

BLUE CROSS BLUE SHIELD OF VERMONT
2023 VERMONT ACA MARKET – INDIVIDUAL MARKET RATE FILING
PLAIN LANGUAGE SUMMARY

Our mission and vision. Blue Cross and Blue Shield of Vermont (Blue Cross) is committed to giving our members access to high-value health care while responsibly managing health care 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.

Our 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, Blue Cross must be financially sound. That means charging rates that cover the cost of providing health care to our members.

Market change for 2023. For the 2022 plan year, Vermont separated the individual and small group markets. Blue Cross advocated to continue the separate markets for 2023. We seek to draw down the maximum federal subsidies for Vermonters while lowering costs for Vermont’s small businesses.

Rate request summary. This filing includes our 2023 proposed rates and supporting calculations for individual plans. Overall we are requesting rates that are higher than last year by 12.3 percent. This is driven by increases in hospital budgets as our local hospitals continue to struggle to cope with the pandemic, as well as the high cost of specialty drugs.

- There are 16,556 members currently enrolled in the individual plans affected by this rate request.
- The increases for specific plans range from 9.7 percent to 16.3 percent, for an average of 12.3 percent.

Reasons for rate changes in the individual and small group markets. Some changes increased rates for 2022, while cost containment efforts decreased rates. Key factors include:

- **Medical care and retail pharmacy costs continue to rise.** Hospital costs and prescription drugs are the two greatest pressures on the cost of health care in Vermont. This alone resulted in a 13.8 percent increase in our members’ premiums.
- **Impact of required benefit changes.** We changed the cost sharing aspect of our plans as required. Because of the relationship between cost sharing and premiums, those changes decreased rates by -0.7 percent.
- **Blue Cross efforts resulted in decreased rates.** Our work to verify that services are billed correctly and fairly and to reduce costs of prescription drugs for our members decreased our rate request by -1.3 percent.

Our efforts to reduce premium increases. The cost of health care is consistently cited as one of the greatest financial pressures Vermonters face. We bring that concern to work with us every day, and strive to implement changes that benefit both the health and wallets of our members. We do this by:

- **Reducing pharmacy costs.** We launched a new program in 2021, Vermont Blue Rx, that works to reduce our members’ costs for prescription drugs while preserving their access to life-saving and life-improving medications. We also invested in CivicaRx, a non-profit that will bring to market lower cost options for prescription drugs.
- **Our commitment to cover COVID-19 costs out of our reserves.** Again this year, our rates do not included any projected costs related to the ongoing COVID-19 pandemic, such as treatment and

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testing costs, or projected increases in demand in case of another viral surge. Our financial reserves have been critical to our members as we weather this pandemic together.

- **Reform Innovation Lab.** We are working with our partners to improve patient quality outcomes, expand payment for quality instead of volume, and reduce costs. This includes strategies that improve mental health for youth and adults or turn toward less invasive preventive care.

Regulatory requirements. The proposed rates reflect the federal and state conditions that Blue Cross is required to implement:

- **Solvency.** As a regulated insurer, Blue Cross must maintain financial reserves to be able to invest in cost-saving programs and to protect our members through the storm of a pandemic or a population health crisis. These reserves have been crucial during these past two years, and must be sufficient at any given time to cover the health needs of our members and do the work that keeps premiums as low as possible. Our 2023 rate request includes a 1.5 percent contribution to policyholder reserves. This margin is among the lowest in the country.
- **Billing.** The rate request includes our expected expenses for assuming the billing responsibilities from the State for members enrolled through Vermont Health Connect.
- **Ongoing costs.** The rate request includes other ongoing regulatory costs, such as regulatory billbacks and federal and state taxes and fees.

Our experience in this market. Blue Cross started selling Qualified Health Plans in Vermont in January 2014. Last year we successfully litigated unpaid obligations from the federal government. Including these payments Blue Cross has cumulative gains of \$5.1 million over 9 years for these plans.

Our health care system must be adequately funded to ensure stability and to maintain access to quality care, while protecting Vermonters' ability to pay. The factors that drive this rate increase are primarily the cost and utilization of care in hospitals and life-saving drugs. When these costs are brought under control, premiums will closely follow.

Public comment. Members of the public can submit comments to the Green Mountain Care Board about this rate request from May 9, 2022 through July 22, 2022. For more information, please visit the Board's Public Comment page: https://ratereview.vermont.gov/public_comment