

VEHI

Vermont Education Health Initiative

Annual Summary Report



*For the Year Ending
June 30, 2024*

VEHI Board of Directors

The VEHI Board is comprised of three appointees of the Vermont School Boards Association (VSBA) and three appointees of the Vermont-National Education Association (VT-NEA).

Board appointees, including chair and vice chair, are:

VSBA appointees: Mike Fisher (Current Vice Chair), Andrew Haas and Cheryl Scarzello.

VT-NEA appointees: Suzanne Dirmaier (Current Chair), Lisa Grout and Lance Mills.

Corporate Officers

President: Vacant (duties completed by VEHI management team and board chair)
Secretary: Vacant (duties completed by VEHI management team)

Vermont Education Health Initiative (VEHI) Board membership

Andrew Haas [VSBA]	2024-present
Lance Mills [VT-NEA]	2024-present
Cheryl Scarzello [VSBA]	2024-present
Suzanne Dirmaier [VT-NEA]	2023-present
Mike Fisher [VSBA]	2022-present
Geo Honigford [VSBA]	2021-2024
Elizabeth Grout [VT-NEA]	2020-present



Continued from page 2.

Zack McLaughlin [VSBA]	2020-2022
Joel Cook [VT-NEA]	2018-2023
Tracy Wrend [VSBA]	2018-2023
Peggy Maxfield [VT-NEA]	2018-2023
John Pandolfo [VSBA]	2019-2020
Fran Brock [VT-NEA]	2018-2020
Martha Gagner [VSBA]	2018-2019
Robert Letovsky [VSBA]	2018-2019
Elizabeth Fitzgerald [VSBA]	2018-2018

2018 Act 11 Reorganization

Jeff Fannon [VT-NEA]	2017-2018
Nicole Mace [VSBA]	2016-2018
Martha Allen [VT-NEA]	2015-2016
Elizabeth Fitzgerald [School Director]	2014-2018
Tracy Wrend [Superintendent]	2013-2018
Martha Gagner [Business Manager]	2013-2018
Bruce Schmidt [School Director]	2013-2014
Mark Hage [VT-NEA]	2013-2015
Joel Cook [VT-NEA]	2013-2017

2013 Board Reorganization to comply with Regulation I-90-1

Steve Post [VSBIT]	2011-2013
Martha Allen [VT-NEA]	2009-2013
Bob Giroux [VSBIT]	2009-2010, 2012-2013
Laura Soares [VSBIT]	2006-2013
Steve Hier [VSBIT]	2006-2009
Mary Sherrer [VSBIT]	2005-2006
Mark Hage [VT-NEA]	2001-2013
Joel Cook [VT-NEA]	2000-2013
Chaunce Benedict [VSBIT]	1998-2003
Perry Kacik [VT-NEA]	1997-1999
Ray Proulx [VSBIT]	1996-1998, 2004-2006
Angelo Dorta [VT-NEA]	1996-2008
Jeffrey Isham [VT-NEA]	1996-2012
John Gutman co-chair [VSBIT]	1996-2012
Richard Lange [VT-NEA]	1996-1997
Joe Zimmerman [VSBIT]	1996-2013
Joe Blanchette [VT-NEA]	1996-2001
Martha Heath [VSBIT]	1996-2004

VEHI Program Update for FY 24 Annual Report

Over the course of FY 24, VEHI made available to school districts and the Vermont State Teachers' Retirement System (VSTRS) a range of employee benefit plans, including health, dental, life insurance, and long-term disability. Additionally, VEHI invested in school-based wellness programs that give individuals and families the confidence, support, and resources they need to live healthy, productive lives, and the management team pursued information on new cost-and-quality initiatives.

Cost-and-Quality Initiatives

VEHI remains committed to advancing high-quality care and lowering costs for everyone. The management team is always investigating new ways to reduce costs without compromising access to high-quality care, including lowering hospital rates, improving access to virtual physical therapy services and exploring ways to lower prescription costs. This work will continue in FY 25.

Rx Initiatives & Hospital Reform

Prescription drug prices make up, on average, 20 percent of every dollar of health insurance claims, which is more than we spend on primary and specialty care office visits combined. According to Blue Cross VT, they are still a major and consistent driver of health care premium increases, nationally and in Vermont. As noted above, VEHI engages Remedy Analytics and works with the Blue Cross VT pharmacy team to identify the most effective ways to reduce these costs while ensuring access to the prescriptions our members need. We also conduct annually through the offices of Remedy and Blue Cross VT an audit of the performance of our PBM to ensure that negotiated prices, discounts and rebate terms are being strictly honored. Three consecutive audits revealed significant discrepancies, which were corrected to VEHI's benefit.

In 2023, the legislature authorized the creation of a new division at the Green Mountain Care Board to develop a regulatory framework and methodology for controlling and lowering the cost of the most expensive drugs. VEHI endorsed this legislation. Specialty medications are largely responsible for the very sharp spike in Rx spending in the past decade, with roughly 4 percent of the VEHI members who need to take them accounting for 56 percent of our prescription spending. This is a state and national problem that requires regulatory action.

Hospital prices are the leading cause of medical inflation for VEHI and others in the commercial market. Inpatient and outpatient claims account for 55 percent of our costs, with the University of Vermont Health Network accounting for the lion's share. VEHI and other payers in the commercial market will be following closely the content and potential impact of proposed reforms in a report to be released on September 18 by Oliver Wyman consultants to the Green Mountain Care Board. It was mandated by Act 167 (2023) and will focus chiefly on hospital transformation and other systemic measures. We anticipate the report will call for substantial reforms to improve the quality and affordability of care, to eliminate high levels of preventable and low-value hospital and ER care, to expand access to community-based care, and to lower commercial insurance premiums.

