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PLEASE NOTE CORRECTED RELEASE BELOW. APPROVED PREMIUM FOR THE BENCHMARK PLAN WAS MISTATED IN THE PREVIOUS VERSION – IT SHOULD BE \$395 RATHER THAN \$388. PLEASE EXCUSE THE ERROR.

FOR IMMEDIATE RELEASE: July 8, 2013

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GREEN MOUNTAIN CARE BOARD: INSURERS MUST TRIM COSTS OF INSURANCE TO BE OFFERED THROUGH VERMONT HEALTH CONNECT

The Green Mountain Care Board (GMCB) today announced its decisions on the first-ever rates for health insurance plans offered through Vermont Health Connect, the state's health insurance exchange. The decisions shave approximately 4.3% off the proposed rates for Blue Cross Blue Shield of Vermont and 5.3% off the proposed rates for MVP Health Care (MVP).

"The good news is we were able to trim these rates significantly from the levels proposed. Hopefully this action, along with the new assistance Vermonters will receive from the state and federal governments, will make health insurance affordable to more Vermonters. However, the underlying cost of health care and health insurance remain alarmingly high, and we have to redouble our efforts to address this problem," said Anya Rader Wallack, Chair of the GMCB. The approved rates translate into the premiums an estimated 100,000 Vermonters will pay for health insurance when Vermont Health Connect goes live on January 1, 2014.

Under federal law, all state health insurance exchanges must offer a standard selection of plans offering the same "essential benefits," but with different costs identified by "metal" levels – bronze, silver, gold and platinum. The difference between metal levels is how costs are split between insurers and consumers: In bronze plans, the premiums are lower but co-pays, deductibles and other "cost-sharing" is higher; at the other end of the spectrum, platinum plans have higher premiums and lower cost-sharing requirements.

The approved rates result in an estimated single-person premium of approximately \$395 per month for the benchmark "silver plan" sold through Vermont Health Connect by Blue Cross. The MVP premium for an equivalent plan will be approximately \$410 per month. Other plans were approved by the GMCB as well. For many lower-income Vermonters, the approved premiums will be offset by federal and state tax credits. For example, for a single Vermonter making \$34,488 per year – approximately the state's mid-point wage in 2012 – subsidies bring the final monthly cost of the same Blue Cross silver plan down to approximately \$230 per month and reduce the cost of the MVP plan to approximately \$252 per month. Vermonters



with lower incomes will receive greater subsidies, on a sliding scale, with those below 133 percent of the federal poverty level (\$15,316 annually for an individual) paying as little as \$19 per month in premiums.

The GMCB lowered the insurers' proposed rates based on an analysis of specific underlying assumptions the insurers used to estimate their costs. After reviewing the insurers' submissions, the Board altered certain assumptions. These included:

- A reduction in the "contribution to reserves"— money insurers hold on to in case claims exceed predicted levels—requested by each insurer;
- A reduction in the assumed medical cost trend predicted by MVP, and in the drug cost trends predicted by both insurers;
- A reduction in the assumed "morbidity" (level of illness or poor health) of Vermonters who will purchase insurance through the Exchange.

"Our decisions reflect the evidence in the rate filings and presented at hearings," said Wallack. "Nonetheless, we welcome other creative ideas for reducing these rates, and ongoing involvement from the carriers in making health care more affordable to Vermonters." The proposed rates came to the GMCB along with recommendations of the state's Department of Financial Regulation (DFR). The insurers filed the proposed rates with DFR by March 25.

The full text of the decisions can be found on the GMCB website:

http://gmcboard.vermont.gov/rate_review/exchangedecisions. Rates filed with the Department can be found here: http://gmcboard.vermont.gov/sites/gmcboard/files/Preliminary_Rates_VHC.pdf. Rates previously approved in Vermont's small group and individual insurance markets can be found here: http://gmcboard.vermont.gov/sites/gmcboard/files/Previous_SmGroup_NonGroup_ACARates.pdf.

On June 7, the Department forwarded its recommendations to the GMCB. The GMCB then held a separate, open hearing on each insurer's filing and received more than 75 comments from the public on the filings. The Commissioner of the Department of Vermont Health Access will determine the final slate of Green Mountain Care Board approved plans to be offered through Vermont Health Connect.

Vermont Health Connect is the marketplace for individuals, families, and small businesses to compare and purchase qualified health insurance plans, determine eligibility for and enroll in public health insurance plans, and access tax credits and financial assistance. In October 2013, Vermont Health Connect will open for Vermonters to enroll in health coverage that takes effect in January 2014. The program will serve about 100,000 Vermonters who currently obtain insurance through employers with fewer than 50 employees or obtain coverage on their own, without employer support. For more information on Vermont Health Connect, visit:

<http://healthconnect.vermont.gov/>



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TIMELINE: VERMONT HEALTH CONNECT INSURANCE PLAN RATE REVIEW

March, 2013	Insurers filed proposed rates with the Department of Financial Regulation (DFR), which began its review process.
June 7, 2013	DFR completed its review and forwarded suggested rates to the Green Mountain Care Board (GMCB). GMCB opened public comment.
June 18, 2013	GMCB held an open hearing on MVP Health Care rates.
June 21, 2013	GMCB held an open hearing on Blue Cross Blue Shield of Vermont rates.
June 25, 2013	GMCB closed public comment on Vermont Health Connect filings.
July 8, 2013	GMCB announced approved rates, which DFR will now implement.
July, 2013	Commissioner of the Department of Vermont Health Access (DVHA) will make the final determination about which plans are eligible to be offered on Vermont Health Connect.
October, 2013	Vermonters will begin using the Vermont Health Connect website, call center and in-person Navigators to determine eligibility, compare options, enroll, and access financial assistance for health coverage that takes effect January, 2014.
January, 2014	Vermont Health Connect coverage will begin.

