INDEPENDENT PROVIDERS & RATE REVIEW

An unsustainable paradigm

Claims-based trend is primary driver of payor rate increases. Shown is BCBSVT 2021 example. HealthFirst presumes that claims data from independent physicians are included in the trend rate.

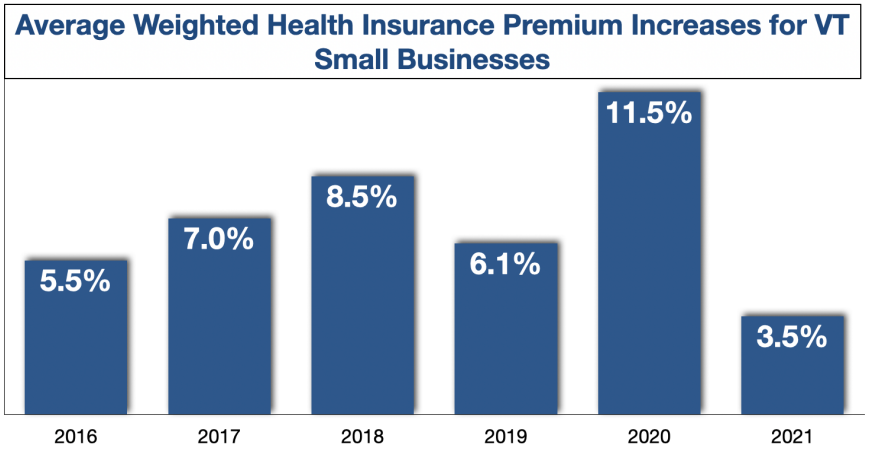
PERCENTAGE[1] COMPONENTS OF 2021 ORDERED RATE INCREASE

Rating Component	Initial Submission	Final Submission	Board Ordered
1. 2019 Actual/Projected Claims Experience	1.9%	1.9%	1.9%
2. Difference in trend from 2019 to 2020	0.3%	0.2%	0.2%
3. Trend from 2020 to 2021	8.9%	9.3%	8.8%
4. Changes to Population Morbidity Adjustment	1.1%	1.1%	1.1%
5. Demographic Shift	-2.7%	-2.7%	-2.7%
6. Plan Design Changes	-1.0%	-1.0%	-1.0%
7. Changes to Other Factors	-0.9%	-0.9%	-1.5%
8. Manual Rate Impact	0.0%	0.0%	0.0%
9. Changes due to Reinsurance	0.0%	0.0%	0.0%
10. Changes to Risk Adjustment	-1.4%	-1.2%	-1.2%
11. Changes in Exchange User Fees	0.0%	0.0%	0.0%
12. Changes in Actuarial Value	1.8%	1.8%	1.8%
13. Changes in Administrative Costs	1.0%	0.8%	0.6%
14. Changes in Taxes & Fees	-2.4%	-2.4%	-2.4%
15. Changes in Contribution to Reserves	0.2%	0.2%	-0.9%
16. Changes in Single Contract Conversion Factor	-0.2%	-0.2%	-0.2%
Total Proposed Rate Increase	6.3%	6.7%	4.2%

1 The percentage changes are multiplicative and may not sum to the totals.

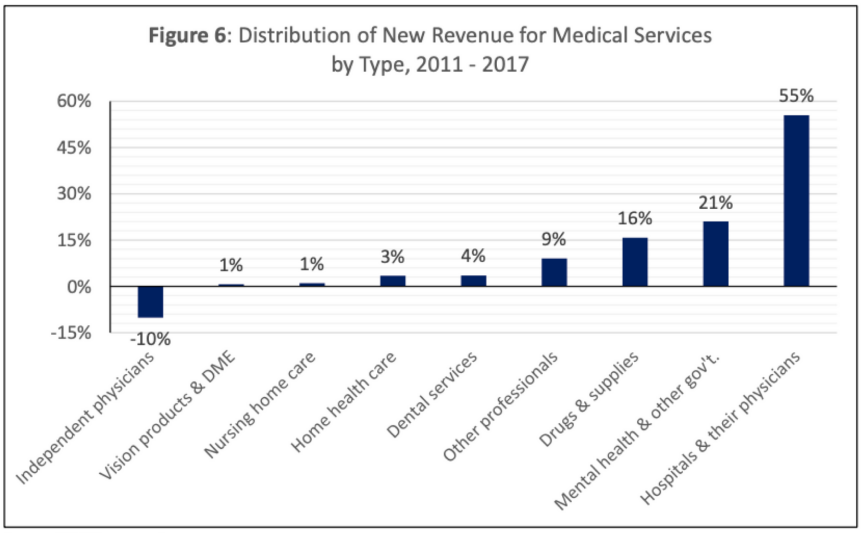
Source: GMCB Advisory Committee Presentation Sept 21, 2020

Approved payor rate increases are passed onto individuals & small businesses through higher premiums & out of pocket expenses. The graph shows premium increases each year - an annual average increase of **7%** since 2016. That's a **42%** increase!



Source: https://www.healthinsurance.org/vermont-state-health-insurance-exchange/

Meanwhile, we're hearing from independent practices that for years there has been little change to reimbursement rates. The graph is from a recent VT Auditor's report & it confirms what independent providers are reporting.



Source: VHCEA reports here.
DME = Durable Medical Equipment

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QUESTIONS & CONCERNS

- Does the GMCB intend that independent providers get zero or smaller increases than other provider types when approving payor rate increases?
- What is the follow-up process to ensure that independent providers & community hospital providers get an appropriate share of trend-based increases?
- Concerned that rate increases are unevenly applied to independent practices & community hospitals, further squeezing community-based providers on both ends with flat reimbursement rates & ever-increasing health insurance costs for their employees.
- Rising costs (including employee health coverage premiums) + flat pay = UNSUSTAINABLE

REQUEST

- **Follow-up process.** Create a process that ensures that rate increases are fairly distributed to independent providers.

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