

VEHI

Vermont Education Health Initiative

Annual Summary Report



*For the Year Ending
June 30, 2023*

VEHI Board of Directors

The VEHI Board is comprised of three appointees of the Vermont School Boards Association (VSBA) and three appointees of the Vermont-National Education Association (VT-NEA).

Board appointees, including chair and vice chair, are:

VSBA appointees: Tracy Wrend (Current Chair), Geo Honigford and Mike Fisher.

VT-NEA appointees: Joel Cook (Current Vice Chair), Lisa Grout and Suzanne Dirmaier.

Corporate Officers

President:	Vacant
Secretary:	Vacant



Vermont Education Health Initiative [VEHI] Board membership

Suzanne Dirmaier [VT-NEA]	2023-present
Mike Fisher [VSBA]	2022-present
Geo Honigford [VSBA]	2021-present
Elizabeth Grout [VT-NEA]	2020-present
Zack McLaughlin [VSBA]	2020-2022
Joel Cook [VT-NEA]	2018-present
Tracy Wrend [VSBA]	2018-present
Peggy Maxfield [VT-NEA]	2018-2023
John Pandolfo [VSBA]	2019-2020
Fran Brock [VT-NEA]	2018-2020
Martha Gagner [VSBA]	2018-2019
Robert Letovsky [VSBA]	2018-2019
Elizabeth Fitzgerald [VSBA]	2018-2018

2018 Act 11 Reorganization

Jeff Fannon [VT-NEA]	2017-2018
Nicole Mace [VSBA]	2016-2018
Martha Allen [VT-NEA]	2015-2016
Elizabeth Fitzgerald [School Director]	2014-2018
Tracy Wrend [Superintendent]	2013-2018
Martha Gagner [Business Manager]	2013-2018
Bruce Schmidt [School Director]	2013-2014
Mark Hage [VT-NEA]	2013-2015
Joel Cook [VT-NEA]	2013-2017

2013 Board Reorganization to comply with Regulation I-90-1

Steve Post [VSBIT]	2011-2013
Martha Allen [VT-NEA]	2009-2013
Bob Giroux [VSBIT]	2009-2010, 2012-2013
Laura Soares [VSBIT]	2006-2013
Steve Hier [VSBIT]	2006-2009
Mary Sherrer [VSBIT]	2005-2006
Mark Hage [VT-NEA]	2001-2013
Joel Cook [VT-NEA]	2000-2013
Chaunce Benedict [VSBIT]	1998-2003
Perry Kacik [VT-NEA]	1997-1999
Ray Proulx [VSBIT]	1996-1998, 2004-2006
Angelo Dorta [VT-NEA]	1996-2008
Jeffrey Isham [VT-NEA]	1996-2012
John Gutman co-chair [VSBIT]	1996-2012
Richard Lange [VT-NEA]	1996-1997
Joe Zimmerman [VSBIT]	1996-2013
Joe Blanchette [VT-NEA]	1996-2001
Martha Heath [VSBIT]	1996-2004

VEHI Program Update for FY 23 Annual Report

Over the course of FY23, VEHI made available to school districts and the Vermont State Teachers' Retirement System (VSTRS) a range of employee benefit plans, including health, dental, life insurance, and long-term disability. Additionally, VEHI invested in school-based wellness programs that give individuals and families the confidence, support, and resources they need to live healthy, productive lives, and the management team pursued information on new cost-and-quality initiatives.

The End of COVID-19 Pandemic & VEHI Programs

With the end of the federal emergency in May, VEHI followed the lead of our carrier Blue Cross of Vermont to return all benefits to their pre-COVID levels as of July 1, 2023. The team has returned to in-person meetings and is now attending benefit fairs or providing benefit presentations upon request.

Cost-and-Quality Initiatives

VEHI remains committed to advancing high-quality care and lowering costs for everyone. The management team continues to review potential programs and, post-pandemic, renewed conversations with Blue Cross of Vermont on promising initiatives. The management team is always investigating new ways to reduce costs without compromising access to high-quality care, including lowering hospital rates, improving access to virtual physical therapy services and exploring ways to lower prescription costs. This work will continue in FY 24.

Rx Initiatives

Prescription drug prices make up, on average, 20 percent of every dollar of health insurance claims, which is more than we spend on primary and specialty care office visits combined. According to BCBSVT, they are “the main driver of health care premium increases in recent years, both nationally and in Vermont.” As noted above, VEHI engages Remedy Analytics and works with the BCBSVT pharmacy team to identify the most effective ways to reduce these costs while ensuring access to the prescriptions our members need.

The partnership worked diligently on an RFP process in FY 21 to choose a new Pharmacy Benefit Manager (PBM), OptumRx, for July 1, 2021. The projected savings to VEHI were approximately \$9 million dollars, which is factored in by the BCBSVT actuarial team during our annual rate-setting process. Additionally, Remedy Analytics' auditing process recouped nearly \$1.1 million in reimbursements owed to VEHI under its contract with Express Scripts, BCBSVT's former PBM, for the period FY19 – FY21.

VEHI Dental Program

Operating in partnership with Northeast Delta Dental (NEDD), VEHI's dental program once again sustained stable membership and a strong financial position. VEHI members have enjoyed years of no increases, or low single digits, for many years. In FY24 members received increases between 0-4% depending on their utilization. NEDD also offers the Health through Oral Wellness® (HOW®) program to VEHI subscribers, which includes an oral health risk assessment at no additional cost. Subscribers considered to be at risk for oral disease can receive additional preventive dental benefits covered under the plan. Find out more about the VEHI-NEDD dental program on page 10.

VEHI Long-Term Disability/Life Program

VEHI has offered high-quality, LTD and life insurance programs since 2002. In FY23 we began to endorse National Insurance Services/Madison National Life. NIS/MNL won our endorsement by offering to match the benefit packages of existing LTD plans for VEHI members, completing a collective bargaining agreement review, providing our members with a cumulative rate decrease of 22%, and guaranteeing lower rates for multiple years. The program to date has been successful in saving many school districts thousands of dollars each year. See page 14 for more information.

VEHI Wellness Program

As members and beneficiaries of VEHI's health pool, school districts and local unions come together to accomplish a shared goal: to provide high-quality, affordable health coverage at the lowest responsible price. Keeping the cost of health coverage affordable and sustainable is important to all of us, as school districts, school employees, and the communities they serve are impacted when costs increase more rapidly than budgets can absorb.