VEHI Dental Program

Operating in partnership with Northeast Delta Dental (NEDD), VEHI's dental program once again sustained stable membership and a strong financial position. VEHI members have enjoyed years of no increases, or low single digits, for many years. In FY 24 members received increases between 0-4% depending on their utilization. NEDD also offers the Health through Oral Wellness® (HOW®) program to VEHI subscribers, which includes an oral

health risk assessment at no additional cost. Subscribers considered to be at risk for oral disease can receive additional preventive dental benefits covered under the plan. Find out more about the VEHI-NEDD dental program on page 11.

VEHI Long-Term Disability/Life Program

VEHI has offered high-quality, LTD and life insurance programs since 2002. In FY 23 we began to endorse National Insurance Services/Madison National Life. NIS/MNL won our endorsement by offering to match the benefit packages of existing LTD plans for VEHI members, completing a collective bargaining agreement review, providing our members with a cumulative rate decrease of 22%, and guaranteeing lower rates for multiple years. The program to date has been successful in saving many school districts thousands of dollars each year. Each year we see more school districts moving to NIS/MNL for savings, with 14 SU/SDs joining in FY 24. See page 13 for more information.

VEHI Wellness Program – Planned Action Toward Health (PATH)

As members and beneficiaries of VEHI's health pool, school districts and local unions come together to accomplish a shared goal: to provide high-quality, affordable health coverage at the lowest responsible price. Keeping the cost of health coverage affordable and sustainable is important to all of us, as school districts, school employees, and the communities they serve are impacted when costs increase more rapidly than budgets can absorb.

The VEHI Wellness Team, in partnership with Blue Cross of Vermont and school-based Wellness Leaders, has developed a robust, research-based program designed to support school employees and their families in leading healthy lives. In 2022 the PATH team was approached by the Agency of Education to partner to provide additional targeted support to districts recovering from the effects of the COVID pandemic for the overall wellness for school employees. For the past two years, the team has met with school districts that have agreed to be a part of the program and meet the requirements. This work has brought targeted support to schools where their employees identified a need. See pages 14 and 15 for more information on PATH.

VEHI Health Program & the Vermont Commission on Public School Employee Health Benefits

The Vermont Commission on Public School Employee Health Benefits determines the premium and out-of-pocket cost share between employers and employees. In FY 24 the Commission agreed to extend the current agreement (2023-2025) for the period January 2026 – December 31, 2027, to focus their attention on the bigger picture of affordable health coverage for public school employees and school boards in Vermont.

Covered employees have access to all four of VEHI's health plans, which have the same comprehensive benefit coverage and provider networks. Employees have access to an HRA on all four plans, and an HSA is available for

members with the Silver CDHP. See the [VEHI website](#) for more details on health plans, health spending accounts, and cost-sharing for premiums and out-of-pocket charges consistent with the outcome of statewide healthcare bargaining.

Vermont State Teachers' Retirement System (VSTRS)

VEHI also serves the health benefit needs of approximately 850 pre-Medicare retirees and another 1,050 who have the VSTRS 65 plan and carry an individual Part D drug plan. All VSTRS retirees who are enrolled with VEHI directly or through Vermont Blue Advantage (VBA) have access to the PATH Wellness Program.

As always, if you have questions or comments regarding VEHI's benefit programs and services, please contact one of us.

