 0.7% | 1.2% |
| Nov-11 | 3,692 | 946,263 | 5.0 | 17,328 | 67.61 | 46.8 | 0.5% | -0.6% | -0.1% |
| Dec-11 | 3,710 | 948,158 | 5.2 | 17,481 | 68.41 | 47.0 | 1.1% | -0.7% | 0.4% |
| Jan-12 | 3,731 | 947,525 | 5.3 | 17,703 | 69.71 | 47.3 | 1.2% | 0.0% | 1.3% |
| Feb-12 | 3,759 | 946,769 | 5.3 | 18,065 | 71.71 | 47.6 | 4.9% | 0.7% | 5.6% |
| Mar-12 | 3,708 | 945,725 | 5.3 | 18,087 | 70.91 | 47.0 | 5.0% | -1.6% | 3.3% |
| Apr-12 | 3,716 | 945,203 | 5.3 | 18,025 | 70.86 | 47.2 | 4.0% | -1.0% | 3.0% |
| May-12 | 3,726 | 945,573 | 5.3 | 17,975 | 70.83 | 47.3 | 3.1% | -1.0% | 2.0% |
| Jun-12 | 3,685 | 946,236 | 5.3 | 18,111 | 70.53 | 46.7 | 3.8% | -1.6% | 2.1% |
| Jul-12 | 3,693 | 946,162 | 5.3 | 18,100 | 70.65 | 46.8 | 5.6% | -0.7% | 4.9% |
| Aug-12 | 3,685 | 945,453 | 5.2 | 17,948 | 69.95 | 46.8 | 3.5% | -1.7% | 1.7% |
| Sep-12 | 3,671 | 945,021 | 5.1 | 17,934 | 69.67 | 46.6 | 3.9% | -1.8% | 2.0% |
| Oct-12 | 3,709 | 943,889 | 5.2 | 18,075 | 71.02 | 47.1 | 5.0% | 0.1% | 5.1% |
| Nov-12 | 3,735 | 942,516 | 5.1 | 18,187 | 72.07 | 47.6 | 5.0% | 1.6% | 6.6% |
| Dec-12 | 3,718 | 941,232 | 4.9 | 18,304 | 72.30 | 47.4 | 4.7% | 0.9% | 5.7% |
| Jan-13 | 3,720 | 941,614 | 5.1 | 18,540 | 73.25 | 47.4 | 4.7% | 0.3% | 5.1% |
| Feb-13 | 3,676 | 942,163 | 5.2 | 18,644 | 72.74 | 46.8 | 3.2% | -1.7% | 1.4% |
| Mar-13 | 3,715 | 943,012 | 5.3 | 18,769 | 73.93 | 47.3 | 3.8% | 0.5% | 4.3% |
| Apr-13 | 3,729 | 943,393 | 5.3 | 18,875 | 74.61 | 47.4 | 4.7% | 0.5% | 5.3% |
| May-13 | 3,757 | 943,702 | 5.3 | 19,012 | 75.69 | 47.8 | 5.8% | 1.0% | 6.9% |

Note: Claims are paid through July 2013

Rating Method: All Combined
 Family: All Combined
 Claim Type: Outpatient
 Excluding Carveout
 High Claims Attachment: \$200K

Blue Cross and Blue Shield of Vermont
 Claim Trend Report

ROLLING 12 MONTH

| 12 month period ending | Visits | Member Months | Services per Visit | Allowed Charge per Visit | Pure Premium PMPM | Visits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|------------------------|---------|---------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 226,326 | 1,060,056 | 3.3 | 674.86 | 144.09 | 2,562 | #N/A | #N/A | #N/A |
| Jan-10 | 224,164 | 1,049,342 | 3.3 | 671.84 | 143.52 | 2,563 | #N/A | #N/A | #N/A |
| Feb-10 | 221,871 | 1,039,065 | 3.3 | 673.39 | 143.79 | 2,562 | #N/A | #N/A | #N/A |
| Mar-10 | 220,125 | 1,028,704 | 3.3 | 677.22 | 144.91 | 2,568 | #N/A | #N/A | #N/A |
| Apr-10 | 217,658 | 1,018,530 | 3.3 | 678.34 | 144.96 | 2,564 | #N/A | #N/A | #N/A |
| May-10 | 215,200 | 1,008,610 | 3.3 | 681.74 | 145.46 | 2,560 | #N/A | #N/A | #N/A |
| Jun-10 | 213,212 | 999,154 | 3.3 | 685.09 | 146.19 | 2,561 | #N/A | #N/A | #N/A |
| Jul-10 | 210,860 | 989,121 | 3.3 | 687.54 | 146.57 | 2,558 | #N/A | #N/A | #N/A |
| Aug-10 | 209,996 | 979,214 | 3.3 | 690.06 | 147.99 | 2,573 | #N/A | #N/A | #N/A |
| Sep-10 | 208,747 | 969,874 | 3.3 | 692.29 | 149.00 | 2,583 | #N/A | #N/A | #N/A |
| Oct-10 | 206,646 | 961,046 | 3.3 | 696.60 | 149.79 | 2,580 | #N/A | #N/A | #N/A |
| Nov-10 | 205,693 | 952,364 | 3.3 | 700.86 | 151.37 | 2,592 | #N/A | #N/A | #N/A |
| Dec-10 | 203,803 | 944,003 | 3.3 | 702.28 | 151.62 | 2,591 | 4.1% | 1.1% | 5.2% |
| Jan-11 | 203,526 | 943,312 | 3.4 | 708.24 | 152.81 | 2,589 | 5.4% | 1.0% | 6.5% |
| Feb-11 | 203,180 | 942,661 | 3.4 | 712.83 | 153.64 | 2,586 | 5.9% | 0.9% | 6.9% |
| Mar-11 | 202,733 | 942,606 | 3.4 | 714.99 | 153.78 | 2,581 | 5.6% | 0.5% | 6.1% |
| Apr-11 | 201,695 | 942,446 | 3.3 | 715.35 | 153.09 | 2,568 | 5.5% | 0.1% | 5.6% |
| May-11 | 201,620 | 941,583 | 3.3 | 719.51 | 154.07 | 2,570 | 5.5% | 0.4% | 5.9% |
| Jun-11 | 200,609 | 940,646 | 3.3 | 720.98 | 153.76 | 2,559 | 5.2% | -0.1% | 5.2% |
| Jul-11 | 199,504 | 940,770 | 3.3 | 727.23 | 154.22 | 2,545 | 5.8% | -0.5% | 5.2% |
| Aug-11 | 199,693 | 941,631 | 3.4 | 731.43 | 155.12 | 2,545 | 6.0% | -1.1% | 4.8% |
| Sep-11 | 198,985 | 942,189 | 3.4 | 734.49 | 155.12 | 2,534 | 6.1% | -1.9% | 4.1% |
| Oct-11 | 199,113 | 944,081 | 3.4 | 736.72 | 155.38 | 2,531 | 5.8% | -1.9% | 3.7% |
| Nov-11 | 199,874 | 946,263 | 3.3 | 739.80 | 156.26 | 2,535 | 5.6% | -2.2% | 3.2% |
| Dec-11 | 200,681 | 948,158 | 3.3 | 745.60 | 157.81 | 2,540 | 6.2% | -2.0% | 4.1% |
| Jan-12 | 200,943 | 947,525 | 3.4 | 749.41 | 158.93 | 2,545 | 5.8% | -1.7% | 4.0% |
| Feb-12 | 202,047 | 946,769 | 3.4 | 753.80 | 160.87 | 2,561 | 5.7% | -1.0% | 4.7% |
| Mar-12 | 201,909 | 945,725 | 3.4 | 759.34 | 162.12 | 2,562 | 6.2% | -0.7% | 5.4% |
| Apr-12 | 202,628 | 945,203 | 3.4 | 765.05 | 164.01 | 2,572 | 6.9% | 0.2% | 7.1% |
| May-12 | 203,956 | 945,573 | 3.4 | 767.48 | 165.54 | 2,588 | 6.7% | 0.7% | 7.4% |
| Jun-12 | 203,945 | 946,236 | 3.4 | 772.04 | 166.40 | 2,586 | 7.1% | 1.1% | 8.2% |
| Jul-12 | 204,706 | 946,162 | 3.4 | 768.47 | 166.26 | 2,596 | 5.7% | 2.0% | 7.8% |
| Aug-12 | 205,217 | 945,453 | 3.4 | 771.00 | 167.35 | 2,605 | 5.4% | 2.4% | 7.9% |
| Sep-12 | 204,428 | 945,021 | 3.4 | 769.98 | 166.56 | 2,596 | 4.8% | 2.4% | 7.4% |
| Oct-12 | 205,235 | 943,889 | 3.3 | 766.52 | 166.67 | 2,609 | 4.0% | 3.1% | 7.3% |
| Nov-12 | 204,295 | 942,516 | 3.3 | 769.72 | 166.84 | 2,601 | 4.0% | 2.6% | 6.8% |
| Dec-12 | 202,142 | 941,232 | 3.3 | 767.45 | 164.82 | 2,577 | 2.9% | 1.5% | 4.4% |
| Jan-13 | 202,817 | 941,614 | 3.3 | 765.31 | 164.84 | 2,585 | 2.1% | 1.6% | 3.7% |
| Feb-13 | 202,041 | 942,163 | 3.3 | 764.47 | 163.94 | 2,573 | 1.4% | 0.5% | 1.9% |
| Mar-13 | 201,379 | 943,012 | 3.3 | 764.65 | 163.29 | 2,563 | 0.7% | 0.0% | 0.7% |
| Apr-13 | 201,813 | 943,393 | 3.3 | 764.18 | 163.48 | 2,567 | -0.1% | -0.2% | -0.3% |
| May-13 | 201,703 | 943,702 | 3.3 | 764.14 | 163.32 | 2,565 | -0.4% | -0.9% | -1.3% |

Note: Claims are paid through July 2013

Rating Method: **All Combined**
 Family: **All Combined**
 Claim Type: **Professional**
Excluding Carveout
 High Claims Attachment: **\$200K**