The VEHI Wellness Team, in partnership with Blue Cross Blue Shield of Vermont and school-based Wellness Leaders, has developed a robust, research-based program designed to support school employees and their families in leading healthy lives. Since COVID, the wellness team found new and effective new ways to connect with school employees both virtually and in-person. Through partnerships with health coaches, fitness instructors and mental health experts, they have developed webinars, online courses, and physical kits that employers can distribute to employees and, thus, continue to ensure the program's success. See pages 12 and 13 for more information.

VEHI Health Program & the Vermont Commission on Public School Employee Health Benefits

The Vermont Commission on Public School Employee Health Benefits determined the premium and out-of-pocket cost share between employers and employees for the period January 2023 – December 31, 2025. Public school employees have access to all four of VEHI's health plans, which have the same comprehensive benefit coverage and provider networks. Employees have access to an HRA on all four plans, and an HSA is available for members with the Silver CDHP. See the [VEHI website](#) for more details on health plans, health spending accounts, and cost-sharing for premiums and out-of-pocket charges consistent with the outcome of statewide healthcare bargaining.

Vermont State Teachers' Retirement System (VSTRS)

VEHI also serves the health benefit needs of approximately 1,000 pre-Medicare retirees and another 1,300 who have the VSTRS 65 plan and carry an individual Part D drug plan. All VSTRS retirees who are enrolled with VEHI directly or through Vermont Blue Advantage (VBA) have access to the PATH Wellness Program.

As always, if you have questions or comments regarding VEHI's benefit programs and services, please contact one of us.

Mark Hage, Bobby-Jo Salls and Jonathan Steiner, VEHI Management Team

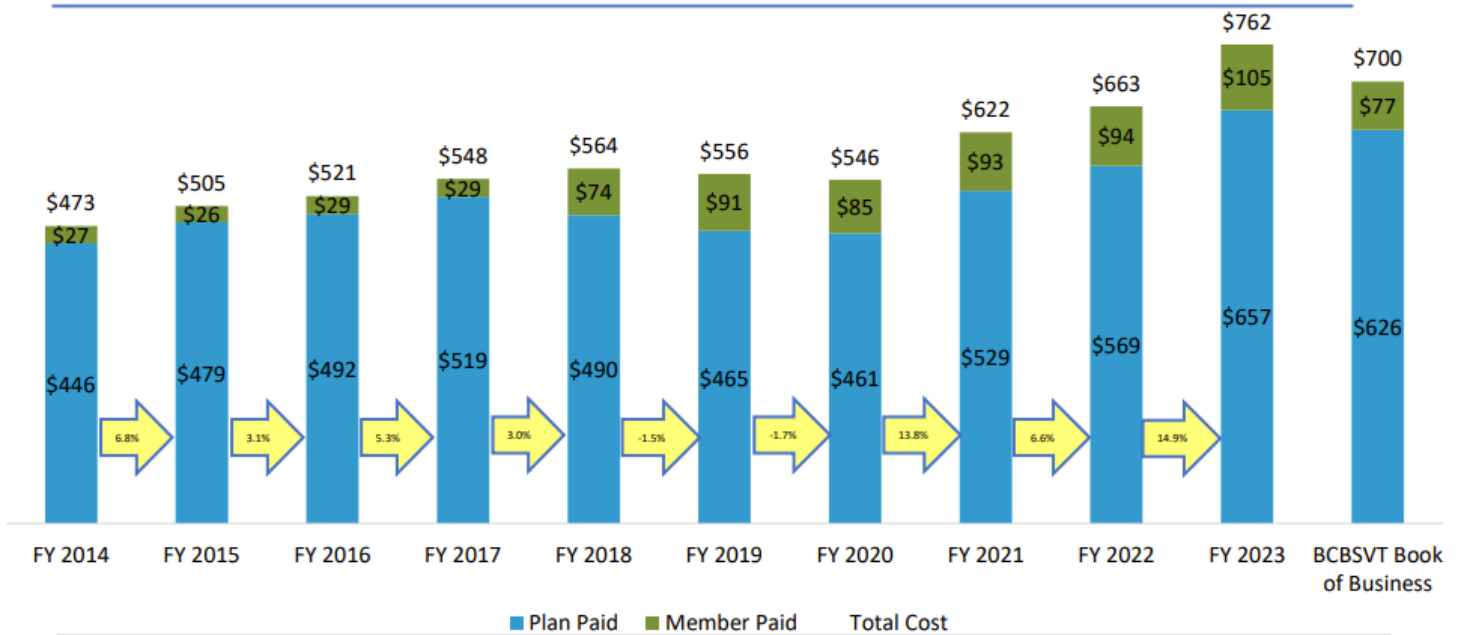
Health Benefits Utilization

Our health plan paid out approximately \$262,064,778 for claims submitted during the FY23 year (through 6/30/23). The following graphs and charts provide information on health care utilization by the employees and their dependents enrolled on our plans. These graphs only include VEHI claims cost. See the pie chart on Page 11 for a complete list of VEHI expenses.

Average Claims Cost Per-Member, Per-Month

OBSERVATIONS

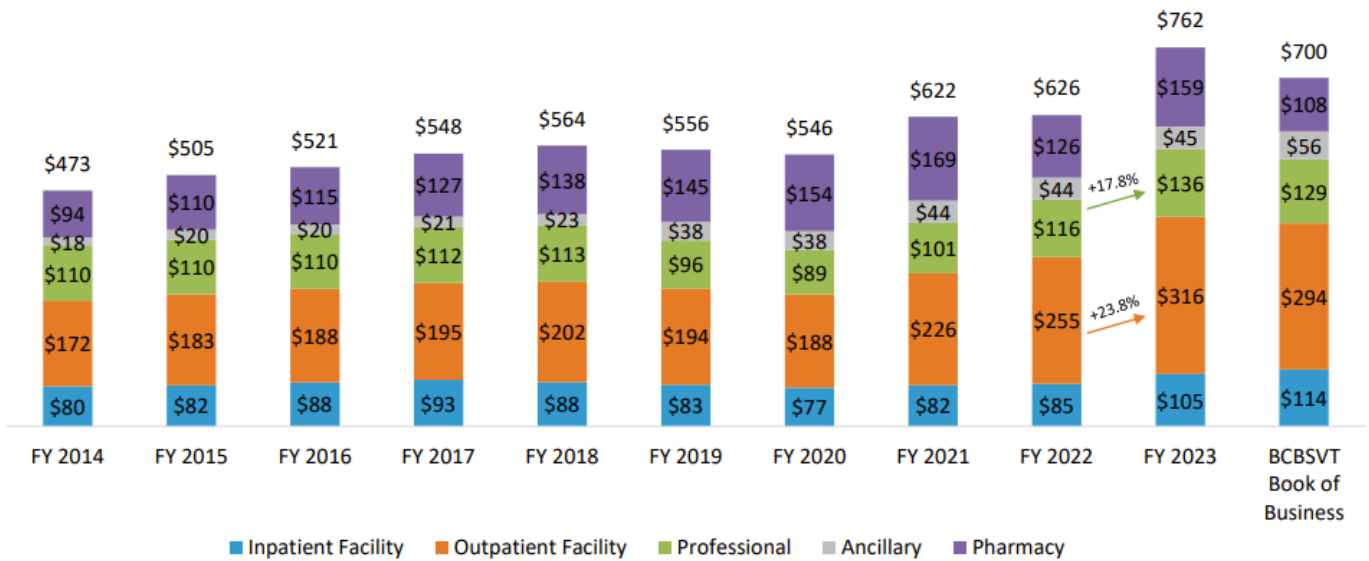
- VEHI's health care costs have increased annually by an average of 5.6% from FY 2014 to FY 2023
- BCBSVT Book of Business' costs were 8.1% lower than VEHI in FY 2023



