VEHI Board Meeting Minutes for October 20, 2026

Present:

VEHI Board members: Lance Mills – Board Chair, Mike Fisher – Vice Chair, Suzanne Dirmaier, Lisa Grout, Andrew Haas, and Cheryl Scarzello.

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

VEHI Guests: Carrie Rice and Elizabeth Wideawake of Johnson Lambert

The meeting was called to order at 3:01 pm by Chair Lance Mills.

Review and Adopt Agenda

Motion: Approve the agenda as presented.
Moved: Cheryl Scarzello **Seconded:** Lisa Grout
Vote: Approved unanimously.

Public Comment

No public comments were offered.

Approval of Prior Board Minutes

The Board reviewed the minutes from June 24, June 30, and September 4, 2026.

Motion: Approve the June 24, June 30, and September 4th board minutes.
Moved: Lisa Grout **Seconded:** Cheryl Scarzello
Vote: Approved unanimously.

FY2026 Audit Findings

Johnson & Lambert representatives Carrie Rice and Elizabeth Wideawake presented the FY2026 audit findings, reporting an unmodified clean opinion, no material weaknesses in internal control over financial reporting, no audit adjustments, no uncorrected misstatements, no disagreements with management, no significant difficulties, and compliance with independence requirements.

Key audit discussion points included:

- The audit was performed under generally accepted auditing standards, with management responsible for the financial statements and the Board responsible for governance oversight.

- The auditors identified significant audit risks related to revenue recognition, management override of controls, and the estimate for claims to be paid.
- Claims to be paid were discussed as a sensitive accounting estimate, with the auditors explaining that incurred claims at year-end may not yet have been paid.
- The auditors noted that VEHI's support materials were provided timely and thanked Chris Roberts and staff for the audit process.

Motion: Accept the FY2026 audit findings.
Moved: Andrew Haas **Seconded:** Lisa Grout
Vote: Approved unanimously.

FY2026 Year-End Financials

Chris Roberts presented the FY2026 year-end financial results, noting that VEHI rebounded significantly after three years of losses totaling over $21 million and realized an FY2026 gain of approximately $25.9 million.

Key financial points included:

- The health program had an approximately $26.8 million gain.
- Approximately $18 million of the health program gain came from current-year operations, approximately $6 million from favorable claims liability runout, and approximately $2.6 million from investment revenues.
- The health program net position increased from approximately $28.9 million to approximately $55.7 million.
- The dental program ended with an approximately $905,000 loss, which was consistent with the Board's prior intent to use dental reserves.
- General operating expenses were approximately $153,000 under budget, and wellness expenses were approximately $45,000 under budget.
- Chris Roberts cautioned that investment performance in the first quarter of FY2027 was approximately flat and that market volatility remains a risk.

Motion: Accept the FY2026 financials.
Moved: Cheryl Scarzello **Seconded:** Suzanne Dirmaier
Vote: Approved unanimously.

VEHI Investment Policy Update

Chris Roberts presented proposed revisions to the VEHI investment policy based on work with Concord Advisory and prior Board discussions.

Key points included:

- VEHI's operating cash account would continue to support weekly claims and expenses, while excess cash could be placed in an ultra-short-term fixed-income fund.
- Vanguard investments would remain approximately 25% equities and 75% fixed income.
- The fixed-income allocation would be diversified, with approximately 37.5% remaining in the short-term bond fund and approximately 37.5% moving into a Vanguard Core Bond Fund.
- The policy revisions added rebalancing parameters and included consideration of an outside portfolio review every three to five years.

Motion: Approve the investment policy as revised and presented.
Moved: Cheryl Scarzello **Seconded:** Lisa Grout
Vote: Approved unanimously.

Dental Rate Renewal

Bobby-Jo Salls presented dental rate options based on actuarial analysis, explaining that VEHI has 47 covered districts or supervisory unions with varied plan designs and individually rated dental experience.

The Board discussed three options:

- **Option 1:** Full actuarial indication, averaging approximately 14.3%, with a range from approximately negative 11% to positive 24%, resulting in expected break-even performance.
- **Option 2:** Remove VEHI expenses from the rate calculation, producing an average increase of approximately 7.54% and an expected loss of approximately $692,000.
- **Option 3:** Cap and smooth increases using the same tiering approach as the prior year, producing an average increase of approximately 6.5% and an expected loss of approximately $770,000.

The VEHI management team recommended Option 3 to limit rate volatility, use dental reserves prudently, and avoid wide swings for districts and employees.

Motion: Authorize the VEHI management team to work with Northeast Delta Dental using the Option 3 dental rate approach.
Moved: Lisa Grout **Seconded:** Suzanne Dirmaier
Vote: Approved unanimously.

FY2028 VEHI Health Renewal

Bobby-Jo Salls and Chris Roberts presented the FY2028 VEHI health renewal recommendation.