Blue Cross and Blue Shield of Vermont
Claim Trend Report

ROLLING 12 MONTH

| 12 month period ending | Visits | Member Months | Services per Visit | Allowed Charge per Visit | Pure Premium PMPM | Visits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|------------------------|---------|---------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 734,765 | 1,060,056 | 1.5 | 159.40 | 110.48 | 8,318 | #N/A | #N/A | #N/A |
| Jan-10 | 729,297 | 1,049,342 | 1.5 | 159.11 | 110.58 | 8,340 | #N/A | #N/A | #N/A |
| Feb-10 | 722,730 | 1,039,065 | 1.5 | 159.45 | 110.91 | 8,347 | #N/A | #N/A | #N/A |
| Mar-10 | 718,813 | 1,028,704 | 1.5 | 159.63 | 111.54 | 8,385 | #N/A | #N/A | #N/A |
| Apr-10 | 711,424 | 1,018,530 | 1.5 | 159.50 | 111.41 | 8,382 | #N/A | #N/A | #N/A |
| May-10 | 704,593 | 1,008,610 | 1.5 | 159.58 | 111.48 | 8,383 | #N/A | #N/A | #N/A |
| Jun-10 | 698,075 | 999,154 | 1.5 | 159.74 | 111.60 | 8,384 | #N/A | #N/A | #N/A |
| Jul-10 | 690,400 | 989,121 | 1.5 | 159.66 | 111.44 | 8,376 | #N/A | #N/A | #N/A |
| Aug-10 | 686,713 | 979,214 | 1.5 | 159.64 | 111.96 | 8,415 | #N/A | #N/A | #N/A |
| Sep-10 | 681,179 | 969,874 | 1.5 | 159.44 | 111.98 | 8,428 | #N/A | #N/A | #N/A |
| Oct-10 | 673,483 | 961,046 | 1.5 | 160.03 | 112.15 | 8,409 | #N/A | #N/A | #N/A |
| Nov-10 | 670,390 | 952,364 | 1.5 | 160.57 | 113.03 | 8,447 | #N/A | #N/A | #N/A |
| Dec-10 | 663,267 | 944,003 | 1.5 | 160.78 | 112.96 | 8,431 | 0.9% | 1.4% | 2.2% |
| Jan-11 | 663,026 | 943,312 | 1.5 | 161.43 | 113.47 | 8,434 | 1.5% | 1.1% | 2.6% |
| Feb-11 | 661,633 | 942,661 | 1.5 | 161.24 | 113.17 | 8,423 | 1.1% | 0.9% | 2.0% |
| Mar-11 | 661,047 | 942,606 | 1.5 | 161.70 | 113.40 | 8,416 | 1.3% | 0.4% | 1.7% |
| Apr-11 | 658,170 | 942,446 | 1.5 | 161.77 | 112.97 | 8,380 | 1.4% | 0.0% | 1.4% |
| May-11 | 659,658 | 941,583 | 1.5 | 162.19 | 113.63 | 8,407 | 1.6% | 0.3% | 1.9% |
| Jun-11 | 658,175 | 940,646 | 1.5 | 162.24 | 113.52 | 8,396 | 1.6% | 0.1% | 1.7% |
| Jul-11 | 655,126 | 940,770 | 1.5 | 162.64 | 113.26 | 8,356 | 1.9% | -0.2% | 1.6% |
| Aug-11 | 657,740 | 941,631 | 1.5 | 163.18 | 113.99 | 8,382 | 2.2% | -0.4% | 1.8% |
| Sep-11 | 657,258 | 942,189 | 1.5 | 163.53 | 114.08 | 8,371 | 2.6% | -0.7% | 1.9% |
| Oct-11 | 659,220 | 944,081 | 1.5 | 163.51 | 114.18 | 8,379 | 2.2% | -0.4% | 1.8% |
| Nov-11 | 659,330 | 946,263 | 1.5 | 164.09 | 114.33 | 8,361 | 2.2% | -1.0% | 1.2% |
| Dec-11 | 660,329 | 948,158 | 1.5 | 164.58 | 114.62 | 8,357 | 2.4% | -0.9% | 1.5% |
| Jan-12 | 662,764 | 947,525 | 1.5 | 164.53 | 115.08 | 8,394 | 1.9% | -0.5% | 1.4% |
| Feb-12 | 668,752 | 946,769 | 1.5 | 165.15 | 116.66 | 8,476 | 2.4% | 0.6% | 3.1% |
| Mar-12 | 666,280 | 945,725 | 1.5 | 165.67 | 116.72 | 8,454 | 2.5% | 0.5% | 2.9% |
| Apr-12 | 667,545 | 945,203 | 1.5 | 166.00 | 117.24 | 8,475 | 2.6% | 1.1% | 3.8% |
| May-12 | 670,187 | 945,573 | 1.5 | 166.01 | 117.66 | 8,505 | 2.4% | 1.2% | 3.5% |
| Jun-12 | 668,152 | 946,236 | 1.5 | 166.11 | 117.29 | 8,473 | 2.4% | 0.9% | 3.3% |
| Jul-12 | 670,162 | 946,162 | 1.5 | 165.75 | 117.40 | 8,500 | 1.9% | 1.7% | 3.7% |
| Aug-12 | 669,781 | 945,453 | 1.5 | 165.93 | 117.55 | 8,501 | 1.7% | 1.4% | 3.1% |
| Sep-12 | 665,452 | 945,021 | 1.5 | 166.33 | 117.13 | 8,450 | 1.7% | 0.9% | 2.7% |
| Oct-12 | 668,206 | 943,889 | 1.5 | 166.71 | 118.02 | 8,495 | 2.0% | 1.4% | 3.4% |
| Nov-12 | 666,851 | 942,516 | 1.5 | 167.32 | 118.38 | 8,490 | 2.0% | 1.5% | 3.5% |
| Dec-12 | 661,998 | 941,232 | 1.5 | 167.50 | 117.81 | 8,440 | 1.8% | 1.0% | 2.8% |
| Jan-13 | 665,701 | 941,614 | 1.5 | 167.96 | 118.74 | 8,484 | 2.1% | 1.1% | 3.2% |
| Feb-13 | 661,809 | 942,163 | 1.5 | 168.80 | 118.57 | 8,429 | 2.2% | -0.6% | 1.6% |
| Mar-13 | 659,755 | 943,012 | 1.5 | 169.37 | 118.49 | 8,396 | 2.2% | -0.7% | 1.5% |
| Apr-13 | 662,698 | 943,393 | 1.5 | 169.89 | 119.34 | 8,430 | 2.3% | -0.5% | 1.8% |
| May-13 | 662,357 | 943,702 | 1.5 | 171.00 | 120.02 | 8,422 | 3.0% | -1.0% | 2.0% |

Note: Claims are paid through July 2013

Rating Method: **All Combined**
 Family: **All Combined**
 Claim Type: **Other**
Excluding Carveout
 High Claims Attachment: **\$200K**

Blue Cross and Blue Shield of Vermont
Claim Trend Report

ROLLING 12 MONTH

| 12 month period ending | Visits | Member Months | Services per Visit | Allowed Charge per Visit | Pure Premium PMPM | Visits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|------------------------|---------|---------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 116,926 | 1,060,056 | 1.9 | 135.72 | 14.97 | 1,324 | #N/A | #N/A | #N/A |
| Jan-10 | 116,059 | 1,049,342 | 1.9 | 135.77 | 15.02 | 1,327 | #N/A | #N/A | #N/A |
| Feb-10 | 115,649 | 1,039,065 | 1.9 | 136.65 | 15.21 | 1,336 | #N/A | #N/A | #N/A |
| Mar-10 | 115,511 | 1,028,704 | 1.9 | 136.28 | 15.30 | 1,347 | #N/A | #N/A | #N/A |
| Apr-10 | 114,471 | 1,018,530 | 1.9 | 135.99 | 15.28 | 1,349 | #N/A | #N/A | #N/A |
| May-10 | 113,512 | 1,008,610 | 1.9 | 135.91 | 15.30 | 1,351 | #N/A | #N/A | #N/A |
| Jun-10 | 112,879 | 999,154 | 1.9 | 135.54 | 15.31 | 1,356 | #N/A | #N/A | #N/A |
| Jul-10 | 112,085 | 989,121 | 1.9 | 136.29 | 15.44 | 1,360 | #N/A | #N/A | #N/A |
| Aug-10 | 111,560 | 979,214 | 1.9 | 137.00 | 15.61 | 1,367 | #N/A | #N/A | #N/A |
| Sep-10 | 110,963 | 969,874 | 1.9 | 137.36 | 15.72 | 1,373 | #N/A | #N/A | #N/A |
| Oct-10 | 109,830 | 961,046 | 1.9 | 137.92 | 15.76 | 1,371 | #N/A | #N/A | #N/A |
| Nov-10 | 109,391 | 952,364 | 1.9 | 138.42 | 15.90 | 1,378 | #N/A | #N/A | #N/A |
| Dec-10 | 108,284 | 944,003 | 1.9 | 139.15 | 15.96 | 1,376 | 2.5% | 4.0% | 6.6% |
| Jan-11 | 108,901 | 943,312 | 1.9 | 139.38 | 16.09 | 1,385 | 2.7% | 4.4% | 7.2% |
| Feb-11 | 108,857 | 942,661 | 1.9 | 139.55 | 16.12 | 1,386 | 2.1% | 3.8% | 6.0% |
| Mar-11 | 108,853 | 942,606 | 1.9 | 140.20 | 16.19 | 1,386 | 2.9% | 2.8% | 5.8% |
| Apr-11 | 108,921 | 942,446 | 1.9 | 140.15 | 16.20 | 1,387 | 3.1% | 2.8% | 6.0% |
| May-11 | 109,490 | 941,583 | 1.9 | 141.17 | 16.42 | 1,395 | 3.9% | 3.3% | 7.3% |
| Jun-11 | 109,203 | 940,646 | 1.9 | 142.49 | 16.54 | 1,393 | 5.1% | 2.8% | 8.0% |
| Jul-11 | 108,645 | 940,770 | 1.9 | 142.64 | 16.47 | 1,386 | 4.7% | 1.9% | 6.7% |
| Aug-11 | 109,280 | 941,631 | 1.8 | 142.67 | 16.56 | 1,393 | 4.1% | 1.9% | 6.1% |
| Sep-11 | 109,493 | 942,189 | 1.8 | 142.96 | 16.61 | 1,395 | 4.1% | 1.6% | 5.7% |
| Oct-11 | 110,177 | 944,081 | 1.8 | 143.96 | 16.80 | 1,400 | 4.4% | 2.1% | 6.6% |
| Nov-11 | 110,420 | 946,263 | 1.8 | 145.66 | 17.00 | 1,400 | 5.2% | 1.6% | 6.9% |
| Dec-11 | 110,783 | 948,158 | 1.8 | 145.31 | 16.98 | 1,402 | 4.4% | 1.9% | 6.4% |
| Jan-12 | 110,901 | 947,525 | 1.8 | 145.36 | 17.01 | 1,405 | 4.3% | 1.4% | 5.7% |
| Feb-12 | 111,771 | 946,769 | 1.8 | 145.53 | 17.18 | 1,417 | 4.3% | 2.2% | 6.6% |
| Mar-12 | 111,436 | 945,725 | 1.8 | 146.46 | 17.26 | 1,414 | 4.5% | 2.0% | 6.6% |
| Apr-12 | 111,410 | 945,203 | 1.8 | 147.70 | 17.41 | 1,414 | 5.4% | 2.0% | 7.5% |
| May-12 | 111,648 | 945,573 | 1.8 | 148.09 | 17.49 | 1,417 | 4.9% | 1.5% | 6.5% |
| Jun-12 | 111,381 | 946,236 | 1.8 | 147.97 | 17.42 | 1,413 | 3.8% | 1.4% | 5.3% |
| Jul-12 | 111,405 | 946,162 | 1.8 | 147.56 | 17.37 | 1,413 | 3.4% | 2.0% | 5.5% |
| Aug-12 | 111,149 | 945,453 | 1.8 | 148.34 | 17.44 | 1,411 | 4.0% | 1.3% | 5.3% |
| Sep-12 | 110,122 | 945,021 | 1.8 | 149.17 | 17.38 | 1,398 | 4.3% | 0.3% | 4.6% |
| Oct-12 | 110,204 | 943,889 | 1.8 | 148.77 | 17.37 | 1,401 | 3.3% | 0.0% | 3.4% |
| Nov-12 | 109,608 | 942,516 | 1.7 | 147.31 | 17.13 | 1,396 | 1.1% | -0.3% | 0.8% |
| Dec-12 | 108,347 | 941,232 | 1.7 | 148.77 | 17.13 | 1,381 | 2.4% | -1.5% | 0.9% |
| Jan-13 | 108,367 | 941,614 | 1.7 | 149.07 | 17.16 | 1,381 | 2.6% | -1.7% | 0.8% |
| Feb-13 | 107,738 | 942,163 | 1.7 | 148.37 | 16.97 | 1,372 | 2.0% | -3.1% | -1.2% |
| Mar-13 | 107,040 | 943,012 | 1.7 | 147.34 | 16.72 | 1,362 | 0.6% | -3.7% | -3.1% |
| Apr-13 | 107,194 | 943,393 | 1.7 | 147.44 | 16.75 | 1,364 | -0.2% | -3.6% | -3.8% |
| May-13 | 106,932 | 943,702 | 1.7 | 146.93 | 16.65 | 1,360 | -0.8% | -4.0% | -4.8% |

