

Vermont Education Health Initiative (VEHI)

Board of Director's Meeting Minutes

August 26, 2019

Present: Joel Cook, Tracy Wrend, John Pandolfo, Frances Brock, Martha Gagner, Peggy Maxfield, Laura Soares, Mark Hage, Bobby-Jo Salls and Chris Roberts.

Members of the Public: Nicole Mace and Elizabeth Fitzgerald

The meeting was called to order at 4:30 p.m., Chair Joel Cook.

Welcome New Board Member

The Board welcomed new Board Member John Pandolfo.

Public Comment: None

Review and Adoption of Agenda: The agenda was adopted as presented.

Approval of Board Minutes of June 11, 2019

Tracy Wrend made a motion, seconded by Martha Gagner, to approve the meeting minutes of June 11, 2019 as presented. **The motion passed unanimously.**

Act 11 Follow Up: Final review of documents to file with DFR

Martha Gagner moved to authorize Laura Soares to submit to the Department of Financial Regulation for review: the Bylaws, Articles of Incorporation, Operational Plan, Dental Program Member Agreement and Medical Program Member Agreement as amended at the January 2019 Board meeting. These documents were amended to comply with Act 11 of 2018. John Pandolfo seconded the motion and **the motion passed unanimously.**

Act on Amendment of Conflict of Interest Policy & Disclosure Statement

Joel Cook moved (seconded by Peggy Maxfield) that the VEHI Board Conflict of Interest Policy and related disclosure statement be amended as follows:

- a. The Definitions sections shall be amended to conform them to VEHI's Bylaws, by replacing each in its entirety with the definition of "conflict of interest" found at Article III, Section 16.b of VEHI's Bylaws. Each would read, as it does in the Bylaws:

"Conflict of interest" means a significant pecuniary interest of a director or such an interest, known to the director, of a member of his or her immediate family or household or of a business associate, in the outcome of any particular business or matter pending before the Board of Directors. The term "conflict of interest" does not include any pecuniary interest which is no greater than that of other persons generally affected by the outcome of such business before the Board of Directors.

- b. Paragraph 8 of the Implementation section of the policy shall be deleted:

~~[8. Any organization with a designated seat on the VEHI Board that is also receiving financial compensation under contract with VEHI shall represent their organization in any discussion of their organization's contract and shall abstain from making any motion or voting on their organization's contract as a member of the VEHI Board.]~~

Tracy Wrend moved to amend the motion to limit to (a.) only. John Pandolfo seconded the motion. **The motion to amend failed**, with Tracy, Martha and John voting in support and Joel, Fran and Peggy voting against.

The main motion failed with Joel, Peggy and Fran voting in support and John, Martha and Tracy voting against.

Joel Cook invoked the Conflict of Interest Policy as it currently reads and filed a written claim of conflict of interest regarding Tracy Wrend. Copies of Joel's complaint were distributed to the Board and read by Joel.

Tracy moved (seconded by Martha) to replace the definition of conflict of interest in the Policy with the definition in the Bylaws to allow the Board to conduct its business.

John moved the motion be amended to add that the Board engage, during fiscal year 2020, in a thorough review of its Conflict of Interest Policy provisions, including but not limited to paragraph 8 of the implementation section. Martha seconded the motion to amend. **The motion to amend was unanimously approved. The main motion was unanimously approved.**

Joel acknowledged his COI claim was resolved by adoption of the motion.

Joel Cook passed out an updated Disclosure form, using the Bylaws definition, and asked each member of the Board to complete ahead of the next meeting of the Board.

FY 19 Unaudited Financials

Chris Roberts reviewed the FY 19 year-end financials and answered questions. The on-site audit has been completed and the numbers will not change. In FY 19, the dental program reduced net position less than planned. The health program ended with a loss of 2.5 million more than expected, but this was offset by higher than expected investment income and positive carryover from FY 18.

Act on Management Recommendation FY 21 Health Rate Filing

On behalf of the management team, Laura Soares reviewed the projected health program net position (reserves) at the end of FY 20. Rather than breaking even as planned, we now project a loss of over 4 million due to ongoing underpricing of the health plans for active employees. Laura also reviewed the Board's Health Program Net Position Policy. Management recommends setting the FY 21 health rates for the active's health plans to cover all anticipated expenses for the year and add an additional 2% to rebuild net position to an acceptable level.

The VSTRS health plans indicate an overall decrease of 4% for FY 21, however there is a wide variation between the various VSTRS health plans. The VSTRS Board of Trustees is aware of the subsidization dynamic and working with VEHI to mitigate this over time.

