

GREEN MOUNTAIN CARE BOARD (GMCB)  
GMCB Board Meeting Minutes  
Wednesday, July 10, 2019  
1:00 pm

**Attendance**

Kevin J. Mullin, Chair  
Susan J. Barrett, JD, Executive Director – *not present*  
Michael Barber, General Counsel  
Robin Lunge, JD, MHCDS  
Maureen Usifer  
Jessica Holmes, PhD  
Tom Pelham

**Executive Director's Report**

Kevin Mullin called the meeting to order at approximately 1:05 pm. Michael Barber gave the Executive Director's Report on behalf of Susan Barrett and reminded the Board and the Public of the Rate Review Hearings in July. MVP Health Care's hearing will be held on Monday, July 22, 2019 and Blue Cross Blue Shield of Vermont's hearing will be held on Tuesday, July 23, 2019. Both hearings will start at 8:00 am and will be held in Room 11 of the Vermont State House, 115 State St, Montpelier, VT. There will be a Rate Review Public Comment Forum held on Tuesday, July 23, 2019, 4:30 pm to 6:30 pm, in the Council Chambers/Memorial Room at City Hall, 39 Main St, Montpelier, VT. There is a special public comment period for the 2020 Proposed Vermont Health Connect Filing Rates until July 24, 2019. Public comment is accepted via email, mail, and phone. For the public comment page on the GMCB website please click [here](#).

Chair Kevin Mullin introduced the new Director of Health Systems Finances at the GMCB, Patrick Rooney.

**Minutes**

The Board voted (5-0) to approve the minutes from June 26, 2019.

**Old Business**

None

**New Business**

Robin Lunge announced the Rural Health Services Task Force had their first meeting on June 25, 2019. The next meeting will be on Thursday, July 18, 2019 at 8:30 am in the 4<sup>th</sup> Floor Conference Room at the Pavilion, 109 State St, Montpelier, VT. The materials for the Rural Health Services Task Force can be seen [here](#) on the GMCB website.

## **Risk-Based Capital (RBC) Report and Vermont Department of Financial Regulation (DFR) Order Presentation**

Sara Teachout, Director, Government, Public, and Media Relations, Blue Cross and Blue Shield of Vermont (BCBSVT)

Gregory G. Fann, FSA, FCA, MAAA, Consulting Actuary, Axene Health Partners LLC

Michael Pieciak, Commissioner, Vermont Department of Financial Regulation

Marc Lambright, Principal and Consulting Actuary, Oliver Wyman

Sara Teachout explained that Blue Cross and Blue Shield of Vermont (BCBSVT) determined in 2018 that an RBC range review was appropriate, especially due to the change in the health care system since the last RBC report eight years prior. BCBSVT contracted with Axene Health Partners LLC to do the actuarial study. The report was submitted in Fall 2018 to the Vermont Department of Financial Regulation (DFR), additional technical documentation was requested by DFR, and the revised/finalized report was published in December 2018. The three main goals of the review were: to ensure that BCBSVT remained a financially sound health plan, to protect their insurance members, and to meet their fiscal responsibilities.

Gregory Fann reviewed what risk-based capital (RBC) is, its historical context, the terms and thresholds, and the RBC components. Underwriting risk is the primary risk for health insurers and the largest RBC driver. In the RBC modeling there are two main components: stochastic risk and deterministic risk. Stochastic risk is randomly determined and has to do with claims fluctuation/volatility. Gregory Fann discussed the time horizon and the trend variance of stochastic risk. Deterministic risk is not able to be stochastically modeled, and includes reserving process, care management effectiveness, corporate structure, regulatory environment, competitive environment, provider reimbursement/underwriting policy, and growth potential. Gregory Fann reviewed the three main mitigation items that BCBSVT have used to lower their optimal surplus range: reinsurance, ACO agreement, and trend accuracy. He then presented the probabilities of thresholds within five years and the optimal surplus range development/management. After the analysis, Axene Health Partners, LLC recommended an optimal surplus range of 590%-745% to appropriately protect BCBSVT's policyholder reserves. The presentation can be seen [here](#) on the GMCB website.

Michael Pieciak introduced Marc Lambright, who is a Principal and Consulting Actuary from Oliver Wyman, an actuarial practice that the Vermont Department of Financial Regulation works with often. Michael Pieciak explained that the goals of the DFR include consumer protection and that the markets in Vermont remain competitive. Consumer protection includes the solvency of a regulated entity and RBC is a part of reviewing solvency. DFR asked Oliver Wyman to do a full in-depth analysis of the analysis done by Axene Health Partners, LLC for BCBSVT. The formalized order from DFR on this analysis can be seen [here](#) on the DFR website and [here](#) on the GMCB website. Marc Lambright discussed the analysis done by Oliver Wyman for DFR. The Board asked questions and had a discussion with the presenters.

**Public Comment**

Nolan Langweil  
Hamilton Davis  
Michael Fisher  
Dale Hackett  
Marc Stanislas

**Adjourn**

The Board voted (5-0) to adjourn at approximately 2:40 pm.

Unapproved