Note: Claims are paid through July 2013

| | |
|-------------------------|---|
| Rating Method: | All Combined |
| Family: | All Combined |
| Claim Type: | All Medical Claim Types Excluding Carveout |
| High Claims Attachment: | \$200K |

**Blue Cross and Blue Shield of Vermont
Claim Trend Report**

ROLLING 12 MONTH

Exhibit V
Page 6

| 12 month period ending | Allowed Charge | Completion Factor | Completed Allowed Charge | Member Months | Pure Premium PMPM | Pure Premium Trend |
|------------------------|----------------|-------------------|--------------------------|---------------|-------------------|--------------------|
| Dec-09 | 352,091,415 | 1.000 | 352,091,415 | 1,060,056 | 332.14 | #N/A |
| Jan-10 | 347,976,953 | 1.000 | 347,976,953 | 1,049,342 | 331.61 | #N/A |
| Feb-10 | 345,671,456 | 1.000 | 345,671,456 | 1,039,065 | 332.68 | #N/A |
| Mar-10 | 344,647,462 | 1.000 | 344,647,462 | 1,028,704 | 335.03 | #N/A |
| Apr-10 | 340,183,263 | 1.000 | 340,183,263 | 1,018,530 | 333.99 | #N/A |
| May-10 | 336,814,155 | 1.000 | 336,814,155 | 1,008,610 | 333.94 | #N/A |
| Jun-10 | 335,146,779 | 1.000 | 335,146,779 | 999,154 | 335.43 | #N/A |
| Jul-10 | 332,898,483 | 1.000 | 332,898,483 | 989,121 | 336.56 | #N/A |
| Aug-10 | 331,489,519 | 1.000 | 331,489,519 | 979,214 | 338.53 | #N/A |
| Sep-10 | 331,302,097 | 1.000 | 331,302,097 | 969,874 | 341.59 | #N/A |
| Oct-10 | 331,024,287 | 1.000 | 331,024,287 | 961,046 | 344.44 | #N/A |
| Nov-10 | 331,432,316 | 1.000 | 331,432,316 | 952,364 | 348.01 | #N/A |
| Dec-10 | 329,167,701 | 1.000 | 329,167,701 | 944,003 | 348.69 | 5.0% |
| Jan-11 | 331,305,847 | 1.000 | 331,305,847 | 943,312 | 351.22 | 5.9% |
| Feb-11 | 330,720,927 | 1.000 | 330,720,927 | 942,661 | 350.84 | 5.5% |
| Mar-11 | 331,824,911 | 1.000 | 331,825,348 | 942,606 | 352.03 | 5.1% |
| Apr-11 | 330,847,855 | 1.000 | 330,847,855 | 942,446 | 351.05 | 5.1% |
| May-11 | 332,893,964 | 1.000 | 332,893,964 | 941,583 | 353.55 | 5.9% |
| Jun-11 | 331,952,574 | 1.000 | 331,952,574 | 940,646 | 352.90 | 5.2% |
| Jul-11 | 330,492,278 | 1.000 | 330,492,278 | 940,770 | 351.30 | 4.4% |
| Aug-11 | 333,735,128 | 1.000 | 333,735,128 | 941,631 | 354.42 | 4.7% |
| Sep-11 | 333,613,098 | 1.000 | 333,613,098 | 942,189 | 354.08 | 3.7% |
| Oct-11 | 334,117,960 | 1.000 | 334,117,960 | 944,081 | 353.91 | 2.7% |
| Nov-11 | 336,103,483 | 1.000 | 336,120,086 | 946,263 | 355.21 | 2.1% |
| Dec-11 | 339,232,174 | 1.000 | 339,266,017 | 948,158 | 357.82 | 2.6% |
| Jan-12 | 341,777,741 | 1.000 | 341,811,932 | 947,525 | 360.74 | 2.7% |
| Feb-12 | 346,859,858 | 1.000 | 346,911,933 | 946,769 | 366.42 | 4.4% |
| Mar-12 | 347,027,454 | 1.000 | 347,079,784 | 945,725 | 367.00 | 4.3% |
| Apr-12 | 349,194,629 | 1.000 | 349,264,785 | 945,203 | 369.51 | 5.3% |
| May-12 | 351,209,326 | 1.000 | 351,297,390 | 945,573 | 371.52 | 5.1% |
| Jun-12 | 351,555,546 | 1.000 | 351,661,073 | 946,236 | 371.64 | 5.3% |
| Jul-12 | 351,555,707 | 1.000 | 351,679,154 | 946,162 | 371.69 | 5.8% |
| Aug-12 | 351,838,541 | 1.000 | 351,979,611 | 945,453 | 372.29 | 5.0% |
| Sep-12 | 350,162,520 | 0.999 | 350,355,517 | 945,021 | 370.74 | 4.7% |
| Oct-12 | 351,892,404 | 0.999 | 352,139,024 | 943,889 | 373.07 | 5.4% |
| Nov-12 | 352,616,833 | 0.999 | 352,902,508 | 942,516 | 374.43 | 5.4% |
| Dec-12 | 349,832,812 | 0.999 | 350,186,178 | 941,232 | 372.05 | 4.0% |
| Jan-13 | 351,670,393 | 0.999 | 352,152,751 | 941,614 | 373.99 | 3.7% |
| Feb-13 | 350,018,202 | 0.998 | 350,688,024 | 942,163 | 372.22 | 1.6% |
| Mar-13 | 350,212,638 | 0.997 | 351,216,659 | 943,012 | 372.44 | 1.5% |
| Apr-13 | 351,379,111 | 0.995 | 352,997,996 | 943,393 | 374.18 | 1.3% |
| May-13 | 351,758,364 | 0.992 | 354,535,466 | 943,702 | 375.69 | 1.1% |

Note: Claims are paid through July 2013

| | |
|-------------------------|---|
| Rating Method: | All Combined |
| Family: | All Combined |
| Claim Type: | All Medical Claim Types Excluding Carveout |
| High Claims Attachment: | Uncapped |

**Blue Cross and Blue Shield of Vermont
Claim Trend Report**

ROLLING 3 MONTH

Exhibit V
Page 7

| 3 month period ending | Allowed Charge | Completion Factor | Completed Allowed Charge | Member Months | Pure Premium PMPM | Pure Premium Trend |
|-----------------------|----------------|-------------------|--------------------------|---------------|-------------------|--------------------|
| Dec-09 | 88,529,817 | 1.000 | 88,529,817 | 261,590 | 338.43 | #N/A |
| Jan-10 | 85,039,335 | 1.000 | 85,039,335 | 253,775 | 335.10 | #N/A |
| Feb-10 | 83,639,904 | 1.000 | 83,639,904 | 246,245 | 339.66 | #N/A |
| Mar-10 | 83,120,828 | 1.000 | 83,120,828 | 238,408 | 348.65 | #N/A |
| Apr-10 | 85,453,414 | 1.000 | 85,453,414 | 237,413 | 359.94 | #N/A |
| May-10 | 85,845,734 | 1.000 | 85,845,734 | 236,391 | 363.15 | #N/A |
| Jun-10 | 85,100,113 | 1.000 | 85,100,113 | 235,906 | 360.74 | #N/A |
| Jul-10 | 85,156,286 | 1.000 | 85,156,286 | 235,073 | 362.25 | #N/A |
| Aug-10 | 85,259,324 | 1.000 | 85,259,324 | 234,293 | 363.90 | #N/A |
| Sep-10 | 83,325,582 | 1.000 | 83,325,582 | 233,970 | 356.14 | #N/A |
| Oct-10 | 84,462,402 | 1.000 | 84,462,402 | 234,785 | 359.74 | #N/A |
| Nov-10 | 86,968,421 | 1.000 | 86,968,421 | 235,435 | 369.39 | #N/A |
| Dec-10 | 88,177,470 | 1.000 | 88,177,470 | 235,719 | 374.08 | 10.5% |
| Jan-11 | 86,757,327 | 1.000 | 86,757,327 | 236,041 | 367.55 | 9.7% |
| Feb-11 | 82,490,991 | 1.000 | 82,490,991 | 236,542 | 348.74 | 2.7% |
| Mar-11 | 85,653,048 | 1.000 | 85,653,048 | 237,011 | 361.39 | 3.7% |
| Apr-11 | 85,022,528 | 1.000 | 85,022,528 | 236,547 | 359.43 | -0.1% |
| May-11 | 88,166,978 | 1.000 | 88,166,978 | 235,313 | 374.68 | 3.2% |
| Jun-11 | 84,793,283 | 1.000 | 84,793,283 | 233,946 | 362.45 | 0.5% |
| Jul-11 | 84,316,185 | 1.000 | 84,316,185 | 233,397 | 361.26 | -0.3% |
| Aug-11 | 86,868,581 | 1.000 | 86,868,581 | 234,341 | 370.69 | 1.9% |
| Sep-11 | 85,814,552 | 1.000 | 85,814,552 | 235,513 | 364.37 | 2.3% |
| Oct-11 | 88,714,776 | 1.000 | 88,719,164 | 238,096 | 372.62 | 3.6% |
| Nov-11 | 88,538,897 | 1.000 | 88,556,724 | 240,067 | 368.88 | -0.1% |
| Dec-11 | 92,517,544 | 1.000 | 92,541,179 | 241,688 | 382.90 | 2.4% |
| Jan-12 | 93,382,590 | 1.000 | 93,411,202 | 239,485 | 390.05 | 6.1% |
| Feb-12 | 93,624,344 | 1.000 | 93,657,178 | 237,048 | 395.10 | 13.3% |
| Mar-12 | 93,818,964 | 1.000 | 93,855,631 | 234,578 | 400.10 | 10.7% |
| Apr-12 | 93,165,212 | 1.000 | 93,206,062 | 234,225 | 397.93 | 10.7% |
| May-12 | 93,231,620 | 1.000 | 93,277,499 | 234,117 | 398.42 | 6.3% |
| Jun-12 | 91,238,442 | 1.000 | 91,283,776 | 234,457 | 389.34 | 7.4% |
| Jul-12 | 89,042,549 | 0.999 | 89,091,986 | 234,356 | 380.16 | 5.2% |
| Aug-12 | 88,155,121 | 0.999 | 88,204,630 | 234,221 | 376.59 | 1.6% |
| Sep-12 | 84,450,381 | 0.999 | 84,527,625 | 234,298 | 360.77 | -1.0% |
| Oct-12 | 89,215,117 | 0.999 | 89,332,163 | 235,823 | 378.81 | 1.7% |
| Nov-12 | 90,663,817 | 0.998 | 90,832,200 | 237,130 | 383.05 | 3.8% |
| Dec-12 | 93,035,069 | 0.998 | 93,236,282 | 237,899 | 391.92 | 2.4% |
| Jan-13 | 93,898,482 | 0.997 | 94,170,606 | 237,210 | 396.99 | 1.8% |
| Feb-13 | 91,857,806 | 0.996 | 92,264,352 | 236,695 | 389.80 | -1.3% |
| Mar-13 | 96,007,706 | 0.993 | 96,697,316 | 236,358 | 409.11 | 2.3% |
| Apr-13 | 94,570,227 | 0.987 | 95,768,709 | 236,004 | 405.79 | 2.0% |
| May-13 | 97,191,177 | 0.978 | 99,348,667 | 235,656 | 421.58 | 5.8% |