Mark Hage, Bobby-Jo Salls and Jonathan Steiner, VEHI Management

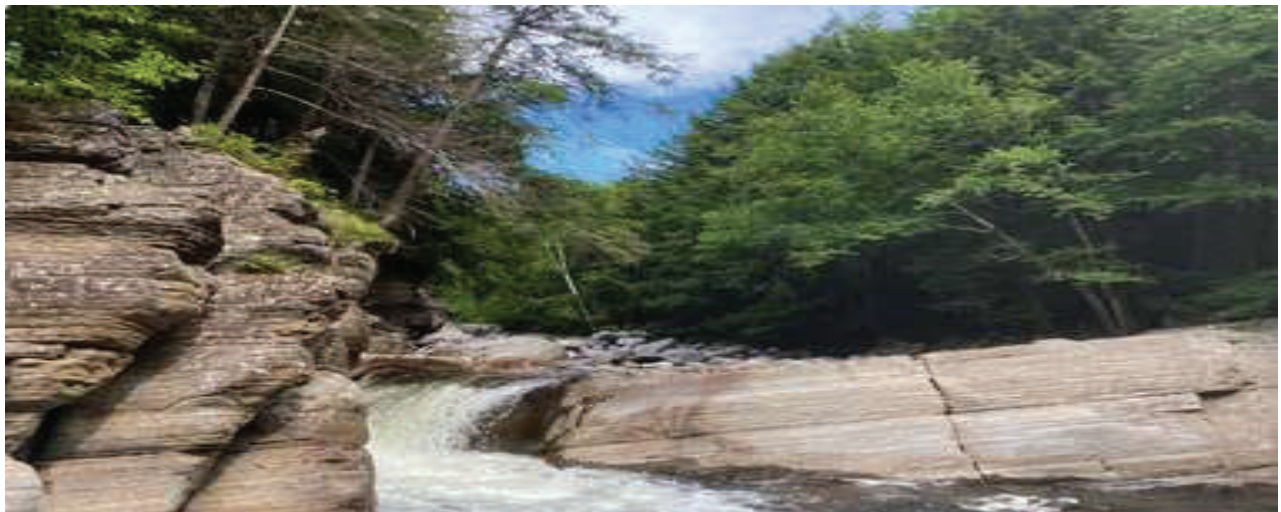
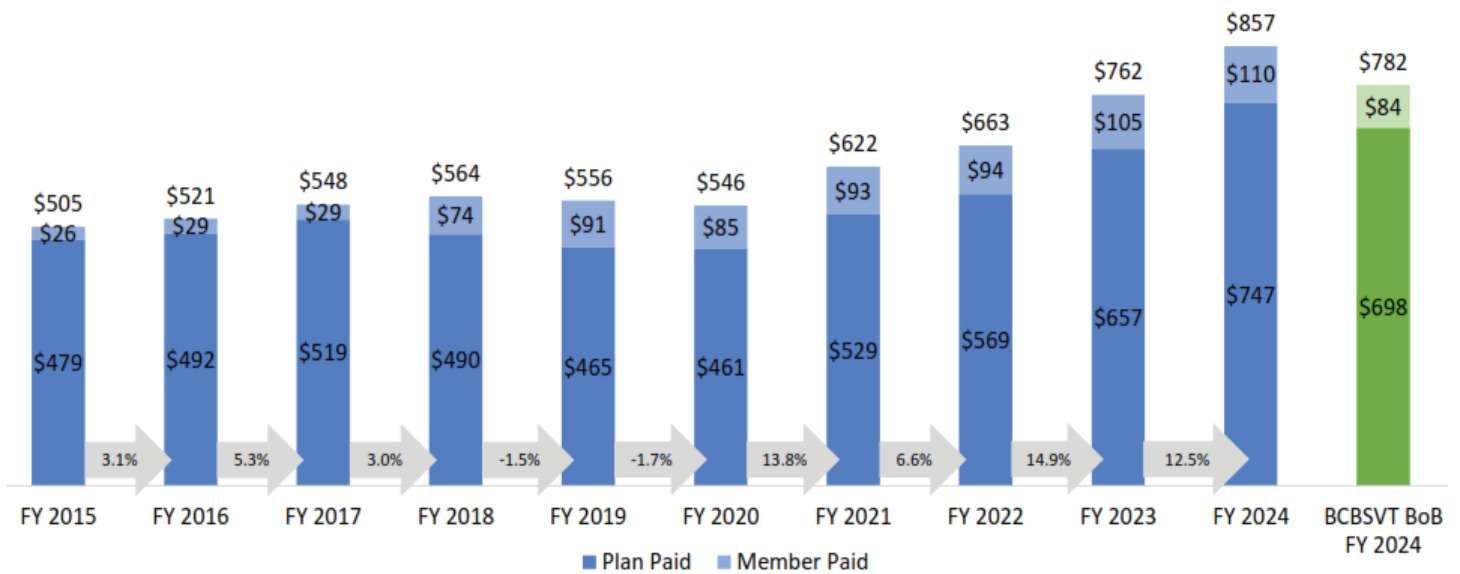
Health Benefits Utilization

Our health plan paid out approximately \$296,741,291 for claims submitted during the FY 24 year (through 6/30/24). The following graphs and charts provide information on health care utilization by the employees and their dependents enrolled on our plans. For incurred claims July 2023 – June 2024, paid through August 2024. These graphs only include VEHI claims cost. See the pie chart on Page 11 for a complete list of VEHI expenses.

Average Claims Cost Per-Member, Per-Month

OBSERVATIONS

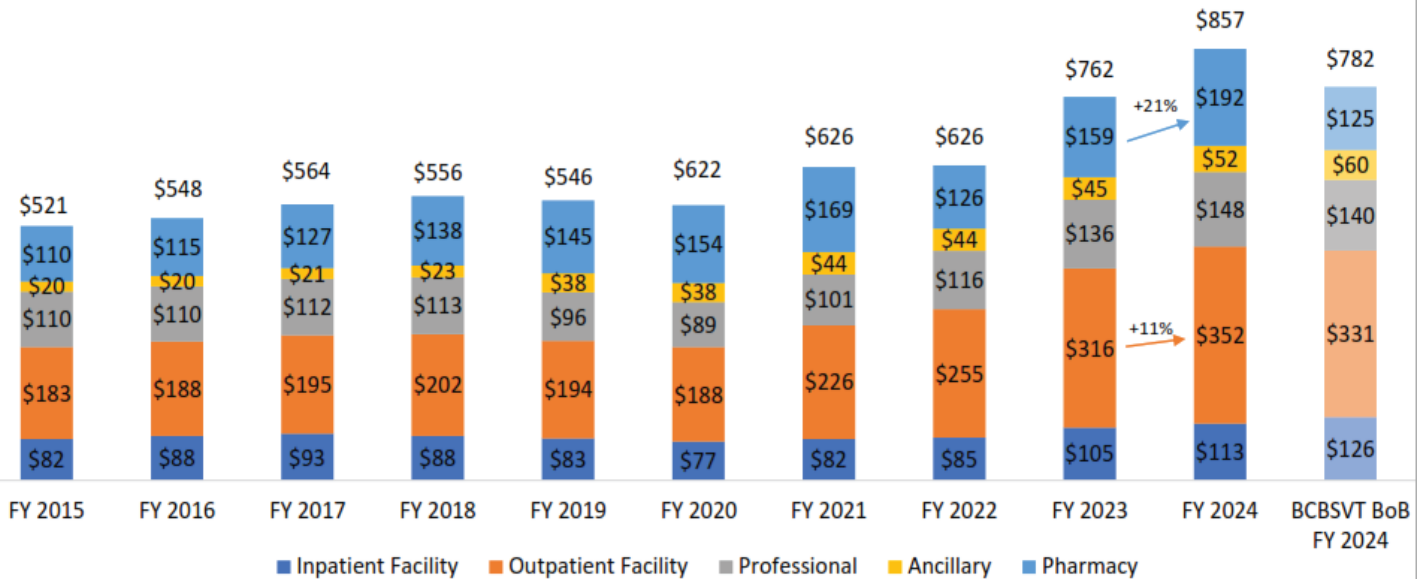
- VEHI increase from FY 2023 to FY 2024 was 12.5%.
- VEHI's health care costs have increased annually by an average of 7.7% from FY 2015 to FY 2024.
- VEHI's total PMPM cost was 9.7% higher than the BCBSVT Book of Business in FY 2024.