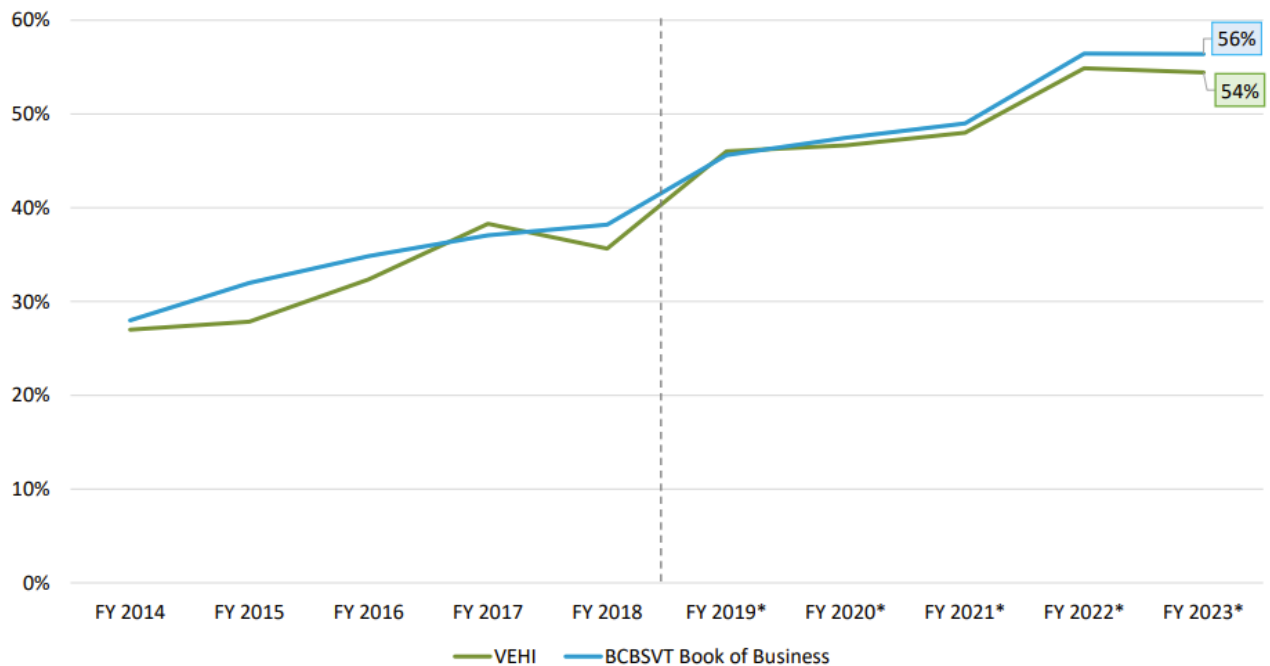
Average Claims Cost Per-Member, Per-Month By Service Category

OBSERVATIONS

- Outpatient increased 23.8% and professional increased 17.8% from FY 2022 to FY 2023



