



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

November 5, 2025

Dear Colleagues and Community Leaders,

As I approach my retirement in January and reflect on this past year, a single word comes to mind: committed. I couldn't be prouder of the Blue Cross VT team who worked in "parallel universes," focusing on ensuring our financial stability while simultaneously exploring solutions to make care more affordable. Their commitment to affordability is essential to our brand promise of making health care work better for Vermonters.

Our financial recovery is progressing strongly, driven by a comprehensive capital recovery plan developed in partnership with the Department of Financial Regulation (DFR), guided by the affordability vision of the Green Mountain Care Board (GMCB), and supported by transformative legislation from our dedicated citizen legislature. The GMCB enacted powerful regulatory interventions, reducing hospital budgets and constraining costs for medical services. The DFR's regulation of hospital-insurer payment rate negotiations will ensure negotiations result in greater affordability. Additionally, three crucial bills passed by our legislators – Acts 49 (H.482), 55 (H.266), and 68 (S.126) – increase regulatory oversight of hospital budgets, set cost limits for hospital-administered drugs, and advance reference-based pricing. These are true examples of the collaboration Vermonters value.

This collaboration contributed to lowering double-digit premium increases by more than half, while helping to strengthen Blue Cross VT's position to support Vermonters. Also, Blue Cross VT has seen a \$47 million gain in 2025, through September of this year – a stark contrast to our \$29 million loss during the first nine months of 2024. There is more work to do, but these changes move us nearly halfway to the member reserve target ordered by the DFR.

On behalf of the members we serve, the entire Blue Cross VT team is proud of this progress and tremendously appreciative of everyone who contributed to these important milestones. We will demonstrate this appreciation by doubling down on our commitment to helping make care more affordable and continuing our collaboration with the communities we serve.

A Difficult but Necessary Decision

Some unwelcome strategic challenges – those rooted in complex, national health care issues – cannot be solved by our community alone. One of our most difficult decisions this year was to step away from Medicare Advantage plans in 2026 through Vermont Blue Advantage. We did not reach this conclusion in haste; we explored every possible path forward. Regretfully, the mounting pressures of escalating cost of care along with federal changes in Medicare Advantage reimbursements impacted plans like ours across the country. Our nation's Medicare Advantage program is simply not working. We remain firmly committed to our 65+ members, continuing to provide them with personal support and high-quality Medicare Supplement (Medigap) and Prescription Drug plans that meet their ongoing needs.

Facing the Challenges

While affordable health care is a national crisis, our solutions must begin here at home. Vermont's regulators, Administration, and legislature are highly engaged and committed to change. In the past year, they've demonstrated that regulatory and legislative engagement is not only an effective way to rebuild our state's health system but essential to reducing the cost of

care. Those same leaders issued challenges to Blue Cross VT and Vermont's hospital system, insisting that the pursuit of more affordable care become the foundation and focus of everything we do. The Blue Cross VT team enthusiastically accepts this challenge. We're committed to affordability and acknowledge the importance of our role in transforming our state's high-cost health system. Helping our members access the high quality, affordable care they need is why we're here.

Our Commitment to Action

The Blue Cross VT team knows well that words are important but only actions create meaningful and lasting change. Our employees stepped up in 2025, pursuing initiatives that immediately contributed to lowering health care costs. Through focused contracting, enhanced payment integrity analysis, member-centric case management and progressive utilization management measures, and reductions to our already-lean operating budget, we made significant strides to eliminate unnecessary costs in 2025.

Since change in our health care system must be rooted in the needs of our communities, we recognize the importance of empowering and engaging Vermonters. Earlier this year, we launched *Affordability Matters: A Call for Change in Vermont's Health System*, a public education campaign to discuss with Vermonters the "why" behind health care costs and what Blue Cross VT is doing to support more affordable care. The response has been humbling. Hundreds of Vermonters have engaged in our social posts and reached out directly to share their stories, frustrations, and hopes for the future of their health care. Please join the conversation, adding your stories and expertise to this critical work, by reaching out: Talk2Us@bcbsvt.com.

We're also honored to partner with several independent facilities – Northwestern Medical Center, Green Mountain Surgery Center, Vermont OPEN Imaging, and Vermont Diagnostic Imaging – in outreach that addresses the cost of health care and encourages Vermonters to consider community options for their care and services. Public response has been strong in the first few days, and we invite you to learn more at VTAffordableCare.com.

Looking Forward

Meaningful health care reform doesn't happen overnight or in isolation. It happens when health care leaders, regulators, policymakers, and community partners work together to confront the causes of high costs and commit to transformative changes. Individually, we may approach our state's challenges from different perspectives, but collectively we share the same goal: to create a health system in Vermont that is affordable, accessible, and strong enough to support the lives of Vermonters for generations. Blue Cross VT is resolute and ready to continue this work for as long as it takes.

Leading our organization in this commitment, Beth Roberts will assume the role of President and CEO of Blue Cross VT on January 10, 2026. Beth is an exceptional, collaborative health care leader who has dedicated her career to improving health care in New England. She will lead our organization through its next chapter, help drive the transformation of our state's health system, and serve as a champion for affordable, accessible care for Vermonters. I know you'll appreciate her insights and perspectives.

With sincere gratitude,

Don George

President & CEO