

Vermont Education Health Initiative (VEHI)
Board of Directors
Teleconference Meeting Minutes
June 8, 2020

Present: Joel Cook, Tracy Wrend, John Pandolfo, Peggy Maxfield, Zach McLaughlin, Lisa Grout

Staff: Laura Soares, Mark Hage and Bobby-Jo Salls, Chris Roberts, Manager of Finance

Members of the Public: Jeff Fannon, Executive Director VT-NEA (3:30)

The meeting was called to order at 3:00 p.m., by Chair Joel Cook.

Welcome New Board members

The Board introduced themselves and welcomed new Board Members Lisa Grout, appointee of VT-NEA and Zach McLaughlin, appointee of VSBA.

Review and Adoption of Agenda:

The agenda was adopted by consensus.

Public Comment: None

Approval of Board Minutes: January 15, 2020

Joel asked that a typo be corrected and the Commission be referenced by its full title in the minutes. He then requested his memo of March 13th appear alongside John's Memo of January 15th. After discussion, and a request by Tracy Wrend to adopt a consistent process in the future for dealing with requests to attach documents to the minutes, to which there were no objections. John Pandolfo made a motion, seconded by Tracy Wrend, to approve the meeting minutes of the January 15, 2020 with two corrections, and including Joel's March 13th memo. The motion passed.

Updates on FY 21 and FY 22 Health Rate Filings

Laura Soares provided these updates. An actuarial review of the FY 21 rates, requested by DFR to analyze the impact of the Commission on Public School Employee Health Benefits decision, indicate that for the six months of January 1 - June 30, 2021 VEHI may need to utilize 1.3 million from net position to subsidize the rates due to the change in out of pocket cost sharing. In addition, if there is an increase in enrollment due to the change in eligibility standards the program's net position may fall further below the target set in Policy. The Board added a 2% load in the FY 21 rating to account for uncertainty and to begin to rebuild net position, therefore the FY 21 rates were approved by DFR as filed. The FY 22 rates will need to take these new dynamics into

account, as well as the additional claims paid in FY 19 and any impact from the COVID-19 pandemic. VEHI management and BCBSVT agreed to delay the FY 22 rate filing, and future rate filings, until the end of October to allow for more current data. This change is designed to allow for more accurate rates and reduce the volatility of IBNR after year end. Chris Roberts will speak in more depth on this issue during the review of financials.

Updates on COVID-19 Response

- a. Adopt Resolution Affirming Action Related to COVID-19 Cost Share Waivers

John made a motion, seconded by Tracy, to adopt the following resolution:

RESOLVED, that the Corporation ratifies and approves its prior Action, taken on April 8, 2020, to waive out-of-pocket costs for individuals in the health program who receive in-patient treatments for COVID-19, consistent with the same action taken by BCBSVT that went into effect on Monday, April 6, and is retroactive to March 13, 2020.

The motion passed.

- b. Discuss options if Health Program has cash flow issues in FY 21, including loan from Dental program

Laura indicated that the health program collects an estimated \$22 million in monthly premium and pays out between \$20-25 million in monthly claims. If some member districts inquire about delaying premium payments in FY 21 due to cash flow issues they may experience if the state delays payments to schools due to the pandemic's impact on state revenue, Chris, Laura and Bobby-Jo have looked into options available to VEHI to secure additional funds. None of the options explored: securing a line of credit from People's Bank; using net position (which is held to pay unanticipated claims and expenses, not as a line of credit for normal operations); or researching the possibility of taking a loan from the dental program's net position, is a viable option. In order for the health program to meet its weekly claims payment obligations, members will need to continue to pay monthly premiums in full and on time. This has been communicated to school business offices.

- c. Discussion and Recommendation for Action on Dental Premium Relief

Bobby-Jo provided the background for the recommendation of the management team to provide dental members one month of premium relief in July. This will return over \$600,000 to districts and school employees at a time when dental offices have been closed and subscribers have been unable to use their benefits. Tracy made a motion to adopt the recommendation of management. This was seconded by John and the motion passed.