Percent of Pharmacy Costs due to Specialty Drugs

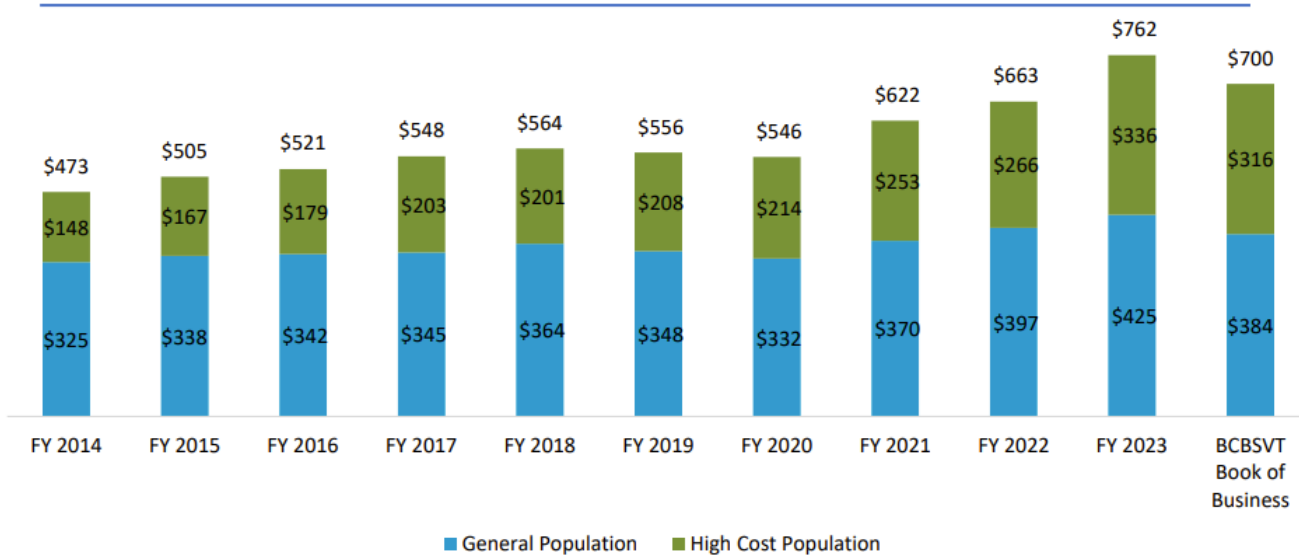


*Specialty Drug List Updated

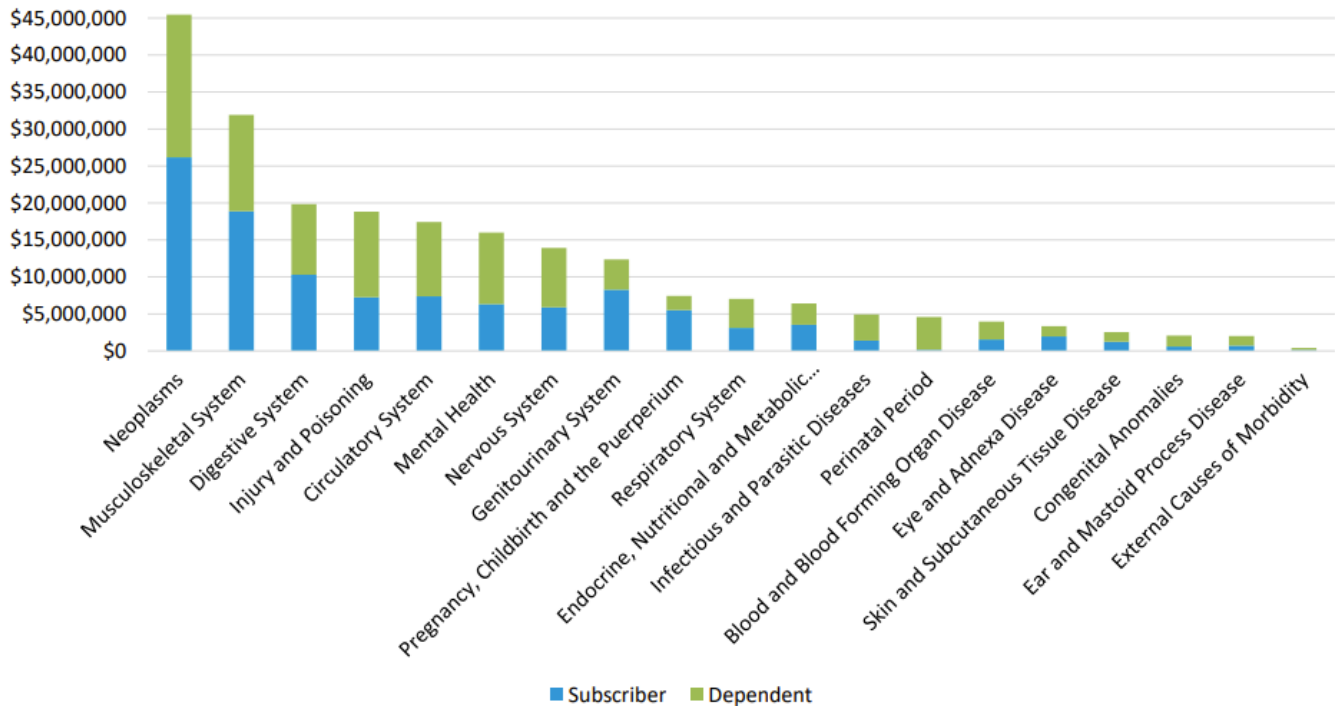
Average Claims Cost Per-Member, Per-Month By High Cost* and General Population

OBSERVATIONS

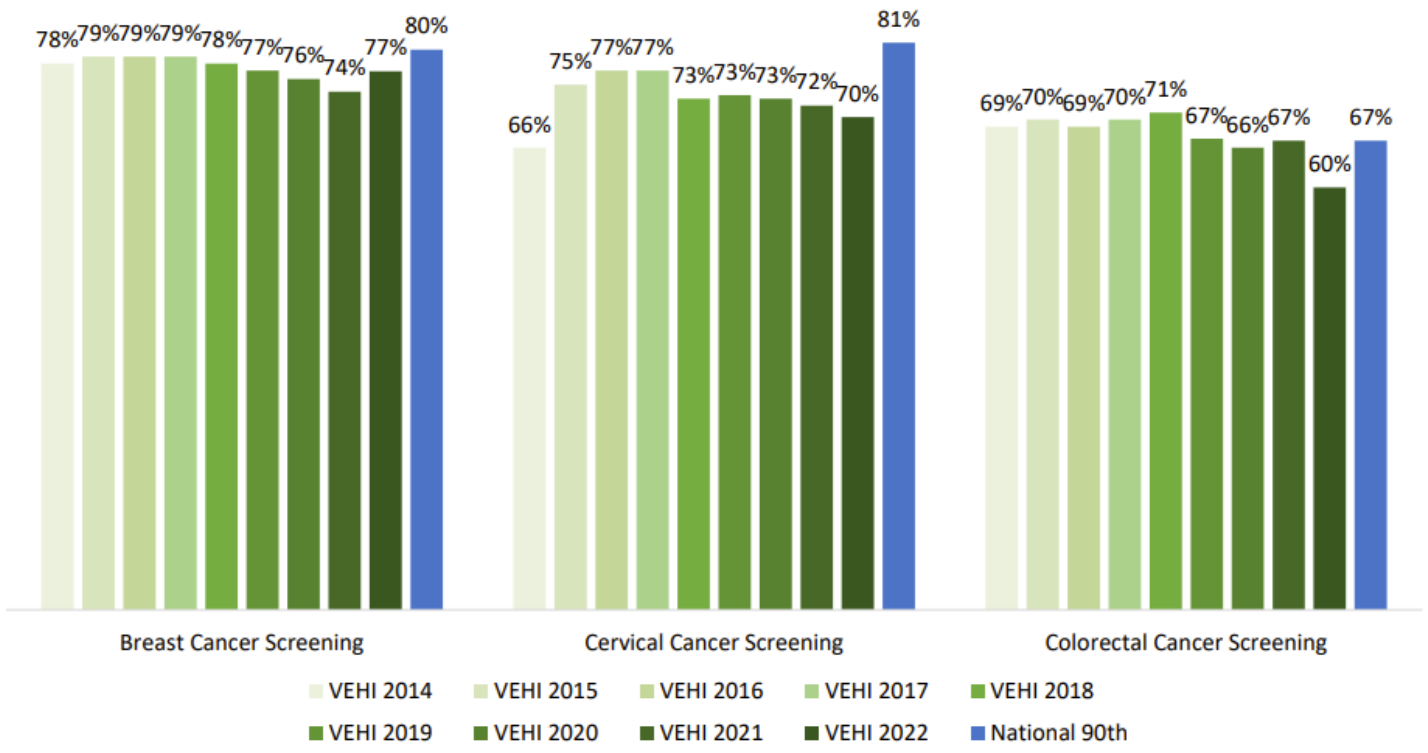
- High Cost Population contributed to 44% of total costs and represents 3.2% of the membership population
- High Cost Population's cost increased 26% from FY 2022 to FY 2023