Note: Claims are paid through July 2013

Blue Cross and Blue Shield of Vermont
Demographics Based on BCBSVT Membership
Age/Sex Factors Based on 2013 Milliman Total Claim Costs
Large Group, Small Group, Nongroup, Safety Net & Cost Plus Combined

| <u>Month</u> | <u>Average Age</u> | | | | <u>Age/Sex Factor</u> | | | | <u>Members</u> | | | |
|--------------|--------------------|---------------|--------------|------------------------|-----------------------|---------------|--------------|------------------------|----------------|---------------|--------------|------------------------|
| | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Annual % Change</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Annual % Change</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Annual % Change</u> |
| Mar-09 | 37.3 | 37.8 | 37.5 | NA | 1.02 | 1.21 | 1.12 | NA | 43,182 | 46,682 | 89,864 | NA |
| Jun-09 | 37.4 | 38.0 | 37.7 | NA | 1.03 | 1.21 | 1.13 | NA | 42,498 | 46,025 | 88,523 | NA |
| Sep-09 | 37.6 | 38.0 | 37.8 | NA | 1.04 | 1.22 | 1.13 | NA | 42,237 | 45,709 | 87,946 | NA |
| Dec-09 | 37.6 | 38.1 | 37.8 | NA | 1.04 | 1.22 | 1.13 | NA | 41,830 | 45,346 | 87,176 | NA |
| Mar-10 | 37.8 | 38.2 | 38.0 | 1.3% | 1.05 | 1.22 | 1.14 | 2.0% | 37,876 | 41,657 | 79,533 | -11.5% |
| Jun-10 | 37.9 | 38.4 | 38.1 | 1.1% | 1.06 | 1.23 | 1.15 | 1.7% | 37,765 | 41,570 | 79,335 | -10.4% |
| Sep-10 | 37.7 | 38.3 | 38.0 | 0.5% | 1.05 | 1.22 | 1.14 | 0.9% | 37,475 | 41,164 | 78,639 | -10.6% |
| Dec-10 | 37.5 | 38.2 | 37.9 | 0.1% | 1.05 | 1.22 | 1.14 | 0.5% | 37,679 | 41,128 | 78,807 | -9.6% |
| Mar-11 | 37.5 | 38.2 | 37.8 | -0.5% | 1.05 | 1.22 | 1.14 | -0.4% | 38,313 | 41,330 | 79,643 | 0.1% |
| Jun-11 | 37.6 | 38.3 | 37.9 | -0.5% | 1.05 | 1.22 | 1.14 | -0.5% | 37,761 | 40,984 | 78,745 | -0.7% |
| Sep-11 | 37.4 | 38.1 | 37.8 | -0.6% | 1.05 | 1.22 | 1.14 | -0.5% | 38,016 | 41,222 | 79,238 | 0.8% |
| Dec-11 | 37.4 | 38.1 | 37.8 | -0.3% | 1.05 | 1.22 | 1.14 | -0.1% | 38,835 | 42,275 | 81,110 | 2.9% |
| Mar-12 | 37.0 | 37.8 | 37.4 | -1.2% | 1.04 | 1.21 | 1.13 | -0.9% | 38,181 | 41,442 | 79,623 | 0.0% |
| Jun-12 | 37.3 | 38.2 | 37.8 | -0.4% | 1.05 | 1.22 | 1.14 | -0.3% | 38,260 | 41,584 | 79,844 | 1.4% |
| Sep-12 | 37.1 | 38.0 | 37.6 | -0.5% | 1.04 | 1.22 | 1.13 | -0.3% | 37,755 | 41,012 | 78,767 | -0.6% |
| Dec-12 | 37.1 | 38.0 | 37.6 | -0.5% | 1.04 | 1.22 | 1.13 | -0.4% | 38,144 | 41,495 | 79,639 | -1.8% |
| Mar-13 | 37.1 | 38.0 | 37.6 | 0.6% | 1.04 | 1.22 | 1.13 | 0.6% | 37,968 | 41,303 | 79,271 | -0.4% |
| Jun-13 | 37.2 | 38.1 | 37.6 | -0.4% | 1.04 | 1.22 | 1.14 | -0.1% | 37,870 | 41,067 | 78,937 | -1.1% |

Rating Method: All Combined
 Family: All Combined
 Claim Type: Hospital
 High Claims Attachment: Excluding Carveout
 Uncapped

Blue Cross and Blue Shield of Vermont
 Claim Trend Report
 All Members

MONTHLY

Exhibit VII
 Page 1

| period ending | Allowed Charge | Completion Factor | Completed Allowed Charge | Member Months | Pure Premium PMPM | Pure Premium Trend |
|---------------|----------------|-------------------|--------------------------|---------------|-------------------|--------------------|
| Dec-09 | 19,471,443 | 1.000 | 19,471,443 | 86,839 | 224.22 | #N/A |
| Jan-10 | 16,109,397 | 1.000 | 16,109,397 | 79,763 | 201.97 | #N/A |
| Feb-10 | 17,006,339 | 1.000 | 17,006,339 | 79,643 | 213.53 | #N/A |
| Mar-10 | 19,507,679 | 1.000 | 19,507,679 | 79,002 | 246.93 | #N/A |
| Apr-10 | 17,903,770 | 1.000 | 17,903,770 | 78,768 | 227.30 | #N/A |
| May-10 | 17,287,565 | 1.000 | 17,287,565 | 78,621 | 219.88 | #N/A |
| Jun-10 | 18,879,834 | 1.000 | 18,879,834 | 78,517 | 240.46 | #N/A |
| Jul-10 | 18,244,252 | 1.000 | 18,244,252 | 77,935 | 234.10 | #N/A |
| Aug-10 | 17,046,033 | 1.000 | 17,046,158 | 77,841 | 218.99 | #N/A |
| Sep-10 | 18,050,172 | 1.000 | 18,050,445 | 78,194 | 230.84 | #N/A |
| Oct-10 | 18,991,912 | 1.000 | 18,992,013 | 78,750 | 241.17 | #N/A |
| Nov-10 | 19,116,721 | 1.000 | 19,116,721 | 78,491 | 243.55 | #N/A |
| Dec-10 | 18,586,262 | 1.000 | 18,586,262 | 78,478 | 236.83 | 5.6% |
| Jan-11 | 17,643,422 | 1.000 | 17,643,422 | 79,072 | 223.13 | 10.5% |
| Feb-11 | 16,128,416 | 1.000 | 16,128,416 | 78,992 | 204.18 | -4.4% |
| Mar-11 | 20,852,186 | 1.000 | 20,852,186 | 78,947 | 264.13 | 7.0% |
| Apr-11 | 17,412,704 | 1.000 | 17,412,704 | 78,608 | 221.51 | -2.5% |
| May-11 | 18,033,423 | 1.000 | 18,033,423 | 77,758 | 231.92 | 5.5% |
| Jun-11 | 18,054,076 | 1.000 | 18,054,300 | 77,580 | 232.72 | -3.2% |
| Jul-11 | 17,155,037 | 1.000 | 17,155,363 | 78,059 | 219.77 | -6.1% |
| Aug-11 | 19,965,304 | 1.000 | 19,966,053 | 78,702 | 253.69 | 15.8% |
| Sep-11 | 17,821,402 | 1.000 | 17,821,605 | 78,752 | 226.30 | -2.0% |
| Oct-11 | 18,821,709 | 1.000 | 18,825,843 | 80,642 | 233.45 | -3.2% |
| Nov-11 | 19,794,997 | 1.000 | 19,801,277 | 80,673 | 245.45 | 0.8% |
| Dec-11 | 20,869,241 | 1.000 | 20,876,073 | 80,373 | 259.74 | 9.7% |
| Jan-12 | 19,854,147 | 1.000 | 19,860,276 | 78,439 | 253.19 | 13.5% |
| Feb-12 | 20,229,978 | 1.000 | 20,236,870 | 78,236 | 258.66 | 26.7% |
| Mar-12 | 20,601,777 | 1.000 | 20,611,013 | 77,903 | 264.57 | 0.2% |
| Apr-12 | 19,425,864 | 0.999 | 19,437,870 | 78,086 | 248.93 | 12.4% |
| May-12 | 20,140,169 | 0.999 | 20,150,435 | 78,128 | 257.92 | 11.2% |
| Jun-12 | 19,426,407 | 0.999 | 19,436,518 | 78,243 | 248.41 | 6.7% |
| Jul-12 | 17,988,827 | 0.999 | 17,999,756 | 77,985 | 230.81 | 5.0% |
| Aug-12 | 19,456,981 | 0.999 | 19,470,135 | 77,993 | 249.64 | -1.6% |
| Sep-12 | 16,836,325 | 0.998 | 16,863,729 | 78,320 | 215.32 | -4.9% |
| Oct-12 | 20,908,327 | 0.998 | 20,944,207 | 79,510 | 263.42 | 12.8% |
| Nov-12 | 20,791,315 | 0.998 | 20,834,883 | 79,300 | 262.73 | 7.0% |
| Dec-12 | 18,477,798 | 0.997 | 18,528,379 | 79,089 | 234.27 | -9.8% |
| Jan-13 | 21,671,788 | 0.996 | 21,753,047 | 78,821 | 275.98 | 9.0% |
| Feb-13 | 19,094,969 | 0.993 | 19,225,186 | 78,785 | 244.02 | -5.7% |
| Mar-13 | 21,670,913 | 0.989 | 21,902,385 | 78,752 | 278.12 | 5.1% |
| Apr-13 | 20,570,487 | 0.981 | 20,967,076 | 78,467 | 267.21 | 7.3% |
| May-13 | 21,012,496 | 0.965 | 21,765,432 | 78,437 | 277.49 | 7.6% |

Note: Claims are paid through July 2013

Rating Method: All Combined
 Family: All Combined
 Claim Type: Inpatient
 High Claims Attachment: Excluding Carveout
 Uncapped