Average Claims Cost Per-Member, Per-Month By Service Category

OBSERVATIONS

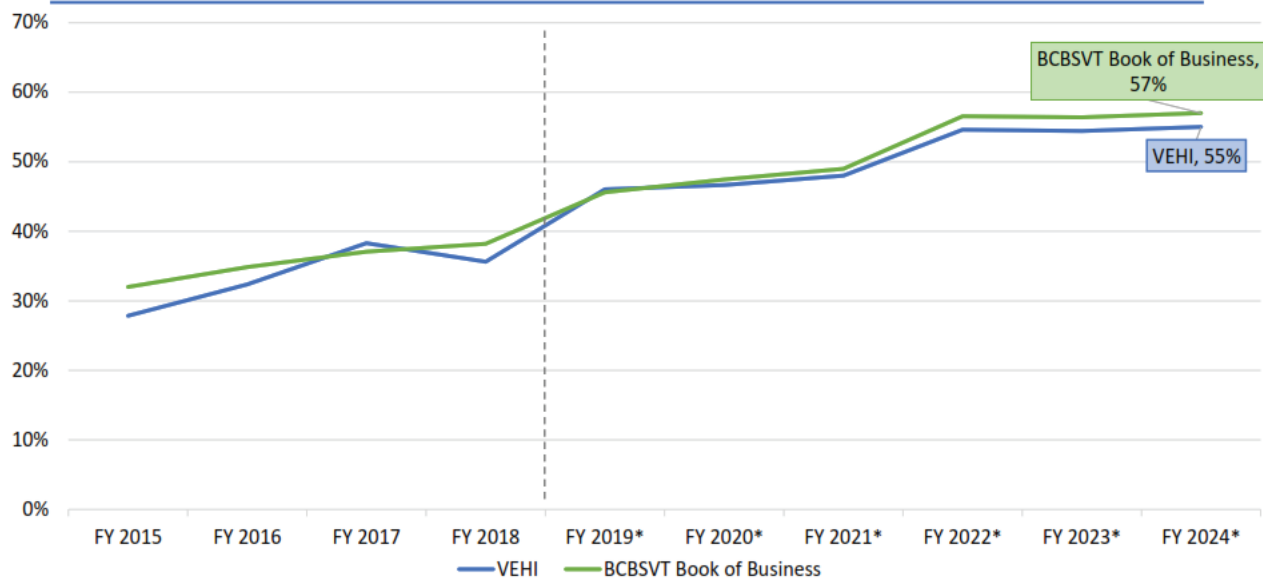
- All service categories increased in PMPM costs from FY 2023 to FY 2024.
 - Outpatient increased by 11%
 - Pharmacy increased by 21%



Percent of Pharmacy Costs due to Specialty Drugs

OBSERVATIONS

- Specialty drug costs make up 55% of the total pharmacy costs for VEHI while the Book of Business specialty drug costs make up 57% of their total pharmacy costs