VEHI Diagnosis Analysis by Total Cost



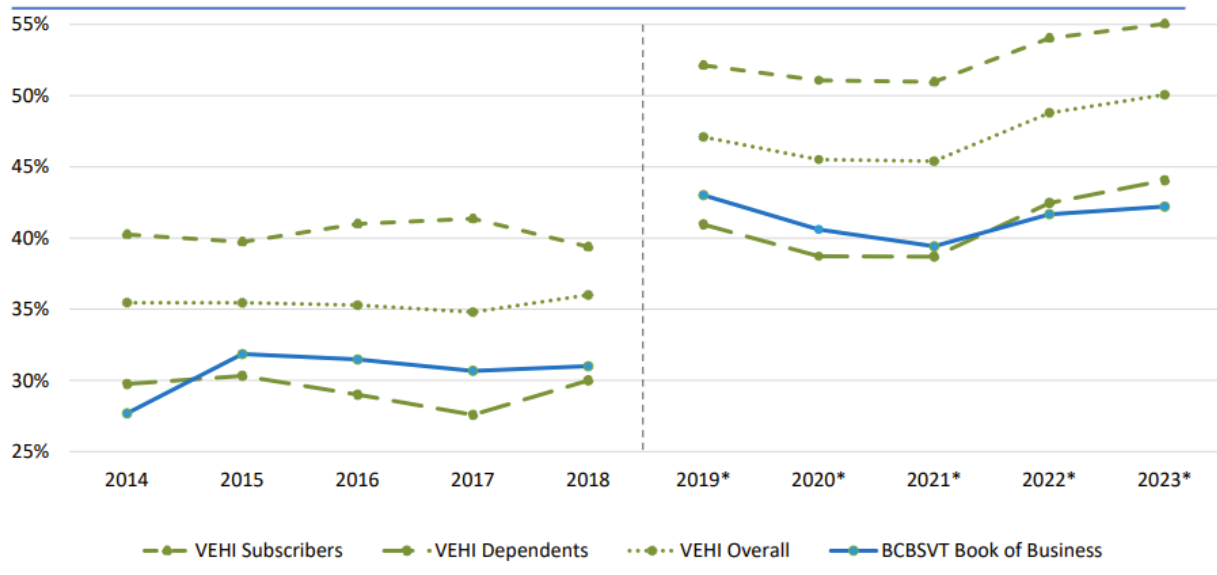
Preventive Screening Rates



Annual Preventive Visit Rate Adults 18-64

OBSERVATION

- The overall preventive visit rate for VEHI has increased by 1.3 percentage points to 50.1% and is above the Book of Business benchmark



*2019 - 2023 preventive visits rates are based on an 18 month look to align with clinical guidelines

Dental Program

The VEHI Dental Program **began on July 1, 2000, with approximately 3,550 employees** and has since **grown to include approximately 9,623 employees, covering 21,453 lives including dependents.** The Program currently has 46 member supervisory unions/districts. Five basic plan options are available through the VEHI/Northeast Delta Dental (NEDD) Program, however, school districts which purchase dental coverage directly with Delta Dental are able to enroll in the VEHI Program with their existing plan.

VEHI's Dental Program continues to be successful. The program remains financially sound, and premiums continue to be lower than those obtained directly from Delta Dental. Districts participating in the VEHI/Delta Dental Program saw increases of zero to four percent in FY23.

VEHI DENTAL PLANS OFFERED

<u>Plan</u>	<u>Preventive</u>	<u>Deductible</u>	<u>Basic</u>	<u>Major</u>	<u>Maximum</u>	
1	100%	\$0	90%	60%	\$1,500	per person
2	100%	\$0	80%	50%	\$1,500	per person
3	100%	\$25	80%	50%	\$1,000	per person
4	100%	\$50	100%	50%	\$1,000	per person
5	100%	\$0	100%	NA	\$750	per person