Blue Cross and Blue Shield of Vermont
 Claim Trend Report
 All Members

MONTHLY

Exhibit VII
 Page 2

| period ending | Admits | Member Months | ALOS | Allowed Charge per Admit | Pure Premium PMPM | Admits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|---------------|--------|---------------|------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 310 | 86,839 | 4.5 | 17,594 | 62.81 | 42.8 | #N/A | #N/A | #N/A |
| Jan-10 | 300 | 79,763 | 4.6 | 15,670 | 58.94 | 45.1 | #N/A | #N/A | #N/A |
| Feb-10 | 277 | 79,643 | 6.0 | 21,076 | 73.30 | 41.7 | #N/A | #N/A | #N/A |
| Mar-10 | 333 | 79,002 | 5.6 | 19,341 | 81.53 | 50.6 | #N/A | #N/A | #N/A |
| Apr-10 | 320 | 78,768 | 5.5 | 17,315 | 70.34 | 48.8 | #N/A | #N/A | #N/A |
| May-10 | 291 | 78,621 | 5.9 | 19,916 | 73.71 | 44.4 | #N/A | #N/A | #N/A |
| Jun-10 | 354 | 78,517 | 4.3 | 17,852 | 80.49 | 54.1 | #N/A | #N/A | #N/A |
| Jul-10 | 310 | 77,935 | 5.1 | 20,920 | 83.21 | 47.7 | #N/A | #N/A | #N/A |
| Aug-10 | 284 | 77,841 | 4.5 | 18,149 | 66.21 | 43.8 | #N/A | #N/A | #N/A |
| Sep-10 | 318 | 78,194 | 5.5 | 19,707 | 80.15 | 48.8 | #N/A | #N/A | #N/A |
| Oct-10 | 333 | 78,750 | 4.2 | 19,430 | 82.16 | 50.7 | #N/A | #N/A | #N/A |
| Nov-10 | 310 | 78,491 | 4.9 | 21,243 | 83.90 | 47.4 | #N/A | #N/A | #N/A |
| Dec-10 | 290 | 78,478 | 4.7 | 19,493 | 72.03 | 44.3 | 10.8% | 3.5% | 14.7% |
| Jan-11 | 293 | 79,072 | 4.6 | 17,774 | 65.86 | 44.5 | 13.4% | -1.5% | 11.8% |
| Feb-11 | 281 | 78,992 | 4.2 | 15,379 | 54.71 | 42.7 | -27.0% | 2.3% | -25.4% |
| Mar-11 | 372 | 78,947 | 5.2 | 20,405 | 96.15 | 56.5 | 5.5% | 11.8% | 17.9% |
| Apr-11 | 306 | 78,608 | 4.7 | 18,353 | 71.44 | 46.7 | 6.0% | -4.2% | 1.6% |
| May-11 | 298 | 77,758 | 5.0 | 19,439 | 74.50 | 46.0 | -2.4% | 3.5% | 1.1% |
| Jun-11 | 328 | 77,580 | 4.5 | 18,018 | 76.18 | 50.7 | 0.9% | -6.2% | -5.4% |
| Jul-11 | 284 | 78,059 | 4.9 | 17,442 | 63.46 | 43.7 | -16.6% | -8.5% | -23.7% |
| Aug-11 | 321 | 78,702 | 5.6 | 21,734 | 88.65 | 48.9 | 19.8% | 11.8% | 33.9% |
| Sep-11 | 310 | 78,752 | 5.3 | 19,197 | 75.57 | 47.2 | -2.6% | -3.2% | -5.7% |
| Oct-11 | 312 | 80,642 | 4.4 | 18,451 | 71.40 | 46.4 | -5.0% | -8.5% | -13.1% |
| Nov-11 | 297 | 80,673 | 6.3 | 20,569 | 75.75 | 44.2 | -3.2% | -6.8% | -9.7% |
| Dec-11 | 308 | 80,373 | 7.3 | 20,251 | 77.63 | 46.0 | 3.9% | 3.7% | 7.8% |
| Jan-12 | 314 | 78,439 | 5.9 | 20,671 | 82.77 | 48.1 | 16.3% | 8.1% | 25.7% |
| Feb-12 | 308 | 78,236 | 4.5 | 21,021 | 82.78 | 47.3 | 36.7% | 10.7% | 51.3% |
| Mar-12 | 321 | 77,903 | 4.7 | 18,938 | 78.07 | 49.5 | -7.2% | -12.5% | -18.8% |
| Apr-12 | 314 | 78,086 | 4.7 | 17,445 | 70.20 | 48.3 | -5.0% | 3.4% | -1.7% |
| May-12 | 308 | 78,128 | 5.2 | 19,198 | 75.72 | 47.3 | -1.2% | 2.9% | 1.6% |
| Jun-12 | 287 | 78,243 | 4.6 | 21,254 | 78.00 | 44.0 | 18.0% | -13.2% | 2.4% |
| Jul-12 | 292 | 77,985 | 4.4 | 19,675 | 73.71 | 45.0 | 12.8% | 3.0% | 16.1% |
| Aug-12 | 312 | 77,993 | 4.7 | 17,362 | 69.50 | 48.0 | -20.1% | -1.9% | -21.6% |
| Sep-12 | 296 | 78,320 | 4.7 | 19,587 | 74.15 | 45.4 | 2.0% | -3.8% | -1.9% |
| Oct-12 | 350 | 79,510 | 5.7 | 22,041 | 96.92 | 52.8 | 19.5% | 13.6% | 35.7% |
| Nov-12 | 324 | 79,300 | 5.1 | 21,071 | 86.00 | 49.0 | 2.4% | 10.8% | 13.5% |
| Dec-12 | 291 | 79,089 | 4.7 | 20,829 | 76.58 | 44.1 | 2.9% | -4.1% | -1.4% |
| Jan-13 | 316 | 78,821 | 7.3 | 26,191 | 105.06 | 48.1 | 26.7% | 0.2% | 26.9% |
| Feb-13 | 264 | 78,785 | 5.8 | 24,920 | 83.42 | 40.2 | 18.5% | -15.0% | 0.8% |
| Mar-13 | 360 | 78,752 | 6.5 | 22,351 | 102.11 | 54.8 | 18.0% | 10.8% | 30.8% |
| Apr-13 | 328 | 78,467 | 4.9 | 21,180 | 88.59 | 50.2 | 21.4% | 3.9% | 26.2% |
| May-13 | 336 | 78,437 | 4.9 | 22,919 | 98.06 | 51.3 | 19.4% | 8.5% | 29.5% |

Note: Claims are paid through July 2013

Rating Method: **All Combined**
 Family: **All Combined**
 Claim Type: **Outpatient**
 High Claims Attachment: **Excluding Carveout
 Uncapped**

**Blue Cross and Blue Shield of Vermont
 Claim Trend Report
 All Members**

MONTHLY

Exhibit VII
 Page 3

| period ending | Visits | Member Months | Services per Visit | Allowed Charge per Visit | Pure Premium PMPM | Visits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|---------------|--------|---------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 18,733 | 86,839 | 3.3 | 748.27 | 161.42 | 2,588.7 | #N/A | #N/A | #N/A |
| Jan-10 | 16,885 | 79,763 | 3.3 | 675.66 | 143.03 | 2,540.3 | #N/A | #N/A | #N/A |
| Feb-10 | 15,743 | 79,643 | 3.3 | 709.41 | 140.23 | 2,372.0 | #N/A | #N/A | #N/A |
| Mar-10 | 18,260 | 79,002 | 3.4 | 715.61 | 165.40 | 2,773.6 | #N/A | #N/A | #N/A |
| Apr-10 | 17,237 | 78,768 | 3.4 | 717.23 | 156.95 | 2,626.0 | #N/A | #N/A | #N/A |
| May-10 | 16,290 | 78,621 | 3.3 | 705.47 | 146.17 | 2,486.4 | #N/A | #N/A | #N/A |
| Jun-10 | 17,829 | 78,517 | 3.4 | 704.49 | 159.97 | 2,724.9 | #N/A | #N/A | #N/A |
| Jul-10 | 17,004 | 77,935 | 3.3 | 691.55 | 150.88 | 2,618.2 | #N/A | #N/A | #N/A |
| Aug-10 | 17,379 | 77,841 | 3.3 | 684.26 | 152.77 | 2,679.2 | #N/A | #N/A | #N/A |
| Sep-10 | 16,418 | 78,194 | 3.3 | 717.70 | 150.69 | 2,519.6 | #N/A | #N/A | #N/A |
| Oct-10 | 17,171 | 78,750 | 3.4 | 729.23 | 159.01 | 2,616.5 | #N/A | #N/A | #N/A |
| Nov-10 | 16,744 | 78,491 | 3.4 | 748.41 | 159.65 | 2,559.9 | #N/A | #N/A | #N/A |
| Dec-10 | 16,843 | 78,478 | 3.4 | 767.88 | 164.80 | 2,575.4 | 2.6% | -0.5% | 2.1% |
| Jan-11 | 16,608 | 79,072 | 3.3 | 748.77 | 157.27 | 2,520.4 | 10.8% | -0.8% | 10.0% |
| Feb-11 | 15,397 | 78,992 | 3.4 | 766.84 | 149.47 | 2,339.0 | 8.1% | -1.4% | 6.6% |
| Mar-11 | 17,813 | 78,947 | 3.3 | 744.49 | 167.98 | 2,707.6 | 4.0% | -2.4% | 1.6% |
| Apr-11 | 16,199 | 78,608 | 3.3 | 728.23 | 150.07 | 2,472.9 | 1.5% | -5.8% | -4.4% |
| May-11 | 16,215 | 77,758 | 3.4 | 754.90 | 157.42 | 2,502.4 | 7.0% | 0.6% | 7.7% |
| Jun-11 | 16,818 | 77,580 | 3.3 | 722.09 | 156.54 | 2,601.4 | 2.5% | -4.5% | -2.1% |
| Jul-11 | 15,899 | 78,059 | 3.4 | 767.43 | 156.31 | 2,444.2 | 11.0% | -6.6% | 3.6% |
| Aug-11 | 17,569 | 78,702 | 3.3 | 739.35 | 165.04 | 2,678.7 | 8.0% | 0.0% | 8.0% |
| Sep-11 | 15,710 | 78,752 | 3.4 | 755.59 | 150.73 | 2,393.9 | 5.3% | -5.0% | 0.0% |
| Oct-11 | 17,303 | 80,642 | 3.3 | 755.24 | 162.05 | 2,574.8 | 3.6% | -1.6% | 1.9% |
| Nov-11 | 17,500 | 80,673 | 3.3 | 782.32 | 169.70 | 2,603.1 | 4.5% | 1.7% | 6.3% |
| Dec-11 | 17,645 | 80,373 | 3.4 | 829.51 | 182.11 | 2,634.4 | 8.0% | 2.3% | 10.5% |
| Jan-12 | 16,876 | 78,439 | 3.5 | 792.13 | 170.42 | 2,581.7 | 5.8% | 2.4% | 8.4% |
| Feb-12 | 16,497 | 78,236 | 3.5 | 834.12 | 175.88 | 2,530.3 | 8.8% | 8.2% | 17.7% |
| Mar-12 | 17,684 | 77,903 | 3.4 | 821.62 | 186.50 | 2,724.0 | 10.4% | 0.6% | 11.0% |
| Apr-12 | 16,917 | 78,086 | 3.4 | 825.00 | 178.73 | 2,599.8 | 13.3% | 5.1% | 19.1% |
| May-12 | 17,541 | 78,128 | 3.3 | 811.47 | 182.19 | 2,694.3 | 7.5% | 7.7% | 15.7% |
| Jun-12 | 16,804 | 78,243 | 3.3 | 793.48 | 170.41 | 2,577.2 | 9.9% | -0.9% | 8.9% |
| Jul-12 | 16,659 | 77,985 | 3.3 | 735.43 | 157.10 | 2,563.4 | -4.2% | 4.9% | 0.5% |
| Aug-12 | 18,081 | 77,993 | 3.3 | 777.05 | 180.14 | 2,781.9 | 5.1% | 3.9% | 9.1% |
| Sep-12 | 14,915 | 78,320 | 3.3 | 741.31 | 141.17 | 2,285.2 | -1.9% | -4.5% | -6.3% |
| Oct-12 | 18,107 | 79,510 | 3.2 | 731.13 | 166.50 | 2,732.8 | -3.2% | 6.1% | 2.7% |
| Nov-12 | 16,568 | 79,300 | 3.4 | 845.87 | 176.73 | 2,507.2 | 8.1% | -3.7% | 4.1% |
| Dec-12 | 15,491 | 79,089 | 3.3 | 805.11 | 157.69 | 2,350.4 | -2.9% | -10.8% | -13.4% |
| Jan-13 | 17,535 | 78,821 | 3.2 | 768.29 | 170.92 | 2,669.6 | -3.0% | 3.4% | 0.3% |
| Feb-13 | 15,714 | 78,785 | 3.3 | 805.22 | 160.60 | 2,393.4 | -3.5% | -5.4% | -8.7% |
| Mar-13 | 17,004 | 78,752 | 3.3 | 815.16 | 176.01 | 2,591.1 | -0.8% | -4.9% | -5.6% |
| Apr-13 | 17,317 | 78,467 | 3.3 | 809.34 | 178.62 | 2,648.4 | -1.9% | 1.9% | -0.1% |
| May-13 | 17,371 | 78,437 | 3.3 | 810.21 | 179.43 | 2,657.5 | -0.2% | -1.4% | -1.5% |