Joel Cook moved the following, (seconded by Peggy Maxfield):

- a. Regarding the rate filing:
 1. Move to file the rates for active school employee plans that are necessary, as determined by the BCBSVT's chief actuary, to cover the expected claims and expenses associated with each health plan for FY 21, including 0.9% to account for increases to hospital budgets as filed with the Green Mountain Care Board, plus an additional 2.0% with the goal of rebuilding net position toward the target level as outlined in the Board's Net Position Policy.
 2. Move to file the rates for VSTRS plans as recommended by the VSTRS Board of Trustees to mitigate the subsidization dynamic between the pre-Medicare and Medicare primary retirees, with an additional amount to account for increases to hospital budgets as filed with the Green Mountain Care Board. This will have no impact on the active plans nor any planned use of net position.
 3. Move to authorize the Board Chair to sign the rate sheets on VEHI's behalf.
 4. Move to authorize Laura Soares to file the health rates on behalf of VEHI.

b. Engage in the following activities, several of which our management team has already been actively considering, regarding ways to lower costs and improve the transparency of both cost and quality:

1. Direct the management team to present a draft proposed work plan, by no later than November 1, on initiatives to lower costs and improve cost-and-quality transparency consistent with:

i. Its February, 2019, report to the Board, "Lowering Costs & Improving the Quality of Health Care for Vermont's Public Schools, School Employees & VSTRS," and

ii. Altarum's 2019 "Opportunity Report" to VEHI,

and include in it recommendations on financial, consultative, educational, and data resources necessary for VEHI to succeed.

2. Decide at its September meeting whether, as invited by school employee groups in Wisconsin and Michigan, to participate, at no cost to VEHI, in a cost-benefit analysis of a potential 3-state pharmacy cooperative for some 300,000 school employees and families, to be conducted by Remedy Analytics and Milliman.

3. Direct the management team to continue examining systemic ways to reduce prescription drug costs without adversely affecting access to needed prescription drugs.

4. Develop, during the Fall 2019, a formal approach to consideration of health care system legislation that could help lower costs, expand access to high-quality care, improve fiscal transparency, and/or improve public oversight.

5. Conduct a retreat, as soon as scheduling permits, at which to think strategically about the future direction of VEHI benefit plans and programs, how to maximize the assets our partner organizations bring to our trust, and how to benefit most from shared governance and a shared commitment to public education.

Tracy Wrend moved to amend the motion to strike part (b.) and act only on the rate filing (a.) at this time. **The motion to amend was seconded by Martha and passed unanimously. The amended motion (section a only) was passed unanimously.**

The Board agreed to consider the FY 20 budget before other items.

Discussion and potential adoption of FY 20 Budget

Joel moved the Board provisionally adopt the FY 20 budget as presented, pending resolution of any changes to the VT-NEA or VSBIT administrative expense. Tracy Wrend seconded the motion, which **passed unanimously.**

Act on Management Recommendation FY 21 Dental Rate Filing

This item was tabled until the September 24, 2019 meeting by unanimous consent.

Discuss the VSBIT Board August 9, 2019 Letter (Possible Executive Session)

The Board acknowledged the August 9th letter received by VSBIT Vice Chair Bob Giroux on behalf of the VSBIT Board. Peggy made a motion, seconded by Fran, to go into executive session to discuss issues related to the VSBIT contract. After discussion on the appropriateness/need for executive session, **Peggy withdrew the motion.**

Laura passed out a memo listing all references to the corporate office of President in VEHI's organizational documents.

John made a motion, seconded by Fran, for the Chair and Vice Chair to consult legal counsel to answer questions about the corporate officer president role ahead of the September meeting. **The motion passed unanimously.**

Consideration and potential action on Principles for Service Provider Payments

This item was tabled by unanimous consent.

Consideration and potential action on VT-NEA Service Agreement Proposal

This item was tabled by unanimous consent.

Management Updates: Mark, Laura and Bobby Jo provided a brief update on each item.

- a. Update on BCBSVT RFP for TPA vendor – BCBSVT sent the RFP on August 15th to five vendors. BCBSVT will select a preferred HRA vendor for its clients, but this does not obligate VEHI or our members to use the vendor. VEHI member experiences with various TPAs in 2018/2019 will inform BCBSVT's vetting process. Mark, Bobby-Jo and Laura will be invited to provide input to BCBSVT in its selection process and will keep the Board informed.
- b. Update on Interstate Rx Analysis – management will bring a recommendation to the Board for action at the September meeting.
- c. Management Letter for Annual Report – a copy of the letter was provided to the Board. The Annual Report will be finalized in September.

Discuss future agenda items

This item was not addressed.

Set next meeting(s) of the Board, including a potential retreat

The next meeting of the Board is September 24th at 4:30 pm. Peggy will be unable to attend due to Open House at her school.

Adjournment

There being no further business, the meeting adjourned at 8:05 p.m.

Respectfully submitted by: Laura Soares