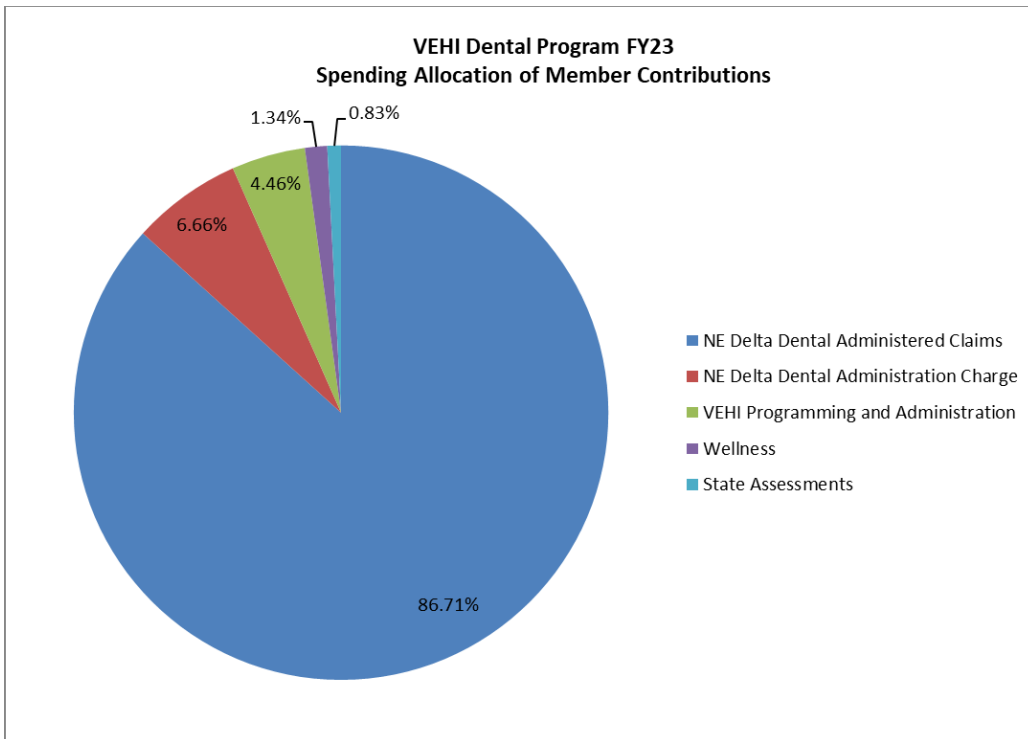
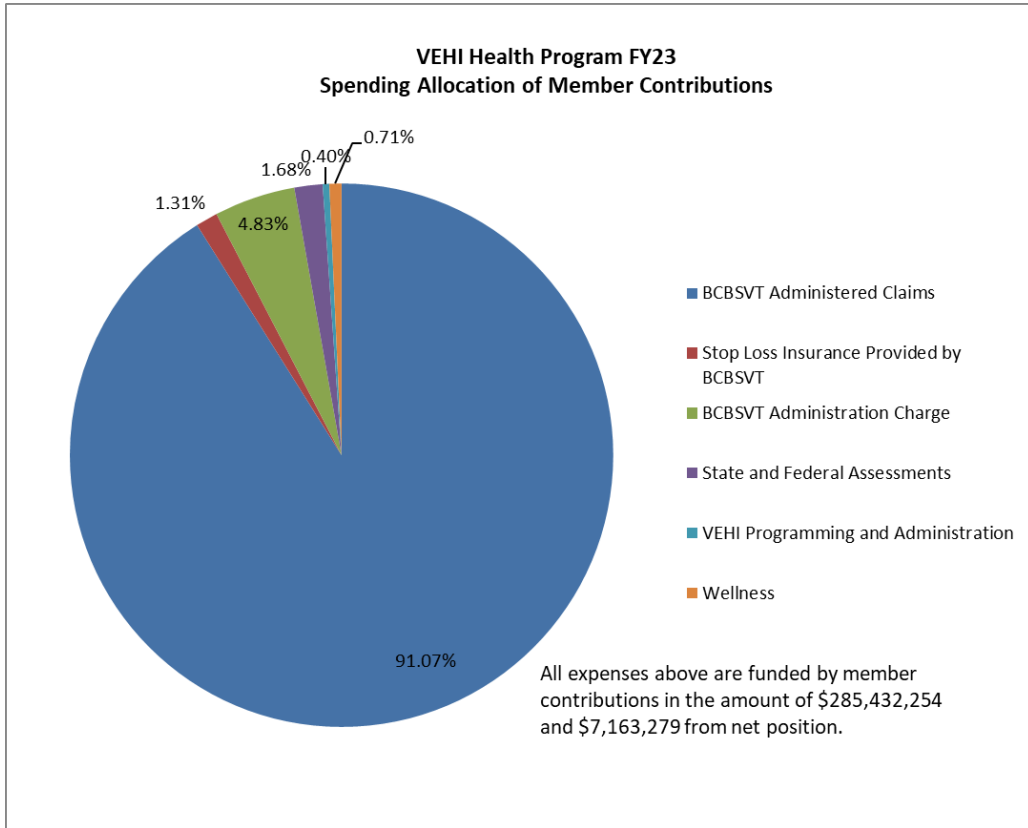
Monthly Rates Effective July 1, 2022, for groups without prior coverage*

<u>Plan</u>	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
1	\$52.62	\$101.21	\$169.73
2	\$44.16	\$84.91	\$143.96
3	\$41.18	\$79.15	\$136.04
4	\$55.73	\$107.25	\$186.35
5	\$42.82	\$82.14	\$164.02

**Basic rates - Ortho coverage for child and/or adult is slightly higher*



How monies collected by VEHI are allocated on behalf of its members:



VEHI PATH (Planned Action Toward Health)

Employee Wellness Opportunities and Results

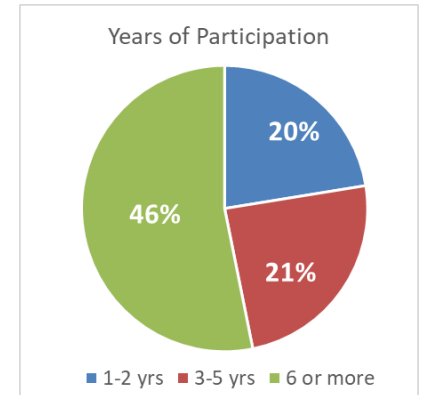
Over the past year, the VEHI PATH team offered member school employees, administrators, and teacher retirees a variety of best-practice programs and workplace-based strategies to help them live their best lives in thriving environments — at work, at home and in their communities.



We engaged over 500 building wellness leaders and champions in VEHI member buildings statewide and maintained a user-friendly website that was accessed by over 15,000 employees. We designed and oversaw our renowned 10-week annual wellness challenge called the PATH Adventure, with the title theme “Out of this World” wherein we encouraged everyone to take full advantage of powerful resiliency skills. We included our annual exercise video and cooking competition.

Other additions for 2023 included:

- *Wise Choices* – a self-paced course on food that can help boost mood and brain health.
- *Understanding Anxiety* – a live mental health course to help ease the impact of trauma. These recorded webinars will be added to the 2023 self-paced courses.
- *PATH Rockstars* – local inspiring stories about schools and wellness leaders who go above and beyond to create communities where people thrive.
- *Healthy SU* – an ongoing partnership with BCBSVT to provide funding and significant oversight to 11 SD/SU’s committed to addressing prominent employee health issues based on their leadership and on aggregate claims and health assessment data.
- *Incentives* – on the rise at a time when other programs nationwide are dwindling, we rewarded 5,753 gift cards to those who earned 200 PATHpoints (a 3% increase from 2022).
- *PATH Forward* – a new two-year Agency of Education grant to offer increased initiatives, similar to *Healthy SU*, to help school employees recover from the hardship of COVID and boost morale.

