

## Soaring health care costs undermine our stability and member affordability.

Blue Cross VT must maintain adequate member reserves so that we can pay claims for our members' health care — no matter what. That's been a challenge in recent years as extraordinarily high health care expenses have forced us to draw down member reserves to very low levels. Claims cost have surged recently, greatly exceeding approved premiums and resulting in substantial losses.



### RECENT YEARLY LOSSES




### 2024 SNAPSHOT: YTD THROUGH SEPTEMBER

**\$1,359M** REVENUES  
in premiums collected

**\$1,386M** TOTAL EXPENSES

<b>\$1,301M</b> PAID OUT IN CLAIMS (exceeding the \$1,232M estimated)	<b>\$85M</b> OPERATING COSTS (\$2M under budget)
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### OCTOBER 2024 LOSS

**-\$13.6M** the highest single month for paid claims in Blue Cross VT history



### Why Healthcare Costs Are Surging

- **High Vermont hospital prices** with large increases compounded over several years.
- **Increased utilization and care intensity** at Vermont hospitals.
- **New cancer drugs and rising costs** of other medications.
- **Greater use of expensive drugs**, such as GLP-1s for weight loss and anti-inflammatory medications.
- **Inefficient delivery system** that emphasizes hospital-based care over less-intensive and lower-cost settings.



### Our Member Reserve is Well Below Recommended Levels

Surging health care expenses are quickly draining our member reserve fund. It is well below the range targeted by the Vermont Department of Financial Regulation (DFR).

**337%**

of the minimum member reserve amount was available at the end of 2023

**590%–745%**

is the range Blue Cross VT was ordered to maintain by DFR



### Actions We've Taken to Ensure Fiscal Stability

Blue Cross VT has a fiduciary responsibility to maintain adequate member reserves and is committed to fiscal stability to protect the Vermonters who depend on us. We have taken several steps to restore member reserves to adequate levels.

**7%** OF PREMIUMS AVAILABLE IN 2025

to cover continued claims escalation and contribute to member reserves (up from 3% previously)

**3%** REDUCTION

in administrative spending YTD

- ▶ Suspended all marketing and advertising
- ▶ Restricted hiring
- ▶ Cut back on discretionary projects

We have also taken a temporary loan from our partner Blue Cross Blue Shield of Michigan to strengthen our finances through the start of the 2025 fiscal year.

As Vermonters committed to the health of Vermonters, let's continue the conversation.

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