

Vermont Education Health Initiative (VEHI)
Board of Directors
Teleconference Meeting Minutes
October 17, 2022

Present:

VEHI Board Members: Joel Cook – Board Chair – Tracy Wrend - Vice Chair, Lisa Grout, Peggy Maxfield and Mike Fisher (Absent: Geo Honigford)

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

Members of the Public: Elizabeth Fitzgerald, Mark Koenig, and Bob Niles

The meeting was called to order at 3:01 p.m., by Board Chair Joel Cook.

Review and Adoption of Agenda:

Mike Fisher made a motion, seconded by Peggy Maxfield, to adopt the agenda as presented.

Public Comment:

None

Approval of Board Minutes: June 27, 2022

Lisa Grout made a motion, seconded by Mike Fisher, to approve the meeting minutes of June 27, 2022, as presented. The motion passed unanimously.

Affirm board's decision to set Annual Meeting date

Tracy Wrend made a motion, seconded by Lisa Grout to affirm the board's decision of August tenth to set the annual meeting date for October 21, 2022. The motion passed unanimously.

Affirm decision to meet remotely, with or without in-person location

Tracy Wrend made the motion, seconded by Peggy Maxfield to affirm the board's decision to meet remotely with or without an in-person location through January of 2023.

Mike Fisher asked for clarification if VEHI was subject to open meeting law. Joel Cook confirmed his understanding that we are subject to open meeting law, and Tracy Wrend confirmed that VEHI had a legal review that is in the Dropbox for review.

The motion passed unanimously.

Review and Approve VEHI Active Rates for FY24 - Mgmt team

The management team provided an overview of the renewal as drafted by Blue Cross of Vermont. Reviewing the rates on a pro forma to pro forma basis, the needed increase would average at 15.4%. Because of the addition of margin last year to avoid wide swings in rates, the needed increase would be 11.3% to cover costs for FY24. The team explained the majority of the increase was due to inflation and the large hospital increases that were approved in both April and September.

The management team brought a recommendation to the board to file a 12.6% overall increase, which would add to overall reserves although it would bring the net position percentage down from approximately 17% to 16.5%. Members of the board asked about the target of 15% and the use of reserves. The policy does support the use of reserves unless the position is “materially greater” than 15%. The management team explained that VEHI’s net position target is 15%, and a 2% variance (up to 17%) could change quickly if there was a resurgence of COVID-19, unpredictable hospital budgets, and continued unfavorable market performance. Chris Roberts also noted that while the reserves seem like a lot of money, it was only about 2 months’ worth of claims and could be used quickly if there were a number of months with high claims.

Tracy Wrend made the motion, seconded by Mike Fisher to follow the management team’s recommendation of an overall increase of 12.6%, understanding that the reserve percentage would decrease by approximately a half a percent.

Joel suggested a friendly amendment to decrease the rate increase by using reserves that would bring the reserves down to 15%. Bobby-Jo Salls stated that management team did not have an equivalent rate increase prepared. Mike Fisher questioned if that was a friendly amendment since it was very different from the original motion.

Joel Cook called for a vote of his amendment. Joel, Lisa, and Peggy voted yes. Tracy and Mike voted no. The amendment did not pass.

Joel called for a vote of the original motion. Lisa, Peggy, Tracy, and Mike voted yes. Joel Cook abstained. The motion passed.

Review and Approve VEHI Dental Rates for FY24 – Mgmt team

Bobby-Jo Salls presented the dental renewal to the board for review. The needed rate increase was just under 13% on average. The management team recommended the strategy used in FY23 to stagger the increase based on their needed increase.

Up to 5% would receive a 0%

5.1% - 12% would receive a 2% and

12.1%+ would receive a 4% increase

Using this strategy and waiving the administrative costs, would use an expected \$860k in reserves.

Tracy Wrend noted that work had begun prior to COVID to consolidate and/or improve the dental benefits in an effort to spend down reserves and suggested the work begin again.

Tracy Wrend made the motion, seconded by Lisa to approve the dental rate filing as proposed by the management team. The motion passed unanimously.

VEHI FY22 Financials – C. Roberts

Chris Roberts reviewed the FY22 financials, including the Budget to Actual, the Combined Statement of Revenue and Expense and the Net Position Summary. VEHI added \$12.5 million to reserves in FY22 for health, we used \$966k for dental, so added \$11.6 million overall for VEHI.

VT – NEA

The VT-NEA service agreement will need to be updated to reflect the FY23 amount of \$225,177. Mike pointed out the need to review the contract prior to April 15 in the future. He also pointed out the annual summary noting the work accomplished, and whether that is still needed with the quarterly reports now in place.

Mike Fisher made the motion to accept the FY23 service agreement with the updated payment of \$225,117. Tracy seconded the motion.

Tracy Wrend noted that there is a conflict of interest for VT-NEA appointees to vote on the contract. Joel Cook disagreed with that statement. The motion passed unanimously with all parties voting.

Mark presented his quarterly report and offered the opportunity for board members to ask questions. The board acknowledged receipt of the report.

Review Conflict of Interest Policy

Joel suggested waiting on this topic until there was more time to review thoroughly. Mike asked if there should be a committee to review the COI outside of the full board meetings. Tracy noted it may make sense to wait for Geo to have this conversation since he had stated interest in the topic.

Joel made the motion, and Lisa seconded, to establish a committee to review the conflict of interest policy with Joel, Geo and Mike. Tracy asked to make a friendly amendment to Joel, Tracy, and Mike. Tracy and Mike voted yes. Joel, Peggy, and Lisa voted no.

Joel asked for a vote on the original motion. Joel, Peggy, and Lisa voted yes. Tracy and Mike voted no. The motion did not pass.

Management Updates

The VEHI management team noted that the BCBSVT contract had been completed with the exception of some work on the pharmacy reporting.

The VSTRS renewal was approved by DFR. The management team explained some challenges that were presented with the high hospital budget approvals and the need to update the rates to accommodate the higher increase. The team is working with VSTRS to address these challenges for next renewal.

The VEHI management team brought forward a request to adopt a travel rider to the VEHI plans that would provide up to \$2,500 in travel benefits for members who live in a state that ban or legislatively restricts access to services outlined in the memorandum, namely pregnancy termination, and surgical and non-surgical gender-affirming services. This benefit would be primarily utilized by dependents that live outside of Vermont who require these services.

Tracy made the motion, and Peggy seconded, to adopt the travel rider as presented by the management team. The motion passed unanimously.

Montana Initiative Discussion con'td – BJ Salls and J Steiner

Jon Steiner and Bobby-Jo Salls spoke briefly on their research of the Referenced Based Pricing initiative that Mark Hage had spoken about in the past (referred to as the Montana Initiative). Jon described Montana's success as a perfect storm of events that allowed Montana to see significant savings, and that recent articles show Montana's hospitals are struggling. Jon also discussed the fact that it has not been replicated elsewhere and that geography also plays a large role. Bobby-Jo added that with recent hospital budget increases, there was no reason to believe that UVMHC would be interested in negotiating with a fraction (1/5) of BCBSVT's membership.

Jon and Bobby-Jo had no issue in Mark's continued research which he reported as doing largely on his own time but were not in agreement as a management team to move forward in any other way at this time.

Discuss Future Agenda Items

Not addressed.

Set Date for Next Board Meeting

A date was not set. The VEHI management team will work with the Chair and Vice Chair on a next meeting date.

Adjournment

There being no further business, the board agreed to adjourn at 5:21 p.m.

Respectfully submitted by: Bobby-Jo Salls