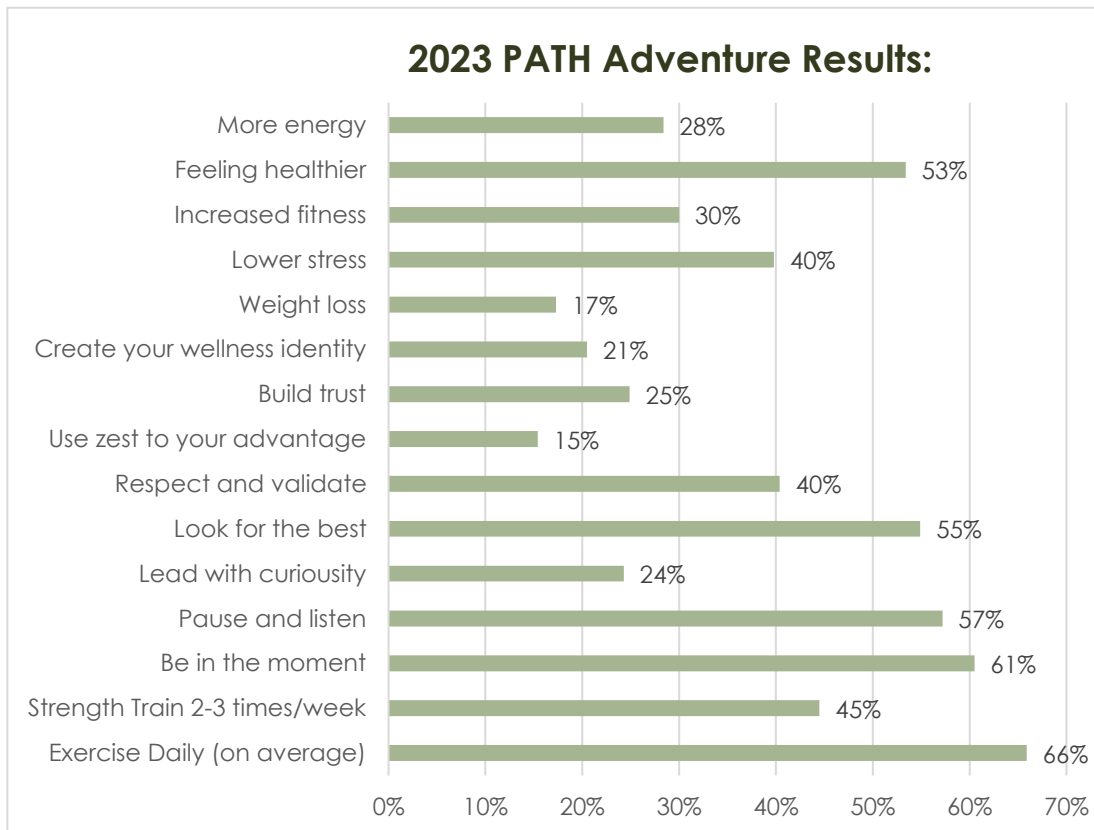
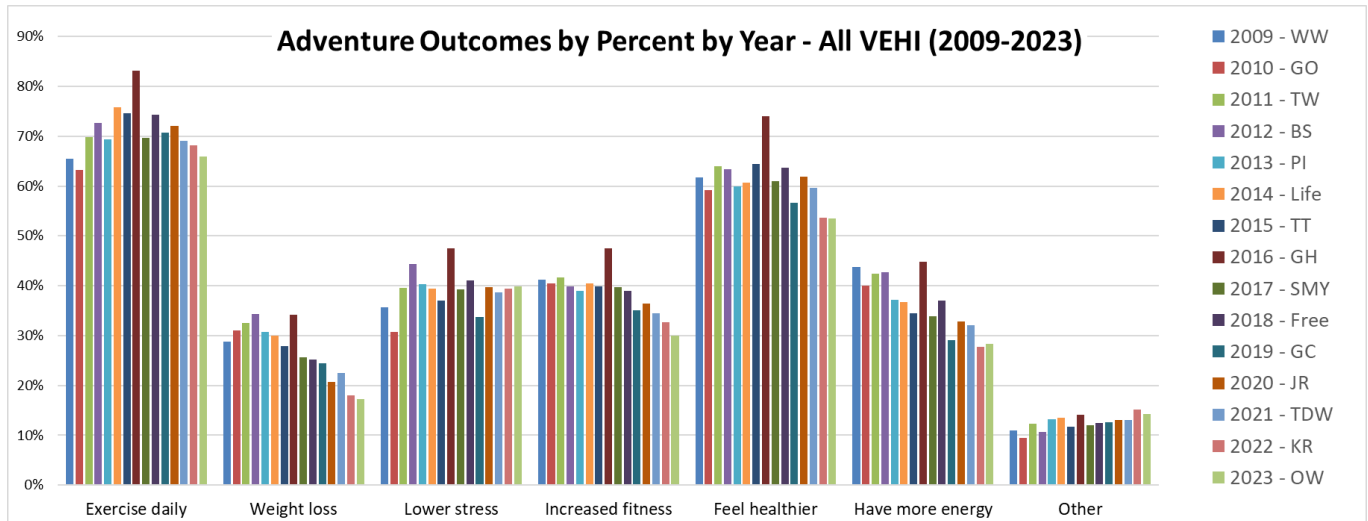


PATH program signature elements also continue to include the Healthy Life Survey; Progress Health Coaching (professional, telephonic coaching to help people discover more about their own best thinking); the Peer Coaching Course to help people practice skills of mutual support; our Mindfulness, Breaking Free From Sugar, and Intuitive Eating courses; Quizzify (health care literacy quizzes); a robust employee assistance program (Invest EAP) for crisis support, short-term counseling, and management support; Keeping Fit for year-long exercise tracking; the Sizzlin’ Summer Challenge to take on family-oriented health goals; and local building wellness leader events.

In collaboration with BCBSVT we continued to provide funding and training directly to member buildings to promote musculoskeletal health, reduce stress and anxiety, improve sleep, and increase healthy eating. Post-COVID, we’ve been able to get back into the buildings for in-person workshops. We continue to offer kits for each employee that building wellness leaders can order and distribute with instructions and live or virtual workshop follow-ups. All-in-all we provided 5,335 kits (an 11% increase from the previous year).

The 2022-2023 year continued to be full to the-brim with challenges. Participation began to climb back toward pre-pandemic numbers, however, and the outlook is good. Member stories continue to tell us that just being there for them and, by offering extra options as well as mental health webinars and kits, makes a huge difference even if participation isn't always directly apparent.

We continue to work toward our mission of helping all employees thrive and flourish in a workplace where success is quite simply the norm, where health goals are easily reached, and where people can be at their best for the children and families they serve.