Review and Accept 3-31-20 Financial Statements/Review April Financials

Chris reviewed the March quarterly financials and the April financials as well. As of March 31st the Health Program was running a \$10 million dollar loss, about half due to unfavorable experience in the run out of FY 19 which will be booked to FY 20, and about half from FY 20 rates being underpriced, as indicated by the actuaries in the fall of 2019. Due to the significant reduction in claims paid during April due to the pandemic, as of April 30th the program was running a loss of 5 million, all attributable to FY 19. There are no known high cost COVID-19 claims in the VEHI population at this time. Hospitals and providers are resuming more normal services and we expect claims to return to more normal levels for the remainder of FY 20. Therefore, Chris still expects FY 20 will end with a loss of \$4 million in addition to the \$5 million FY 19 loss. Chris is following developments closely and in close contact with the BCBSVT actuaries.

Tracy made a motion, seconded by Peggy, to accept the financials. The motion passed.

Engage Audit Firm from FY 20

Tracy made a motion, seconded by Peggy, to engage Sullivan and Powers for the FY 20 audit. The motion passed.

Act on Renewal of Contracts

- a. John made a motion, seconded by Peggy, to approve the FY 21 contract with the Vermont State Teachers Retirement System recommended by management, as VSTRS wishes to remain a member of the Health Program in FY 21. The motion passed.
- b. Tracy made a motion, seconded by Peggy, to approve the FY 21 amendment to the BCBSVT contract as recommended by management, and to acknowledge the memo provide by BCBSVT regarding VEHI's participation in a risk sharing payment program with OneCare Vermont. The motion passed.

Act on FY 21 VT-NEA Service Agreement

Joel asked Jeff Fannon if the VT-NEA had a proposal to present to the Board. Jeff referred to his November 2019 proposal, indicating he felt it was too late in the year to address any change to the FY 20 payment, but requested a payment of \$216,592 for FY 21 based on the same percentages in the November 2019 proposal.

John made a motion, seconded by Tracy, to modify the Service Agreement per the draft he provided to include quarterly reports of the specific activities provided by the VT-NEA so the Board can better understand the work VT-NEA performs on behalf of VEHI and to renew the agreement for one year with a 6% increase for a payment of \$202,460.

Joel moved to amend the motion, seconded by Peggy, to provide a payment amount of \$216,592. The motion to amend failed (Cook, Grout and Maxfield in support; Pandolfo, McLaughlin and Wrend opposed).

Tracy moved to amend the motion to provide an 8% increase for a payment of \$206,280. John accepted this as a friendly amendment and this became the main motion. The motion failed (Pandolfo and Wrend in support; McLaughlin, Maxfield, Grout and Cook opposed),

Peggy moved to approve a one year renewal of the VT-NEA Service Agreement with a payment of \$216,592. The motion was seconded by Joel. The motion failed (Cook, Grout and Maxfield in support; McLaughlin, Pandolfo and Wrend opposed.)

Discuss and Adopt FY 21 Budget

Joel decided to put off discussion of the FY 21 budget.

Discuss future agenda items

Potential items include adoption of the FY 21 budget, resolution of the VT-NEA Service Agreement, an in depth discussion on OneCare VT, and a discussion on the intersection of utilization and pricing.

Set next meeting(s) of the Board

Joel requested VSBIT staff inquire about Board members' availability to meet over the summer and set a date for the next meeting accordingly. Laura indicated a meeting will also be required the week of October 19th to determine the health rate filing with DFR.

John Pandolfo will be moving out of state this month and submitted his resignation to VSBA. The Board thanked him for his service and wished him well.

Adjournment

There being no further business, the meeting adjourned at 5:00 p.m.

Respectfully submitted by: Laura Soares

Next Meeting: TBD