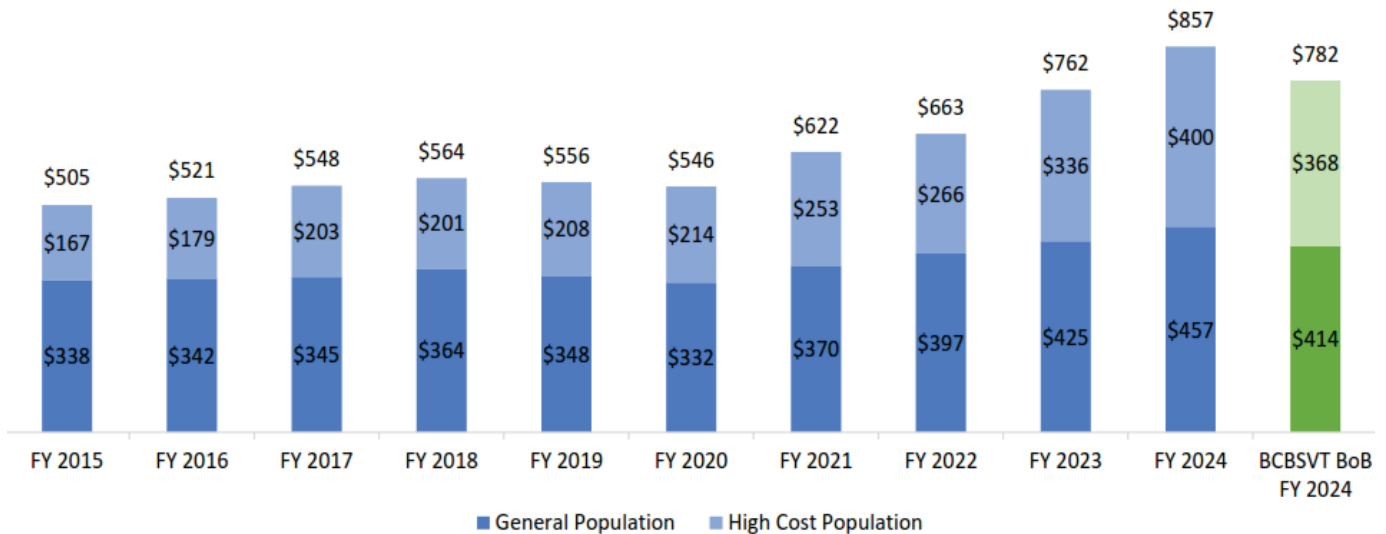


*Specialty Drug List Updated

Average Claims Cost Per-Member, Per-Month By High Cost* and General Population

OBSERVATIONS

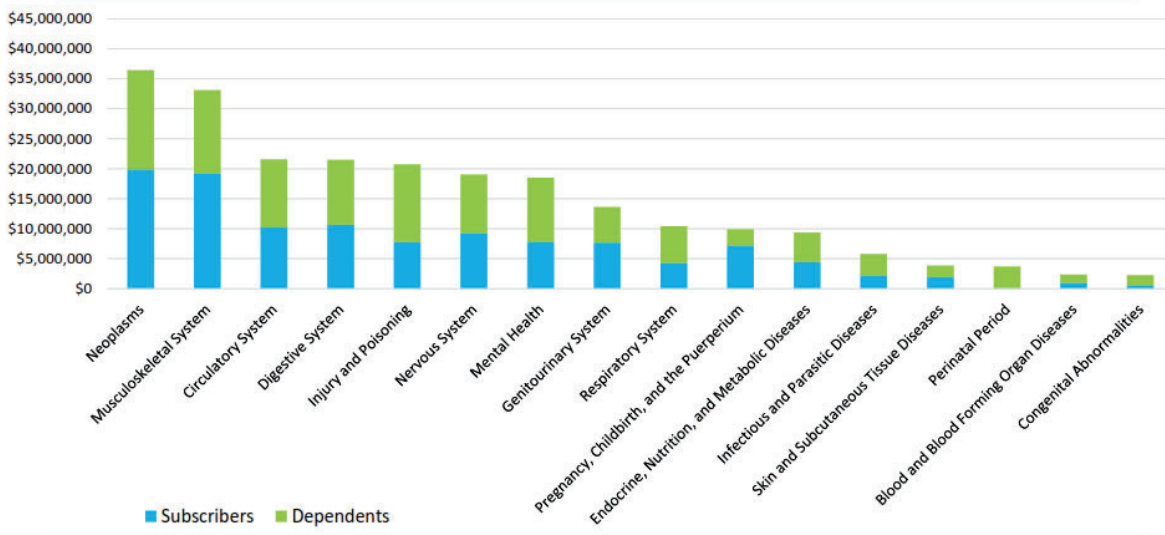
- High Cost Population (>\$50K in annual cost) contributed to 47% of total costs and represents almost 4% of the membership population in FY 2024
- High Cost Population's PMPM cost increased 19% from FY 2023 to FY 2024
- Costs for the High Cost Population are above the benchmark by 9% for FY 2024



VEHI Diagnosis Analysis by Total Cost

OBSERVATIONS

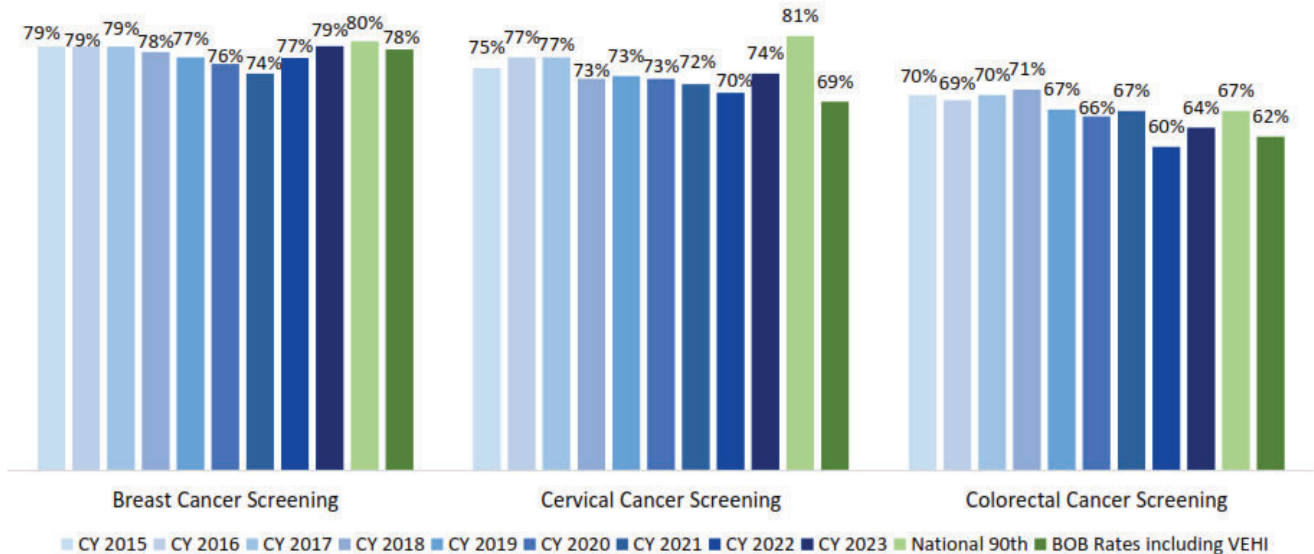
- The top diagnoses by cost are neoplasms, musculoskeletal conditions, circulatory conditions, digestive conditions, and injuries/poisons.