Vermont Education Health Initiative, Inc.
Combining Statement of Net Position (Unaudited)
For the Year ending June 30, 2023

<u>ASSETS</u>	Health Program	Dental Program	Total
Assets:			
Cash & Investments	\$ 47,569,367	\$ 7,295,268	\$ 54,864,635
Accrued Interest Receivable	87,192	4,972	92,164
Contribution Receivable	2,968,506	84,121	3,052,627
Working Fund Deposit	4,730,000	0	4,730,000
Other Receivables	303,217	0	303,217
Prepaid Expenses	<u>313,334</u>	<u>1,940</u>	<u>315,274</u>
Total Assets	<u>55,971,616</u>	<u>7,386,301</u>	<u>63,357,917</u>
 <u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Accounts Payable	530,375	171,789	702,164
Assessments Payable	682,170	74,365	756,535
Unearned Revenue	728,998	3,785	732,783
Claims Payable	9,377,028	428,952	9,805,980
Reserve for ULAE	<u>14,653</u>	<u>0</u>	<u>14,653</u>
Total Liabilities	<u>11,333,224</u>	<u>678,891</u>	<u>12,012,115</u>
Net Position:			
Unrestricted Net Position	<u>44,638,392</u>	<u>6,707,410</u>	<u>51,345,802</u>
Total Net Position	<u>44,638,392</u>	<u>6,707,410</u>	<u>51,345,802</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 55,971,616</u>	 <u>\$ 7,386,301</u>	 <u>\$ 63,357,917</u>

**Vermont Education Health Initiative, Inc., Combining Statement of Revenue,
Expenses and Changes in Net Position (Unaudited)
For the Year ending June 30, 2023**

	Health Program	Dental Program	Total
Revenue:			
Program Contributions	\$ 285,432,254	\$ 8,077,535	\$ 293,509,789
Agency of Education Revenue	119,924	0	119,924
Investment Income - Interest and Dividends	1,467,672	149,105	1,616,777
Investment Income/(Loss) - Other	<u>870,613</u>	<u>168,319</u>	<u>1,038,932</u>
 Total Revenue	 <u>287,890,463</u>	 <u>8,394,959</u>	 <u>296,285,422</u>
Expenses:			
Net Change in Claims Paid and Reserved	264,876,482	7,516,159	272,392,641
Capitation	1,217,966	0	1,217,966
Reinsurance Premiums	3,827,657	0	3,827,657
Administration Fees to Outside Administrator	14,131,887	577,695	14,709,582
State and Federal Assessment Expense	4,902,474	71,665	4,974,139
General and Administrative and Wellness Expenses	<u>3,733,473</u>	<u>501,730</u>	<u>4,235,203</u>
 Total Expenses	 <u>292,689,937</u>	 <u>8,667,250</u>	 <u>301,357,187</u>
 Excess/(Deficiency) of Revenue Over Expenses	 <u>(4,799,474)</u>	 <u>(272,290)</u>	 <u>(5,071,764)</u>
 Net Position – Beginning of Year	 <u>49,437,866</u>	 <u>6,979,700</u>	 <u>56,417,565</u>
Net Position – End of Year	<u>\$ 44,638,392</u>	<u>\$ 6,707,410</u>	<u>\$ 51,345,802</u>



Life and Disability Plans

Since July 2002, VEHI has offered high-quality Group Long Term Disability (LTD), Group Short-Term Disability (STD) and Group Term Life insurance (Life) plans. In September of 2014, we enhanced the Life and Disability program in partnership with Gallagher Benefits Services and Lincoln Financial Group. This partnership was aimed to deliver savings, stability, and enhanced contractual terms to members.

Since July of 2022, VEHI has endorsed a new partner, **National Insurance Services (NIS)** offering coverage through **Madison National Life Insurance Company Inc. (MNL)***. MNL offered a 22% discount with a rate guarantee up to four years to VEHI groups that move to NIS/MNL. Over 50 schools have been added since 7/1/2022.

Key Features of Our Program Include the Following:

- Eligible VEHI member school districts may receive 22%** off their in-force employer paid Life, LTD, and STD rates
- Rates guaranteed*** through June 30, 2027
- Available to VEHI school districts that meet size and plan parameters, regardless of current carrier
- Seamless and simple transition
- Identity Theft Assistance Services****

VEHI remains committed to bringing members high quality employee benefit products with highly competitive pricing.

If you are interested in learning more about this enhanced program, or receiving a quote, please contact Mark Williams at mwilliams@NISBenefits.com or 269.370.0648.

Administered by:

NIS
National Insurance Services
300 North Corporate Drive, Suite 300
Brookfield, WI 53045 800.627.3660

This plan is underwritten by Madison National Life Insurance Company, Inc. This offer is only available to Vermont school districts who do NOT currently offer this coverage through MNL.

*Founded in 1961, Madison National Life Insurance Company, Inc. is headquartered in Madison, the rapidly growing capital city of Wisconsin. Madison National Life is licensed in 49 states and specializes in group life, disability, and specialty health insurance. The company is a wholly owned subsidiary of Horace Mann Educators Corporation (NYSE:HMN), the largest financial services company focused on providing America's educators and school employees with insurance and retirement solutions.

**22% off applies to employer-paid coverage.

***Rate guarantee to align with VEHI block rate guarantee

****Identity theft assistance services are provided by IDX, which is not affiliated with Madison National Life Insurance Company, Inc. Services provided by IDX are not part of Madison National Life's insurance products, and Madison National Life is not responsible for any acts or omissions of IDX in connection with or arising under identify theft assistance services. Access to IDX program is conditioned upon your employer remaining a Madison National Life customer and the program terms and conditions. This program does not provide credit repair services or any form of legal advice.



VEHI Mission Statement

The Vermont Education Health Initiative (VEHI) is a non-profit organization that, for more than two decades, has served school districts by offering employee benefit plans responsive to the needs both of employers and of employees and their dependents. VEHI also provides health insurance benefits to retired teachers and their dependents through the Vermont State Teachers' Retirement System.

Our work has three essential components:

1. Making available a range of employee benefit plans, in collaboration with major insurance carriers, that are cost effective, affordable and high quality;
2. Designing and investing in school-based and post-employment wellness programs that give individuals and families the confidence, support and resources they need to lead healthy, productive lives; and
3. Keeping school districts, local union Associations, and the Vermont State Teachers' Retirement System informed about the health insurance market, health care reform initiatives and regulatory compliance obligations under federal and state law.

The VEHI Board acknowledges the value to school districts of a solid partnership between school boards and their employees' representatives by conducting this work in concert with both VSBIT and Vermont-NEA.

In conducting our work, we adhere to the following guidelines:

1. VEHI will only offer employee benefit programs and services that are valuable to members and can make a meaningful difference.
2. All information and education provided by VEHI will be accurate, timely and unbiased.
3. VEHI will maintain the fiscal integrity of the organization so it can meet its current and future obligations to members.
4. VEHI will provide factual and vetted information, as requested, and in a purely neutral and objective manner, to parties engaged in collective bargaining.

Visit us online at:

www.vehi.org