Note: Claims are paid through July 2013

Rating Method: **All Combined**
 Family: **All Combined**
 Claim Type: **Professional**
 High Claims Attachment: **Excluding Carveout
 Uncapped**

**Blue Cross and Blue Shield of Vermont
 Claim Trend Report
 All Members**

MONTHLY

Exhibit VII
 Page 4

| period ending | Visits | Member Months | Services per Visit | Allowed Charge per Visit | Pure Premium PMPM | Visits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|---------------|--------|---------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 61,362 | 86,839 | 1.5 | 166.01 | 117.30 | 8,479.4 | #N/A | #N/A | #N/A |
| Jan-10 | 55,577 | 79,763 | 1.4 | 156.45 | 109.01 | 8,361.3 | #N/A | #N/A | #N/A |
| Feb-10 | 51,614 | 79,643 | 1.4 | 163.35 | 105.86 | 7,776.8 | #N/A | #N/A | #N/A |
| Mar-10 | 61,061 | 79,002 | 1.4 | 159.97 | 123.64 | 9,274.9 | #N/A | #N/A | #N/A |
| Apr-10 | 55,808 | 78,768 | 1.4 | 163.28 | 115.69 | 8,502.1 | #N/A | #N/A | #N/A |
| May-10 | 52,995 | 78,621 | 1.4 | 161.01 | 108.53 | 8,088.7 | #N/A | #N/A | #N/A |
| Jun-10 | 56,534 | 78,517 | 1.4 | 169.87 | 122.31 | 8,640.3 | #N/A | #N/A | #N/A |
| Jul-10 | 52,304 | 77,935 | 1.5 | 166.01 | 111.41 | 8,053.5 | #N/A | #N/A | #N/A |
| Aug-10 | 53,506 | 77,841 | 1.5 | 163.77 | 112.57 | 8,248.6 | #N/A | #N/A | #N/A |
| Sep-10 | 53,454 | 78,194 | 1.5 | 159.69 | 109.16 | 8,203.3 | #N/A | #N/A | #N/A |
| Oct-10 | 58,940 | 78,750 | 1.6 | 157.17 | 117.64 | 8,981.4 | #N/A | #N/A | #N/A |
| Nov-10 | 57,236 | 78,491 | 1.5 | 161.35 | 117.66 | 8,750.5 | #N/A | #N/A | #N/A |
| Dec-10 | 54,239 | 78,478 | 1.5 | 168.64 | 116.55 | 8,293.6 | 1.6% | -2.2% | -0.6% |
| Jan-11 | 55,336 | 79,072 | 1.5 | 165.07 | 115.52 | 8,397.8 | 5.5% | 0.4% | 6.0% |
| Feb-11 | 50,221 | 78,992 | 1.4 | 159.11 | 101.16 | 7,629.3 | -2.6% | -1.9% | -4.4% |
| Mar-11 | 60,474 | 78,947 | 1.4 | 165.49 | 126.76 | 9,192.1 | 3.4% | -0.9% | 2.5% |
| Apr-11 | 52,932 | 78,608 | 1.4 | 164.75 | 110.94 | 8,080.4 | 0.9% | -5.0% | -4.1% |
| May-11 | 54,483 | 77,758 | 1.4 | 165.85 | 116.20 | 8,408.1 | 3.0% | 3.9% | 7.1% |
| Jun-11 | 55,052 | 77,580 | 1.5 | 170.08 | 120.69 | 8,515.3 | 0.1% | -1.4% | -1.3% |
| Jul-11 | 49,256 | 78,059 | 1.5 | 172.00 | 108.53 | 7,572.1 | 3.6% | -6.0% | -2.6% |
| Aug-11 | 56,122 | 78,702 | 1.5 | 172.87 | 123.27 | 8,557.1 | 5.6% | 3.7% | 9.5% |
| Sep-11 | 52,972 | 78,752 | 1.5 | 164.37 | 110.56 | 8,071.7 | 2.9% | -1.6% | 1.3% |
| Oct-11 | 60,916 | 80,642 | 1.6 | 157.92 | 119.29 | 9,064.7 | 0.5% | 0.9% | 1.4% |
| Nov-11 | 57,329 | 80,673 | 1.5 | 167.83 | 119.26 | 8,527.7 | 4.0% | -2.5% | 1.4% |
| Dec-11 | 55,220 | 80,373 | 1.5 | 173.38 | 119.12 | 8,244.6 | 2.8% | -0.6% | 2.2% |
| Jan-12 | 57,790 | 78,439 | 1.4 | 165.09 | 121.63 | 8,841.0 | 0.0% | 5.3% | 5.3% |
| Feb-12 | 56,193 | 78,236 | 1.4 | 168.87 | 121.29 | 8,619.0 | 6.1% | 13.0% | 19.9% |
| Mar-12 | 58,030 | 77,903 | 1.4 | 170.67 | 127.14 | 8,938.9 | 3.1% | -2.8% | 0.3% |
| Apr-12 | 54,196 | 78,086 | 1.4 | 169.30 | 117.50 | 8,328.6 | 2.8% | 3.1% | 5.9% |
| May-12 | 57,119 | 78,128 | 1.4 | 166.81 | 121.96 | 8,773.2 | 0.6% | 4.3% | 5.0% |
| Jun-12 | 53,008 | 78,243 | 1.4 | 172.85 | 117.10 | 8,129.8 | 1.6% | -4.5% | -3.0% |
| Jul-12 | 51,258 | 77,985 | 1.5 | 168.35 | 110.65 | 7,887.4 | -2.1% | 4.2% | 2.0% |
| Aug-12 | 55,741 | 77,993 | 1.5 | 169.06 | 120.82 | 8,576.3 | -2.2% | 0.2% | -2.0% |
| Sep-12 | 48,626 | 78,320 | 1.5 | 170.06 | 105.59 | 7,450.4 | 3.5% | -7.7% | -4.5% |
| Oct-12 | 63,667 | 79,510 | 1.6 | 163.25 | 130.72 | 9,608.8 | 3.4% | 6.0% | 9.6% |
| Nov-12 | 56,003 | 79,300 | 1.5 | 174.53 | 123.26 | 8,474.6 | 4.0% | -0.6% | 3.3% |
| Dec-12 | 50,362 | 79,089 | 1.5 | 175.79 | 111.94 | 7,641.3 | 1.4% | -7.3% | -6.0% |
| Jan-13 | 61,457 | 78,821 | 1.5 | 171.18 | 133.47 | 9,356.4 | 3.7% | 5.8% | 9.7% |
| Feb-13 | 52,285 | 78,785 | 1.5 | 180.49 | 119.78 | 7,963.7 | 6.9% | -7.6% | -1.2% |
| Mar-13 | 55,928 | 78,752 | 1.5 | 179.18 | 127.25 | 8,522.1 | 5.0% | -4.7% | 0.1% |
| Apr-13 | 57,033 | 78,467 | 1.5 | 178.34 | 129.63 | 8,722.2 | 5.3% | 4.7% | 10.3% |
| May-13 | 56,558 | 78,437 | 1.5 | 181.69 | 131.01 | 8,652.8 | 8.9% | -1.4% | 7.4% |

Note: Claims are paid through July 2013

Rating Method: All Combined
 Family: All Combined
 Claim Type: Other
 High Claims Attachment: Excluding Carveout
 Uncapped

