

BLUE CROSS BLUE SHIELD OF VERMONT & THE VERMONT HEALTH PLAN
Q3 2021 LARGE GROUP RATING PROGRAM FILING
PLAIN LANGUAGE SUMMARY

Our mission and vision. Blue Cross and Blue Shield of Vermont (BCBSVT) is committed to giving our members access to high-value health care while responsibly managing healthcare costs. To that end, we seek to improve the health of Vermonters by promoting preventive care and healthy lifestyles. We use our strong care management program to assure better care for our members and avoid unnecessary costs. And we work with providers on strategies to improve health care services and reduce health care costs.

BCBSVT's vision is a transformed health care system in which every Vermonter has health care coverage, and receives timely, effective, affordable care. To achieve that vision, BCBSVT must be financially sound. That means we need to charge rates that cover the cost of providing health care to our members.

Rate request summary. BCBSVT and TVHP create large group premiums on a case-by-case basis. The rating process uses a formula that blends recent claims experience for each group with a manual rate. This filing establishes the rating formula, manual rate and factors that will be used to create large group renewals.

- There are an estimated 3,100 contracts (5,400 members) currently enrolled in one of 33 BCBSVT large group plans that will be affected by this filing.
- TVHP has an estimated 220 contracts (400 members) enrolled in three large group plans that will be affected by this filing.
- The formula and factors in this filing will produce a premium *decrease* of 0.6 percent for a group that is manually-rated using none of its own experience data.
- The result for any specific group may differ from a 0.6 percent decrease, depending on the group's own claims experience.

Reasons for the change in factors. The primary reasons for premium increases due to the change in factors is that the cost of providing health care to our members is increasing. Specifically:

- BCBSVT and TVHP are proposing a paid trend of 6.8 percent for medical claims, which includes hospital unit cost increases and anticipated changes in the use of services. The medical trend is driven primarily by large increases that were approved for Vermont hospitals in the most recent round of budget reviews.
- BCBSVT and TVHP are proposing a pharmacy trend of 11.6 percent. Increases in the cost and availability of high-cost "specialty" medications are the biggest driver of pharmacy trend.
- Premium increases caused by trend have been offset by recent changes to the formula to give more weight to a group's own experience, which resulted in improved retention of well-performing groups and a lower manual rate.

Other items also contribute to the change in factors, including:

- Due to increases in base administrative expenses, premiums went up 1.2 percent.
- The contribution to reserves established in this filing is required to maintain a level of policyholder reserves that is in compliance with that ordered by the Vermont Department of Financial Regulation.

Our efforts to reduce premium increases. We know that paying for health insurance is a struggle for many, and we strive to keep premiums as low as possible. The proposed factors reflect our efforts to reduce rate increases, including launching Vermont Blue Rx, an innovative prescription drug benefit

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service that will improve the consumer experience, drive better health outcomes and lower costs for members, providers, and employers.

Our experience in this market. Over the past five years, BCBSVT has lost over \$20 million on this line of business. BCBSVT has not included any additional contribution to member reserves to offset this loss.

Our health care system must be adequately funded to keep it strong and accessible. Since the factors that determine premiums are primarily the cost and utilization of health care, we believe that there is no way to further reduce the filed factors without underfunding the health care coverage on which Vermonters rely.

Public comment. Members of the public can submit comments to the Green Mountain Care Board about this rate request . For more information, please visit the Board’s Public Comment page: https://ratereview.vermont.gov/public_comment