



BlueCross BlueShield of Vermont

An Independent Licensee of the Blue Cross and Blue Shield Association.

December 9, 2019

E-MAIL

Green Mountain Care Board
Attn: Donna Jerry, Senior Health Policy Analyst
144 State Street
Montpelier, VT 05602

Re: Certificate of Need: Request for Certificate of Exemption from the Green Mountain Care Board as to Vermont Blue Advantage, Inc.

Dear Ms. Jerry:

Blue Cross and Blue Shield of Vermont, a Vermont nonprofit hospital and medical service corporation ("BCBSVT") and Covantage Health Partners, Inc., a Michigan corporation ("CHP") and affiliate of Blue Cross Blue Shield of Michigan Mutual Insurance Company ("BCBSM") intend to form a new health insurance company to operate in Vermont that will be wholly-owned by a to-be-formed Delaware limited liability company, Vermont Blue Advantage, LLC, which will be jointly owned by BCBSVT and CHP. The parties submitted an application (the "Application") for licensure of Vermont Blue Advantage, Inc. (the "Applicant") to the Vermont Department of Financial Regulation ("DFR") on October 21, 2019. DFR is currently reviewing the Application.

Pursuant to 18 V.S.A. §§ 9440(c)(2)(A) and 9440(c)(3), the Applicant hereby requests that the Green Mountain Care Board issue a Certificate of Exemption from the requirement of obtaining a Certificate of Need for the Applicant's proposed HMO health insurance plan detailed below.

The Applicant intends to write Medicare Advantage ("MA") and Medicare Advantage with Prescription Drug Coverage ("MA-PD") (collectively, "MA Part C") plans in Vermont. Since the MA Part C plans the Applicant intends to offer fall under the Medicare program, the Applicant will seek pre-approval for the plans from the Centers for Medicare & Medicaid Services ("CMS"), a division of the U.S. Department of Health and Human Services, by entering into sponsorship and administration contracts with CMS. On behalf of the Applicant, BCBSVT and CHP have begun preparing a request for approval by CMS, which the Applicant intends to submit to CMS after receiving approval from DFR and the Vermont Secretary of State's Office to form and begin operating as a licensed Vermont insurer.

The Applicant also intends to enter into a licensing agreement with the Blue Cross Blue Shield Association (the “BCBSA”) and to procure all other approvals from the BCBSA needed to enable the Applicant to market, sell and write MA Part C plans in the State of Vermont using the “Blue Cross and Blue Shield” tradenames and marks. The Applicant intends to market, sell and write MA Part C PPO and HMO plans to individual and group subscribers in Vermont.

The Applicant will not develop, build, open, operate, or manage a hospital, doctor’s office or medical or clinical facility of any kind. Rather, the Applicant will hire a limited number of employees to manage the health insurance plans it intends to offer. The Applicant will also utilize personnel and resources of BCBSVT, CHP, Advantasure, Inc. (an affiliate of BCBSM), and certain other strategic partners and affiliates to manage sales, operations, marketing, plan administration, and affiliated information technology and human resource functions, as detailed further in Exhibit A. (Exhibit A is a copy of the Plan of Operations that was submitted as part of the Application. A full copy of the Application is available upon request.)

In connection with the Application, DFR has scheduled a public hearing on December 16, 2019, to determine whether the licensure of the Applicant will promote the general good of the State of Vermont. Representatives of the Applicant plan to present information at that hearing and respond to questions related to how licensing the Applicant will serve the public good, including but not limited to by assuring the public of the Applicant’s financial stability and the professional experience of the parties involved in forming the Applicant that will enable the Applicant to fill a need for high-quality MA Part C plans in the State of Vermont.

Based on the nature of the Applicant’s planned activities described above, the current and pending review by DFR and CMS, and the scope of the Green Mountain Care Board’s statutory jurisdiction, we request that the Green Mountain Care Board confirm our analysis that the Applicant’s activities qualify for a Certificate of Exemption under Vermont law and therefore issue such a Certificate of Exemption.

We would be happy to answer any questions or provide any additional information that might assist with your decision. Thank you for your assistance.

Certificate of Accuracy

I certify that, to the best of my knowledge, the information contained in this letter, including all documents submitted with this letter, are accurate and complete, subject to any caveats contained in the documents about anticipated updates or incompleteness. I understand that any false statements or failures to disclose information may be sufficient grounds for the Board to deny approval of a Certificate of Exemption.

Ms. Donna Jerry
Green Mountain Care Board

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Very truly yours,

VERMONT BLUE ADVANTAGE, INC.
BY BLUE CROSS AND BLUE SHIELD OF VERMONT



Ruth Greene
Vice President, Treasurer & CFO

Enclosures

cc: Rebecca C. Heintz, General Counsel, Blue Cross and Blue Shield of Vermont
David W. Geiss, Assistant General Counsel, Blue Cross Blue Shield of
Michigan Mutual Insurance Company
William A. Mason, Gravel & Shea PC

EXHIBIT A
Plan of Operations

[See attached.]