Preventive Screening Rates

OBSERVATIONS

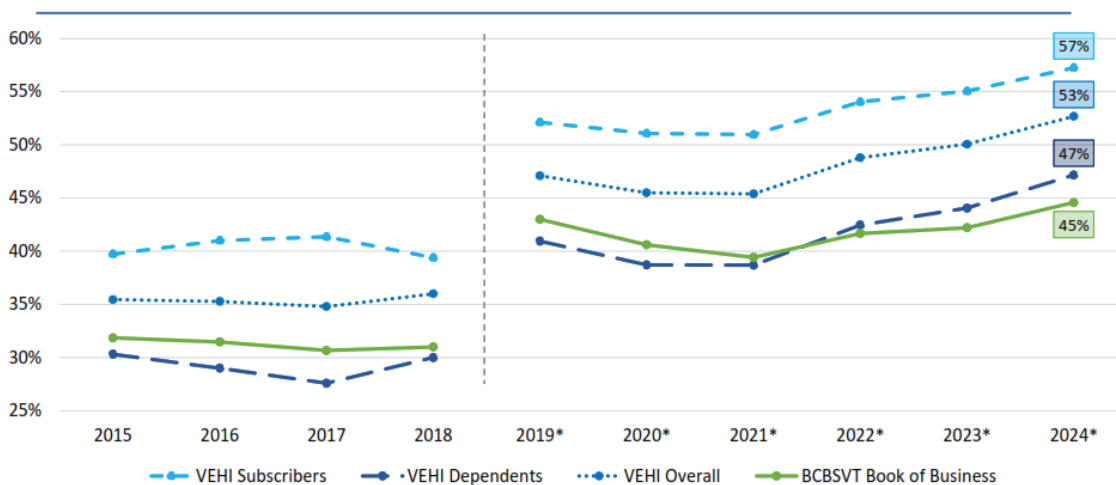
- All cancer screenings rates increased from CY 2022 to CY 2023 for the group and all screening rates are higher than the Book of Business rate. **



Annual Preventive Visit Rate Adults 18-64

OBSERVATIONS

- Overall preventive visit rate for VEHI for FY 2024 was 53% which is a 3% increase from FY 2023.
- The overall preventive visit rate for VEHI is above the Book of Business benchmark.



*2019 - 2024 preventive visits rates are based on an 18 month look to align with clinical guidelines.

8 **Dependents and spouses both make up the dependents category in the graph.



Dental Program

The VEHI Dental Program **began on July 1, 2000, with approximately 3,550 employees** and has since **grown to include approximately 10,271 employees, covering 22,591 lives including dependents.** The Program currently has 47-member supervisory unions/districts. Five basic plan options are available through the VEHI/Northeast Delta Dental (NEDD) Program, however, school districts which purchase dental coverage directly with Delta Dental are able to enroll in the VEHI Program with their existing plan.

VEHI's Dental Program continues to be successful. The program remains financially sound, and premiums continue to be lower than those obtained directly from Delta Dental. Districts participating in the VEHI/Delta Dental Program saw increases of zero to four percent in FY 24.

VEHI DENTAL PLANS OFFERED

<u>Plan</u>	<u>Preventive</u>	<u>Deductible</u>	<u>Basic</u>	<u>Major</u>	<u>Maximum</u>	
1	100%	\$0	90%	60%	\$1,500	per person
2	100%	\$0	80%	50%	\$1,500	per person
3	100%	\$25	80%	50%	\$1,000	per person
4	100%	\$50	100%	50%	\$1,000	per person
5	100%	\$0	100%	NA	\$750	per person

