



Update on FY21 Rate Filing

Why there will be delay in announcing final health plan rates for FY 21

FY 21 - July 1, 2020 - June 30, 2021

This memorandum is to update school districts and local unions on the status of **VEHI's FY 21 health rate filing** with the Vermont Department of Financial Regulation (DFR). Normally, VEHI releases final health plan rates for the upcoming fiscal year in early January, in synch with the last stage of most school districts' budget deliberations. **This year, we will not be able to honor that timeline.**

DFR recently requested that VEHI review its FY 21 rate filing in light of the final agreement on statewide health benefits, which was announced in December. Essentially, our regulators want to be assured that VEHI's rates for FY 21, as reflected in the filing, will be sufficient to cover any cost increases that result from the implementation of the statewide agreement during the second half of FY 21 (January 1 through June 30, 2021), and if not, that VEHI has sufficient reserves to absorb any additional costs.

As you know, VEHI holds reserves to cover unanticipated expenses, and the proposed FY21 rates VEHI submitted to DFR in September **included 2%** to strengthen VEHI's reserves.

VEHI has begun the analysis requested by DFR, but, unfortunately, it will take several weeks and then DFR must complete its review. Therefore, the rates will not be final before school budgets are finalized.

When VEHI's review of the FY21 rates is complete, DFR will finish its internal review. When rates have been approved, we will release them.

Thank you for your patience, and, as always, contact the management team if you have questions; [Bobby-Jo Salls](#), [Laura Soares](#) or [Mark Hage](#). (Click a name to open an email.)

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52 Pike Drive
Berlin, VT 05602
(802) 223-5040