Key points included:

- Blue Cross initially indicated an average needed increase of approximately 5.3% from pro forma to pro forma rates.
- VEHI management recommended reducing the contribution to reserves and filing a 2.5% average increase to current FY2027 billed rates.
- Chris Roberts noted that VEHI's health reserve position was approximately 14.8% as of June 30, 2026, and projected that FY2027 could further improve reserves.
- The Board discussed the value of smoothing increases over time rather than creating large rate swings.
- Factors contributing to the favorable renewal included legislative and regulatory actions, hospital budget intervention, GLP-1 coverage changes, PBM savings, and anticipated savings on reference-based pricing.

Motion: Authorize the VEHI Board Chair to sign, and the management team to file, the FY2028 VEHI Health Renewal with a 2.5% increase to the current FY2027 billed rates.
Moved: Mike B. Fisher **Seconded:** Suzanne Dirmaier
Vote: Approved unanimously.

Management Updates

The management team provided updates on consulting work, the Silver CDHP issue, and the VSTRS contract.

Key updates included:

- The Benefits DNA consulting contract, nondisclosure agreement, and business associate agreement were signed, and Benefits DNA began requesting data from Blue Cross.
- The Silver CDHP correction process continued, with approximately 600 letters sent and approximately 295 people identified as potentially needing a W-2 adjustment of $200.

- Management reported that the potential tax impact was significantly lower than initially anticipated.
- VEHI is continuing to work on the VSTRS contract, with the main change related to VSTRS not renewing its wellness and administrative agreement for the Medicare Advantage group.

Benefit Redesign Committee Update

Mark Hage reported that Benefits DNA had begun work and outlined the expected deliverables and timeline.

Key timeline points included:

- An initial claims, contracts, costs, and trend analysis was expected around Thanksgiving.
- A proposed two-plan model architecture was expected around the end of December.
- A detailed implementation report was expected by January 15.
- A final Board decision would be needed before information is shared with bargaining teams ahead of April bargaining.

The Board discussed holding a retreat with Benefits DNA, potentially on December 1 or December 10, combined with or near the December Board meeting depending on consultant readiness. Retreat/meeting date to be finalized later.

Whistleblower Policy Update

Mike B. Fisher presented revisions to the VEHI whistleblower policy.

Key changes included:

- Replacing references to the president with the Board chair as the primary point of contact.
- Providing that the vice chair would serve as the point of contact if the matter involves the chair.
- Adding recusal language for Board members involved in a reported event.

Motion: Adopt the updated VEHI whistleblower policy.
Moved: Mike B. Fisher **Seconded:** Lisa Grout
Vote: Approved unanimously.

Vermont NEA Quarterly Report

Mark Hage presented a report covering recent legislative, regulatory, hospital budget, reference-based pricing, and Blue Cross Blue Shield developments.

Key points included:

- Hospital budget and regulatory developments reflected a stronger focus on affordability.
- Blue Cross Blue Shield's filings and work with the Green Mountain Care Board were discussed as important signals for future cost control.
- Reference-based pricing work is underway, with Bailit Health selected as consultant for the Green Mountain Care Board.
- Blue Cross Blue Shield's risk-based capital position improved but remained below the range preferred by DFR.

Motion: Accept Mark Hage's report for the last two quarters.
Moved: Cheryl Scarzello **Seconded:** Lisa Grout
Vote: Approved unanimously.

Legal Strategy Discussion

Mike B. Fisher reported on conversations with attorneys Frank Fanshawe and Rob Halpert regarding VEHI's legal strategy.

Key points included:

- Both attorneys recommended that VEHI engage a general counsel.
- Rob Halpert offered to speak with the Board about the importance of general counsel.
- The Board discussed the value of having a consistent legal contact or firm familiar with VEHI's operations, contracts, compliance issues, bylaws, governance documents, and regulatory environment.

Next Step: Mike B. Fisher will follow up with Rob Halpert about a typical process for selecting general counsel, and the topic will return to a future Board meeting.

Next Meeting and Scheduling

The Board discussed the December meeting, the potential retreat with Benefits DNA, and the January meeting date.

Follow-up items included:

- Confirm whether Benefits DNA can support a December 1 retreat or whether December 10 is more appropriate.
- Consider combining the retreat and December Board meeting if feasible.

- Send a scheduling poll for the January meeting because Mike B. Fisher is unavailable for the currently scheduled January 19 meeting.

Annual Meeting Logistics

Bobby-Jo Salls reviewed logistics for the annual meeting scheduled for October 30 at the DoubleTree in Burlington, with virtual access also available.

The annual meeting agenda includes approval of Board members, prior annual meeting minutes, auditor appointment, and an information exchange.

Member Forum Discussion

The Board discussed whether to hold another January member forum.

Consensus was not to hold a January forum at this time because attendance and engagement were limited last year, the preparation required was significant, and the FY2028 rate increase is expected to generate less concern than prior years.

The Board also discussed sharing information through existing communication channels, including updates on rate drivers and the beginning stages of plan redesign work.

Adjournment

Motion: Adjourn the meeting.
Moved: Mike B. Fisher **Seconded:** Cheryl Scarzello
Vote: Approved unanimously.