Blue Cross and Blue Shield of Vermont
 Claim Trend Report
 All Members

MONTHLY

Exhibit VII
 Page 5

| period ending | Visits | Member Months | Services per Visit | Allowed Charge per Visit | Pure Premium PMPM | Visits per 1,000 Members | Annual Cost Trend | Annual Utilization Trend | Pure Premium Trend |
|---------------|--------|---------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------|
| Dec-09 | 9,935 | 86,839 | 1.9 | 142.61 | 16.32 | 1,372.9 | #N/A | #N/A | #N/A |
| Jan-10 | 8,783 | 79,763 | 1.8 | 130.17 | 14.33 | 1,321.4 | #N/A | #N/A | #N/A |
| Feb-10 | 8,621 | 79,643 | 1.9 | 136.87 | 14.82 | 1,298.9 | #N/A | #N/A | #N/A |
| Mar-10 | 10,191 | 79,002 | 1.9 | 125.62 | 16.20 | 1,548.0 | #N/A | #N/A | #N/A |
| Apr-10 | 9,362 | 78,768 | 1.8 | 135.05 | 16.05 | 1,426.3 | #N/A | #N/A | #N/A |
| May-10 | 8,944 | 78,621 | 1.8 | 133.00 | 15.13 | 1,365.1 | #N/A | #N/A | #N/A |
| Jun-10 | 9,794 | 78,517 | 1.9 | 135.49 | 16.90 | 1,496.8 | #N/A | #N/A | #N/A |
| Jul-10 | 9,090 | 77,935 | 1.9 | 155.06 | 18.09 | 1,399.6 | #N/A | #N/A | #N/A |
| Aug-10 | 8,891 | 77,841 | 1.9 | 146.66 | 16.75 | 1,370.7 | #N/A | #N/A | #N/A |
| Sep-10 | 8,593 | 78,194 | 1.9 | 150.17 | 16.50 | 1,318.8 | #N/A | #N/A | #N/A |
| Oct-10 | 8,496 | 78,750 | 1.9 | 143.33 | 15.46 | 1,294.6 | #N/A | #N/A | #N/A |
| Nov-10 | 8,691 | 78,491 | 1.9 | 145.79 | 16.14 | 1,328.7 | #N/A | #N/A | #N/A |
| Dec-10 | 8,828 | 78,478 | 1.9 | 153.17 | 17.23 | 1,349.9 | 7.4% | -1.7% | 5.6% |
| Jan-11 | 9,400 | 79,072 | 1.8 | 135.69 | 16.13 | 1,426.5 | 4.2% | 8.0% | 12.5% |
| Feb-11 | 8,577 | 78,992 | 1.9 | 143.77 | 15.61 | 1,303.0 | 5.0% | 0.3% | 5.4% |
| Mar-11 | 10,187 | 78,947 | 1.8 | 136.21 | 17.58 | 1,548.4 | 8.4% | 0.0% | 8.5% |
| Apr-11 | 9,430 | 78,608 | 1.9 | 136.75 | 16.40 | 1,439.5 | 1.3% | 0.9% | 2.2% |
| May-11 | 9,513 | 77,758 | 1.8 | 150.07 | 18.36 | 1,468.1 | 12.8% | 7.5% | 21.3% |
| Jun-11 | 9,507 | 77,580 | 1.8 | 153.18 | 18.77 | 1,470.6 | 13.1% | -1.8% | 11.1% |
| Jul-11 | 8,532 | 78,059 | 1.8 | 154.57 | 16.90 | 1,311.7 | -0.3% | -6.3% | -6.6% |
| Aug-11 | 9,527 | 78,702 | 1.8 | 145.11 | 17.57 | 1,452.6 | -1.1% | 6.0% | 4.9% |
| Sep-11 | 8,806 | 78,752 | 1.8 | 146.64 | 16.40 | 1,341.9 | -2.3% | 1.8% | -0.6% |
| Oct-11 | 9,180 | 80,642 | 1.9 | 153.19 | 17.44 | 1,366.1 | 6.9% | 5.5% | 12.8% |
| Nov-11 | 8,934 | 80,673 | 1.9 | 163.43 | 18.10 | 1,328.9 | 12.1% | 0.0% | 12.1% |
| Dec-11 | 9,191 | 80,373 | 1.9 | 147.74 | 16.89 | 1,372.3 | -3.5% | 1.7% | -1.9% |
| Jan-12 | 9,518 | 78,439 | 1.8 | 138.65 | 16.82 | 1,456.1 | 2.2% | 2.1% | 4.3% |
| Feb-12 | 9,447 | 78,236 | 1.7 | 148.14 | 17.89 | 1,449.0 | 3.0% | 11.2% | 14.6% |
| Mar-12 | 9,852 | 77,903 | 1.7 | 151.40 | 19.15 | 1,517.6 | 11.2% | -2.0% | 8.9% |
| Apr-12 | 9,405 | 78,086 | 1.8 | 155.45 | 18.72 | 1,445.3 | 13.7% | 0.4% | 14.1% |
| May-12 | 9,751 | 78,128 | 1.7 | 155.69 | 19.43 | 1,497.7 | 3.7% | 2.0% | 5.8% |
| Jun-12 | 9,240 | 78,243 | 1.7 | 153.22 | 18.09 | 1,417.1 | 0.0% | -3.6% | -3.6% |
| Jul-12 | 8,556 | 77,985 | 1.7 | 145.92 | 16.01 | 1,316.6 | -5.6% | 0.4% | -5.2% |
| Aug-12 | 9,271 | 77,993 | 1.7 | 153.20 | 18.21 | 1,426.4 | 5.6% | -1.8% | 3.7% |
| Sep-12 | 7,771 | 78,320 | 1.7 | 155.02 | 15.38 | 1,190.7 | 5.7% | -11.3% | -6.2% |
| Oct-12 | 9,259 | 79,510 | 1.7 | 145.27 | 16.92 | 1,397.4 | -5.2% | 2.3% | -3.0% |
| Nov-12 | 8,339 | 79,300 | 1.7 | 143.94 | 15.14 | 1,261.9 | -11.9% | -5.0% | -16.4% |
| Dec-12 | 7,924 | 79,089 | 1.8 | 172.10 | 17.24 | 1,202.4 | 16.5% | -12.4% | 2.1% |
| Jan-13 | 9,546 | 78,821 | 1.8 | 140.59 | 17.03 | 1,453.3 | 1.4% | -0.2% | 1.2% |
| Feb-13 | 8,818 | 78,785 | 1.7 | 141.03 | 15.78 | 1,343.0 | -4.8% | -7.3% | -11.8% |
| Mar-13 | 9,163 | 78,752 | 1.7 | 136.15 | 15.84 | 1,396.2 | -10.1% | -8.0% | -17.3% |
| Apr-13 | 9,552 | 78,467 | 1.7 | 160.68 | 19.56 | 1,460.8 | 3.4% | 1.1% | 4.5% |
| May-13 | 9,477 | 78,437 | 1.7 | 152.76 | 18.46 | 1,449.9 | -1.9% | -3.2% | -5.0% |

Note: Claims are paid through July 2013

Rating Method: All Combined
 Family: All Combined
 Claim Type: All Medical Claim Types
 Excluding Carveout
 Uncapped
 High Claims Attachment:

Blue Cross and Blue Shield of Vermont
 Claim Trend Report
 All Members

MONTHLY

Exhibit VII
 Page 6

| period ending | Allowed Charge | Completion Factor | Completed Allowed Charge | Member Months | Pure Premium PMPM | Pure Premium Trend |
|---------------|----------------|-------------------|--------------------------|---------------|-------------------|--------------------|
| Dec-09 | 31,074,712 | 1.000 | 31,074,712 | 86,839 | 357.84 | #N/A |
| Jan-10 | 25,947,863 | 1.000 | 25,947,863 | 79,763 | 325.31 | #N/A |
| Feb-10 | 26,617,329 | 1.000 | 26,617,329 | 79,643 | 334.21 | #N/A |
| Mar-10 | 30,555,635 | 1.000 | 30,555,635 | 79,002 | 386.77 | #N/A |
| Apr-10 | 28,280,450 | 1.000 | 28,280,450 | 78,768 | 359.03 | #N/A |
| May-10 | 27,009,649 | 1.000 | 27,009,649 | 78,621 | 343.54 | #N/A |
| Jun-10 | 29,810,014 | 1.000 | 29,810,014 | 78,517 | 379.66 | #N/A |
| Jul-10 | 28,336,623 | 1.000 | 28,336,623 | 77,935 | 363.59 | #N/A |
| Aug-10 | 27,112,688 | 1.000 | 27,112,892 | 77,841 | 348.31 | #N/A |
| Sep-10 | 27,876,272 | 1.000 | 27,876,709 | 78,194 | 356.51 | #N/A |
| Oct-10 | 29,473,443 | 1.000 | 29,473,606 | 78,750 | 374.27 | #N/A |
| Nov-10 | 29,618,707 | 1.000 | 29,618,707 | 78,491 | 377.35 | #N/A |
| Dec-10 | 29,085,321 | 1.000 | 29,085,321 | 78,478 | 370.62 | 3.6% |
| Jan-11 | 28,053,300 | 1.000 | 28,053,300 | 79,072 | 354.78 | 9.1% |
| Feb-11 | 25,352,370 | 1.000 | 25,352,370 | 78,992 | 320.95 | -4.0% |
| Mar-11 | 32,247,378 | 1.000 | 32,247,378 | 78,947 | 408.47 | 5.6% |
| Apr-11 | 27,422,780 | 1.000 | 27,422,780 | 78,608 | 348.85 | -2.8% |
| May-11 | 28,496,820 | 1.000 | 28,496,820 | 77,758 | 366.48 | 6.7% |
| Jun-11 | 28,873,683 | 1.000 | 28,874,064 | 77,580 | 372.18 | -2.0% |
| Jul-11 | 26,945,681 | 1.000 | 26,946,201 | 78,059 | 345.20 | -5.1% |
| Aug-11 | 31,049,216 | 1.000 | 31,050,410 | 78,702 | 394.53 | 13.3% |
| Sep-11 | 27,819,655 | 1.000 | 27,819,989 | 78,752 | 353.26 | -0.9% |
| Oct-11 | 29,845,904 | 1.000 | 29,852,255 | 80,642 | 370.18 | -1.1% |
| Nov-11 | 30,873,338 | 1.000 | 30,882,729 | 80,673 | 382.81 | 1.4% |
| Dec-11 | 31,798,302 | 1.000 | 31,808,264 | 80,373 | 395.76 | 6.8% |
| Jan-12 | 30,710,950 | 1.000 | 30,720,209 | 78,439 | 391.64 | 10.4% |
| Feb-12 | 31,115,091 | 1.000 | 31,125,499 | 78,236 | 397.84 | 24.0% |
| Mar-12 | 31,992,923 | 1.000 | 32,006,900 | 77,903 | 410.86 | 0.6% |
| Apr-12 | 30,057,198 | 0.999 | 30,075,347 | 78,086 | 385.16 | 10.4% |
| May-12 | 31,181,499 | 1.000 | 31,196,858 | 78,128 | 399.30 | 9.0% |
| Jun-12 | 29,999,745 | 1.000 | 30,014,731 | 78,243 | 383.61 | 3.1% |
| Jul-12 | 27,861,304 | 0.999 | 27,877,358 | 77,985 | 357.47 | 3.6% |
| Aug-12 | 30,294,072 | 0.999 | 30,313,884 | 77,993 | 388.67 | -1.5% |
| Sep-12 | 26,295,004 | 0.998 | 26,338,011 | 78,320 | 336.29 | -4.8% |
| Oct-12 | 32,626,040 | 0.998 | 32,682,562 | 79,510 | 411.05 | 11.0% |
| Nov-12 | 31,742,772 | 0.998 | 31,809,500 | 79,300 | 401.13 | 4.8% |
| Dec-12 | 28,666,257 | 0.997 | 28,745,197 | 79,089 | 363.45 | -8.2% |
| Jan-13 | 33,489,453 | 0.996 | 33,615,449 | 78,821 | 426.48 | 8.9% |
| Feb-13 | 29,702,096 | 0.993 | 29,905,885 | 78,785 | 379.59 | -4.6% |
| Mar-13 | 32,816,157 | 0.989 | 33,170,817 | 78,752 | 421.21 | 2.5% |
| Apr-13 | 32,051,974 | 0.981 | 32,673,319 | 78,467 | 416.40 | 8.1% |
| May-13 | 32,323,047 | 0.965 | 33,489,088 | 78,437 | 426.96 | 6.9% |

Note: Claims are paid through July 2013

Plain Language Summary

First - Second Quarter 2014 BCBSVT Trend Filing

- Blue Cross Blue Shield of Vermont (BCBSVT) is a Vermont company that exists to provide health benefits and financing to Vermonters.
- BCBSVT is proposing allowed uncapped trends of 3.9 percent for medical and 7.2 percent for drug.
- There are an estimated 14,456 contracts (31,159 members) currently enrolled in a BCBSVT large group plan, who are expected to renew during the first and second quarters of 2014.