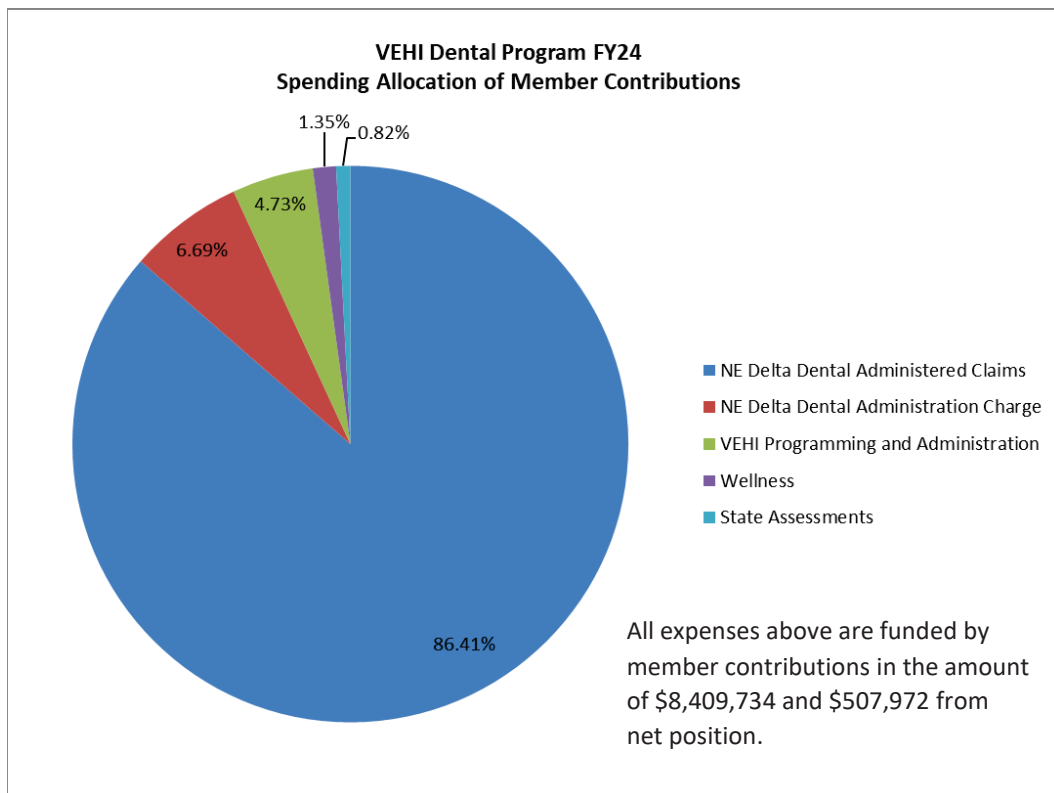
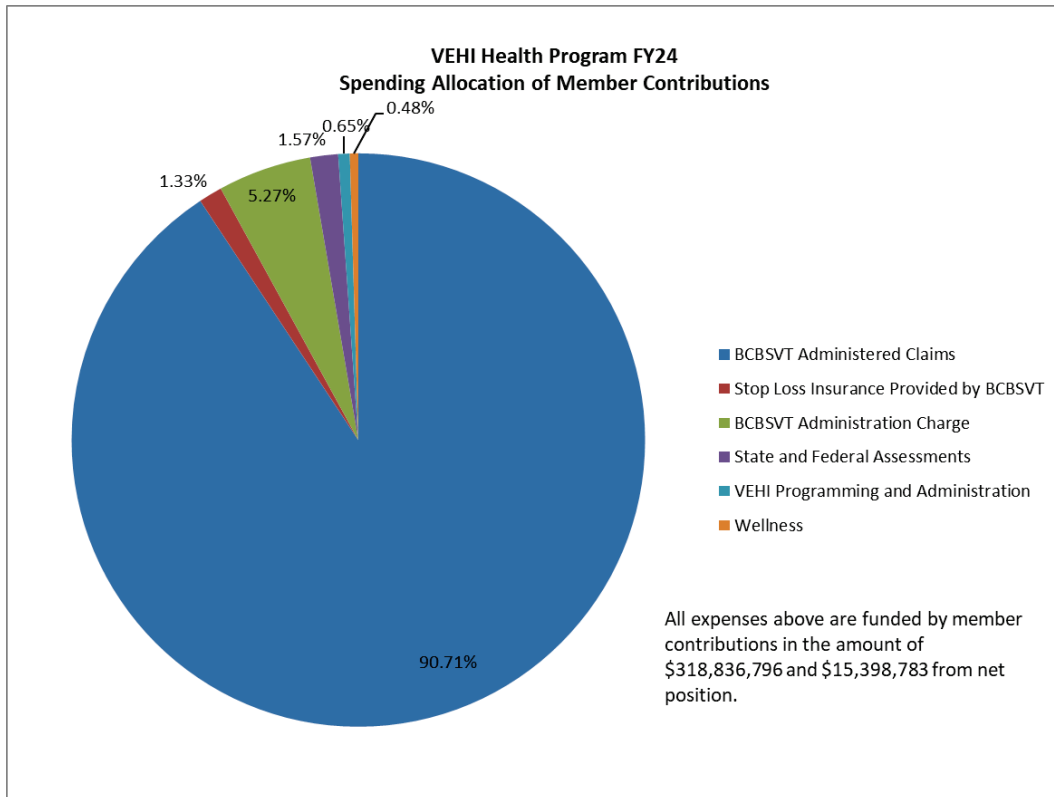
Monthly Rates Effective July 1, 2023, for groups without prior coverage*

<u>Plan</u>	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
1	\$54.20	\$104.24	\$174.82
2	\$45.49	\$87.46	\$148.28
3	\$42.42	\$81.52	\$140.13
4	\$57.41	\$110.46	\$191.94
5	\$44.11	\$84.60	\$168.94

**Basic rates - Ortho coverage for child and/or adult is slightly higher*



How monies collected by VEHI are allocated on behalf of its members:



Life and Disability Plans

Since July 2002, VEHI has offered high-quality Group Long Term Disability (LTD), Group Short-Term Disability (STD) and Group Term Life insurance (Life) plans. In September of 2014, we enhanced the Life and Disability program in partnership with Gallagher Benefits Services and Lincoln Financial Group. This partnership was aimed to deliver savings, stability, and enhanced contractual terms to members.

Since July of 2022, VEHI has endorsed a new partner, **National Insurance Services (NIS)** offering coverage through **Madison National Life Insurance Company Inc. (MNL)***. MNL offered a 22% discount with a rate guarantee up to four years to VEHI groups that move to NIS/MNL.

Key Features of Our Program Include the Following:

- Eligible VEHI member school districts may receive 22%** off their in-force employer paid Life, LTD, and STD rates
- Rates guaranteed*** through June 30, 2027
- Available to VEHI school districts that meet size and plan parameters, regardless of current carrier
- Seamless and simple transition
- Identity Theft Assistance Services****

VEHI remains committed to bringing members high quality employee benefit products with highly competitive pricing.

If you are interested in learning more about this enhanced program, or receiving a quote, please contact Mark Williams at mwilliams@NISBenefits.com or 269.370.0648.

