Vermont Education Health Initiative (VEHI)

Board of Directors Meeting Minutes

May 20, 2025

Present:

VEHI Board Members: Michael Fisher (Chair), Lance Mills (Vice Chair), Suzanne Dirmaier, Lisa Grout, Cheryl Scarzello

Absent: Andrew Haas

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

The meeting was called to order by Mike Fisher at 3:01 p.m.

Review and Adopt Agenda

The first order of business was to review and adopt the agenda as presented. Suzanne Dirmaier moved to adopt the agenda, seconded by Lisa Grout. The motion passed unanimously.

Public Comment:

None.

Approve Meeting Minutes from April 17, 2025

Lisa Grout moved to approve the minutes as written, seconded by Cheryl Scarzello. The motion passed unanimously.

VEHI Financials, Jan-March 2025 Q3 of FY25

The FY25 Q3 financials revealed a net loss of 3 million dollars, down from 2.7 million last year, with net position declining 24% to 37 million. Chris explained that while operating revenue increased 14% and claims-related expenses rose 13%, the loss before investments was lower than last year, though investment performance was less favorable. The actuaries projected a 5.6 million dollar loss before investments, similar to last year's projection, which ended with a 15 million loss. The management team and board of directors will need to address surplus rebuilding during the renewal rating process, requiring a written plan by early November.

Approve Auditor Engagement

The board discussed the scheduling of future meetings, with uncertainty around whether they would meet in September or October. Chris presented the engagement letter for Johnson & Lambert, the firm conducting their audits, noting an 11% increase in fees due to inflation and staffing challenges. Mark inquired about the cost comparison to the previous vendor Sullivan Powers, which Chris explained was approximately 30-40% higher for Johnson & Lambert but reflected more comprehensive services, such as onsite audits of our vendors. Cheryl Scarzello made a motion to authorize the board chair to sign the auditor engagement letter from Johnson Lambert for the FY25 audit. The motion was seconded by Lisa Grout. The motion passed unanimously.

Review and Approve VEHI Retiree Filing for VSTRS

Bobby-Jo presented the VEHI retiree filing for VSTRS members, noting a 26% rate increase due to higher than expected utilization, among pre-Medicare retirees. The VSTRS 65 plan requires an increase of 14.5%. The board approved the filing with the understanding that rates may be amended based on new benefit plans or hospital budget submissions.

Cheryl Scarzello made the motion to accept the VSTRS rate filing for calendar year 26 as presented, and to authorize Blue Cross Blue Shield to file the proposed rates on behalf of VEHI, with the understanding that there may be amendment to the filing because of a possible new benefit plan offering, if requested by VSTRS or because an adjustment to the filing to account for the impact on rates of hospital budget submissions in July. Suzanne Dirmaier seconded the motion. The motion passed unanimously.

VT-NEA Quarterly Report

A motion was made by Lisa Grout to accept the Vermont NEA report, seconded by Cheryl Scarzello. The motion passed unanimously.

GLP-1 Discussion

The management team discussed the rising costs and utilization of weight-loss medications, particularly Wegovy and Zepbound, which have seen a significant increase in both cost and usage over the past year. They noted that these medications, while effective for some, come with serious side effects and are often not used long-term due to cost and side effects. The team is considering restricting coverage for weight-loss purposes only, while maintaining access for diabetes and potentially MACE patients, following the lead of Blue Cross Blue Shield of Vermont, which plans to implement similar restrictions by January 1, 2026. The proposed changes would have reduced rates by 1.7% in FY 2026, though the team is still gathering more information on long-term health benefits and the perspectives of other organizations that continue to cover these medications for weight loss.

The management team will continue to review, and provide follow up information requested by the board, such as public health data/research, discount programs, carriers and pools who are covering these meds for weight-loss and their reasoning. The management team will bring their recommendation to the board in June for action.

Legislative Update – RBP, S.126, and VT Healthcare 911

Mark provided an update on legislative initiatives, highlighting the passage of S. 126, which authorizes reference-based pricing for hospital budgets by FY 2027, marking Vermont as the first state to implement this for the entire commercial insurance market. He also discussed the implications of S. 126 for controlling hospital costs and its potential impact on FY 2026 rates, expressing some disappointment that the public sector initiative did not pass but emphasizing the positive direction of the legislation. Mike inquired about PPS hospitals, and Mark explained they are larger hospitals under Medicare agreements, contrasting them with critical access hospitals. The conversation ended with a brief mention of House Bill 266, which aims to address prescription costs, and its potential passage.

Mark explained that H.266, a Vermont state bill, proposes capping the cost of high-cost infusion medications at 120% of the average sales price (ASP) for hospitals and provider offices under the 340B program. He noted that if the bill had been in effect during FY 2025, it could have saved Vermont approximately $11.2 million, reducing the needed increase by about 3 percentage points. Mark emphasized that while the bill is currently under consideration in the House Health Committee, there is uncertainty about its passage due to the limited legislative session time remaining.

Plan Redesign – Consideration of a Committee

The board discussed creating a committee for plan redesign. Lance Mills made the motion to create a committee on plan redesign with the first task to be to develop guiding principles and criteria for the plan redesign work. The motion was seconded by Cheryl. Suzanne and Cheryl volunteered to serve with input from Bobby-Jo and Mark. The motion passed unanimously.

Update on ASO Considerations

Mike and Lance are scheduled to meet with the chairpersons of the Statewide Bargaining Commission to discuss the administrative services contract this week and will provide an update at the June meeting.

Introduce the VSBIT Contract for July 1

The board discussed the VSBIT contract, which has been in place for many years with automatic renewals. Bobby-Jo explained that the contract supports the equivalent of 8 full-time staff members who work on VEHI, including the wellness team. Mike expressed concerns about the lack of specificity in the contract regarding services and the inability to terminate without cause. The board agreed that the contract could use more detail, and Jonathan mentioned an existing document outlining VSBIT's responsibilities. Mark and Chris provided historical context on the contract's evolution, noting that it has been in place since Laura Soares's tenure and previously had shorter terms.

Chris clarified that while some staff were partially funded by VEHI, others like the wellness team were fully funded. The group discussed the rationale for the auto-renewal clause after 5 years, with Mike explaining that it was likely included to ensure continued service. Lance suggested it served as an insurance policy to maintain stability in case of board disagreements. The conversation concluded with Jonathan recalling that if the board failed to approve a new contract, operations would continue as-is under the existing terms.

The group discussed contract renewal options, with Mike explaining that the current contract has an 11-year term with only termination and auto-renewal as options, but they agreed to add renegotiation as a third option, particularly at the end of each term. Bobby-Jo will update the document to include adding the scope of services document, code of conduct amendment, and renegotiation language at the end of each term, then present to VSBIT Board for approval on June 12th. It will then be presented to the VEHI board on June 17th.

<u>Discuss Net Meeting Topics</u>

The next meeting of the VEHI board will be Tuesday, June 17, 2025. The agenda will include the VSBIT contract, coverage for GLP-1s for obesity, legislative updates, FY26 budget, other renewing contracts, update on commission discussion, benefit committee update if available.

<u>Adjournment</u>

Cheryl Scarzello made the motion to adjourn the meeting, seconded by Suzanne Dirmaier. The motion passed unanimously. Mike Fisher adjourned the meeting at 5:47 p.m.