For the medical trend, statistical analyses of claims incurred by BCBSVT members during the period of January 2009 through May 2013 were used to develop the proposed 3.9 percent. For the pharmacy trend, pharmacy claims for the large group membership of both BCBSVT and The Vermont Health Plan (TVHP) during the period of January 2010 through June 2013 were used to develop the proposed 7.2 percent.

Benefit leveraged trends are developed using the following process:

- Allowed charges (i.e. total claim amount before cost sharing) are used to eliminate the effect of benefit changes.
- Charge amounts in excess of \$200,000 for any member for any 12 month period are removed to minimize distortion from unusually large claims.
- Projected trends for capped allowed charges are then set.
- Projected trends for uncapped allowed charges are calculated from the capped allowed charge trends, using insurance industry data.
- Benefit leveraged trends are then developed, and are based on the following characteristics of benefit plans:
 - product type (medical, drug, or combined, e.g. Consumer Driven Health Plans, CDHP's)
 - deductible or copay level
 - coinsurance



February 14, 2014

Ms. Jacqueline Lee, F.S.A., M.A.A.A.
Vice President & Consulting Actuary
Lewis & Ellis, Inc.

**Subject: Your 02/12/2014 Questions re: The Vermont Health Plan
2014 TVHP Provision for Large Claims
(SERFF Tracking #: BCVT-129374083)**

Dear Ms. Lee:

In response to your request dated February 12, 2014, here are *your questions* and our answers:

- Please provide Exhibit 2 for CY2011 & CY2012 combined. Please provide this data set by attachment point and include the estimated credibility factor assigned. Why was CY2011 excluded from this exhibit for this filing?*

To combined CY2011 & CY2012, we trended CY2011 with the observed 2011 to 2012 trend that was also used in the filing.

| Actual 2012 and Trended 2011 | | | | |
|------------------------------|------------------------------------|--|------------|--------------------|
| Attachment Point | % of claims below attachment point | | A/E claims | Credibility Factor |
| | Pricing Expected Claims** | Actual 2012 and Trended 2011 Observed Claims | | |
| \$35,000 | 26.7% | 29.6% | 111% | 100% |
| \$45,000 | 20.9% | 23.3% | 112% | 95% |
| \$60,000 | 15.6% | 17.4% | 111% | 87% |
| \$80,000 | 11.4% | 12.7% | 111% | 77% |
| \$100,000 | 8.8% | 9.7% | 110% | 66% |
| \$125,000 | 6.7% | 7.2% | 109% | 54% |
| \$175,000 | 4.3% | 4.5% | 105% | 28% |
| \$200,000 | 3.5% | 3.6% | 103% | 15% |
| \$225,000 | 2.9% | 3.0% | 103% | 2% |
| \$275,000 | 2.1% | 2.1% | 103% | 0% |
| \$300,000 | 1.8% | 1.9% | 103% | 0% |
| \$350,000 | 1.3% | 1.4% | 112% | 0% |

** Per the amended and approved Stop Loss filing, VFN 63456

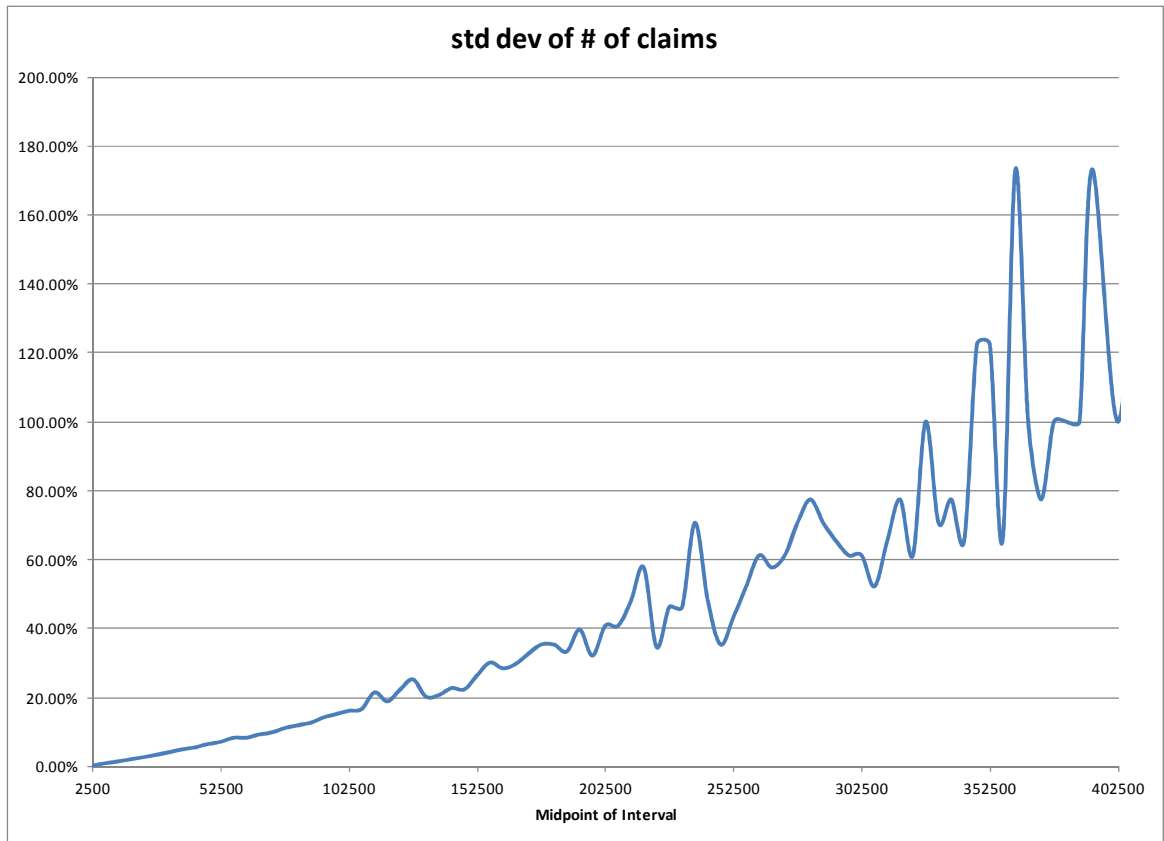
We would caution that stop loss results can exhibit a wide degree of fluctuation from year to year, or even across a number of periods, due to the nature of high claims and the variability of such claims from year to year. Variations in basic assumptions, such as trend, can result in a systematic variance in the stop loss experience which in no way reflects a bias in the method.

As stated in our answer 2 to your 01/17/2014 questions, the first TVHP Provision for Large Claims filing was made in December, 2012 in anticipation of the new TVHP rating formula. We therefore do not have pricing expected claims for 2011.

2. Provide support for the credibility factor, including the formula used. How was this method determined?

The development of credibility factors to be applied to the BCBSVT factors begins with the Q1 2008 established criteria of 1.00 for a \$30,000 limit, reduced uniformly to 0.01 for a \$195,000 limit. The \$30,000 and \$195,000 boundary values are increased by trend from Q1 2008 for all subsequent quarters, using actual allowed PMPM trends from 2008 to 2013 and the filed and approved uncapped allowed combined trend of 4.1% thereafter. The resulting limits vary by rating period. For Q2 2014, the limits result in 100% credibility at \$38,189 and 1% credibility at \$248,231.

The original boundaries were based on observation of the number of observed claims in each cell in the trended distribution. From the 2008 filing data, we examined the expected number of claims in each cell. Using the statistical standard of assuming the standard deviation of the number of claims in each cell is the square root of the number of claims in the cell, the graph below is produced.



This figure shows a pretty small deviation below \$30,000 trending upward smoothly to about 40% at \$200,000, with wide and somewhat random variations thereafter.

This application has been used for the last several filings in order to help reduce inconsistency in results across periods.

3. *In the January 21st response (Q3) and February 6th response (Q6), there is an average pooling charge for the Merit/ER of 18.6%.*
 - a. *Please provide the breakdown of December membership by pooling point and the average pooling point for each product.*

REDACTED

- b. *Please express these overall average changes in terms of dollars per member per month.*

For the Fully Insured Merit Rates groups the average impact on the expected claims is 2.0%, or \$8.31. We included the average administrative charge (PMPM) for Cost Plus groups and calculated an average premium. This will better show the real impact to the customer.

| | | Using Q3 2013 Factor from 2014 Filing | Using Q3 2012 Factor from 2013 Filing |
|---|---|---|---|
| Average Monthly Claims from the Q3 2013 Distribution | | \$394.04 | \$394.04 |
| Pooling Point | | \$80,000 | \$80,000 |
| Average Monthly Claims from the Q3 2013 Distribution below the Pooling Point | (a) | \$343.48 | \$343.48 |
| Factor at the \$80,000 Pooling Point | (b) | 14.07% | 11.68% |
| Estimated Claims Over the Pooling Point | (c) = (a)*(b) | \$48.33 | \$40.10 |
| Total Expected Claims | (d) = (a)+(c) | \$391.81 | \$383.58 |
| Average Administrative Charges | (e) | \$33.55 | \$33.55 |
| Contribution to Reserve (1%) | (f) = 1% * {(d)+(e)} | \$4.25 | \$4.17 |
| Total Expected Premium | (g) = (d) + (e) + (f) | \$429.61 | \$421.30 |
| PMPM Increase | = (g) ₂₀₁₄ - (g) ₂₀₁₃ | \$8.31 | |
| % Increase | = (g) ₂₀₁₄ / (g) ₂₀₁₃ - 1 | 2.0% | |

4. *In the February 6th response (Q7), the estimated charges for the Net Cost of Reinsurance were included from the 2013 filing. What were the actual charges from the reinsurance contract for the 2013 filing? How did this compare to your estimate?*

REDACTED

Filing Amendment

As noted in our 2/14/2014 amendment to this filing, due to a clerical error, the charges displayed on Exhibit 3 were not the correct charges. Specifically, the information displayed on Exhibit 3 incorrectly referenced the factors based on BCBSVT experience (as shown on Exhibit 1), rather than the blended Merit net claim factor. This also impacted our calculation in response to your question 3 of your 01/17/2014 letter and question 6 of your 02/03/2014 question. They should have been:

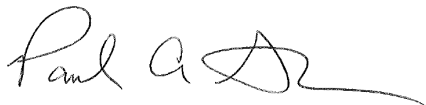
The average change in the large claim factors for experience-rated groups is 20.0% percent, from 13.4% of claims to 16.1% of claims. The majority of this change is due to increases in the Milliman factors, along with the removal of the artificial 4% decrease mandated by the GMCB in the most recent filing in response to short-term favorable experience that did not continue into 2012.

Please note that these pooling charges do not represent an actual increase to the cost of insurance for a policyholder. Rather, they are a means of improving the expected accuracy of the experience rating process. A group with identical amounts in claims below the same pooling point in the previous and the current experience periods see an increase of 2.7% (16.1% less 13.4%) due to the change in factors.

The pooling charges are calculated on a best estimate basis, without implicit or explicit margin or profit. Across the entire book of business, it is our expectation that there will be a net **zero** impact on experience-rated groups versus not employing the pooling mechanism.

Please let us know if you have any further questions.

Sincerely,



Paul Schultz, F.S.A., M.A.A.A.