



IMPORTANT Information on 2018 Changes to VEHI Health Program

Notice: New Health Plans and Change in Contract with BCBSVT

May 24, 2016

For over 20 years, VEHI's health program has served Vermont public and private schools with high-quality health care benefits, outstanding service, and state-of-the-art wellness programs. In response to federal and state reform initiatives, VEHI's health program is undergoing two changes effective **January 1, 2018**:

I. As previously announced, VEHI is closing its current health plans for active employees on December 31, 2017, and introducing **four new health plans** effective January 1, 2018. Information on the new plans is available on our website at <http://www.vehi.org/benefits/health/vehi-2018/>.

II. In order to allow all Vermont school districts, public and private, regardless of size, to be eligible for membership in VEHI's health program and to offer the new health plans, VEHI has approval from the Vermont Department of Financial Regulation (DFR) to change its contract with BCBSVT to an **administrative services only** (ASO) arrangement.

An Introductory FAQ on ASO

1. What does the change to ASO mean for member districts?

Fundamentally, this change allows VEHI's health plans to be designated as "**self-insured products**," which means they can be marketed to small (100 or fewer full-time equivalent employees) and large (more than 100 full-time equivalent employees) school districts alike. Currently, our insurance plans are considered "**insured products**."

ASO also means VEHI will have the operational flexibility to function outside the ACA's small-group market rules.

2. How do these two changes impact grandfathered status?

VEHI's new health plans are not grandfathered and the change to ASO allows all size districts to retain membership in VEHI and offer the new health plans.

Until the change to ASO takes effect on January 1, 2018, however, districts with 100 or fewer employees must retain grandfathered status to continue to offer the current VEHI health plans through December 31, 2017.

3. **Will the ASO arrangement change the relationship between VEHI and BCBSVT?**

Under our current arrangement, if VEHI were unable to reimburse BCBSVT for medical claims, BCBSVT would be obligated under state law to **pay claims for 30 days**.

When VEHI becomes an ASO, BCBSVT will no longer be obligated to pay claims for 30 days should VEHI be unable to pay them. However, it is important to understand that VEHI has always self-funded its health program, meaning VEHI – not BCBSVT – pays the actual cost of all medical and pharmacy claims. We contract with BCBSVT only to administer the medical claims process and provide other administrative support. This is the same arrangement the State of Vermont has with BCBSVT.

4. **Will VEHI retain an adequate fund balance to pay claims, fees, assessments, stop-loss coverage and administration costs?**

Yes, VEHI will continue to ensure adequate funding is available. To this end, DFR monitors VEHI's financial statements on a regular basis.

5. **Will VEHI's operations and fund balance continue to be under the regulatory scrutiny of DFR?**

Yes, DFR will continue to approve VEHI rate filings and periodically conduct a full audit of the program as required by Vermont law.

6. **Will members experience any change in the level of service from VEHI?**

No. VEHI will keep contracting with BCBSVT to administer its health program and provide excellent customer service, although membership cards for employees will now clearly state BCBSVT's role as "administrative only."

7. **Will VEHI continue to provide its state-of-the-art wellness programs?**

Yes, VEHI will continue to invest in programs to promote the health of school employees.

Membership in VEHI

1. **Can school districts (in conjunction with local unions, if applicable) still decide to end membership in the VEHI's health program?**

Yes, membership in VEHI is voluntary. A member district may leave the health program with 90 days' written notice to VEHI as outlined in the VEHI Member Agreement (<http://www.vehi.org/home/membership/>).

However, during the transition to new health plans and ASO status, DFR has granted VEHI authorization to **waive** the 90-day requirement and to accept notice to terminate

membership effective December 31, 2017 up **until November 15, 2017**. After that date, the 90-day notice will again be in effect.

Please note that membership changes take effect on the first day of the month following eligibility to join or leave the program.

2. If a school district leaves VEHI, will there be a “waiting period” before the district can renew membership in VEHI?

The VEHI Board has given conceptual approval to establishing a 24-month waiting period for a school district that leaves the health or dental program before the member would be allowed to rejoin either program. A waiting period is in the best interest of the membership as a whole, as it increases the long-term stability of the program by helping to protect the trust from the dynamics of adverse risk selection. School districts would be allowed to rejoin VEHI on either July 1 or January 1 once the 24-month waiting period has been met. This decision, which requires approval by DFR, will be finalized at the August or September meeting of the VEHI Board. Notice of the final decision will be provided to all school districts and local unions.

3. Are there other implications of ending membership in VEHI that school districts and local unions should be aware of?

Yes, two, however both of these items are currently in effect and are not impacted by the change to ASO in 2018.

As outlined in the both the VEHI Member Agreement and Operational Plan (located at (<http://www.vehi.org/home/membership/>)), if in any plan year the health program has insufficient funds to meets its obligations, VEHI, with the approval of DFR, may levy upon its member districts an additional assessment to meet these obligations. A school district may be assessed for any plan year during which the member participated in the program. Such an assessment may be made up to 36 months after the end of the health program’s plan year **even if the member has discontinued membership in the program.**

Second, as indicated in the Operational Plan referenced above, if the health program ends, once all obligations are met, VEHI, with approval of DFR, may distribute any remaining funds to member school districts. **A district, however, must be a member of the health program at the time it ends to be eligible for any portion of funds returned.**

If you have questions or concerns regarding the VEHI health program, its transition to ASO status or membership in the program, contact VEHI Trust Administrators **Laura Soares** (laura@vsbit.org or (802) 223-5040 extension 208) or **Mark Hage** (mhage@vtnea.org or (802) 223-6375)