Administered by:



This plan is underwritten by Madison National Life Insurance Company, Inc. This offer is only available to Vermont school districts who do NOT currently offer this coverage through MNL.

*Founded in 1961, Madison National Life Insurance Company, Inc. is headquartered in Madison, the rapidly growing capital city of Wisconsin. Madison National Life is licensed in 49 states and specializes in group life, disability, and specialty health insurance. The company is a wholly owned subsidiary of Horace Mann Educators Corporation (NYSE:HMN), the largest financial services company focused on providing America's educators and school employees with insurance and retirement solutions.

**22% off applies to employer-paid coverage.

***Rate guarantee to align with VEHI block rate guarantee

****Identity theft assistance services are provided by IDX, which is not affiliated with Madison National Life Insurance Company, Inc. Services provided by IDX are not part of Madison National Life's insurance products, and Madison National Life is not responsible for any acts or omissions of IDX in connection with or arising under identity theft assistance services. Access to IDX program is conditioned upon your employer remaining a Madison National Life customer and the program terms and conditions. This program does not provide credit repair services or any form of legal advice.

VEHI PATH (Planned Action Toward Health)

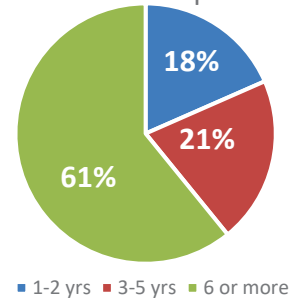
Employee Wellness Opportunities and Results

Over the past year, the VEHI PATH team offered member school employees, administrators, and teacher retirees a variety of best-practice programs and workplace-based strategies to help them live their best lives in thriving environments — at work, at home and in their communities.



We engaged over 500 Building Wellness Leaders and Champions in VEHI member buildings statewide and maintained a user-friendly website that was accessed by over 15,000 employees. We designed and oversaw our renowned 10-week annual wellness challenge called the PATH Adventure, with the title theme “A Work of Art” wherein we encouraged people to take full advantage of mental health tools. We included our annual exercise video and cooking competition.

Years of Participation



Other additions for FY 24 included:

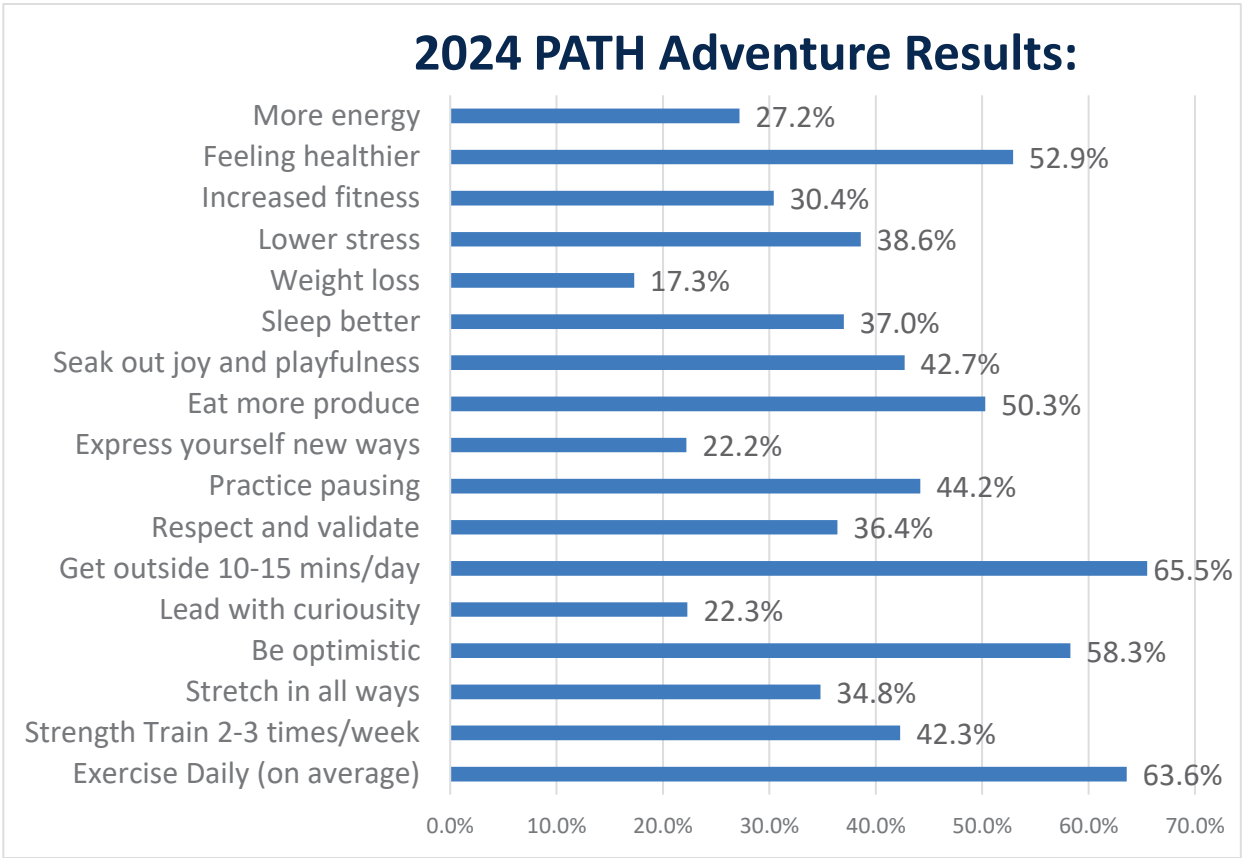
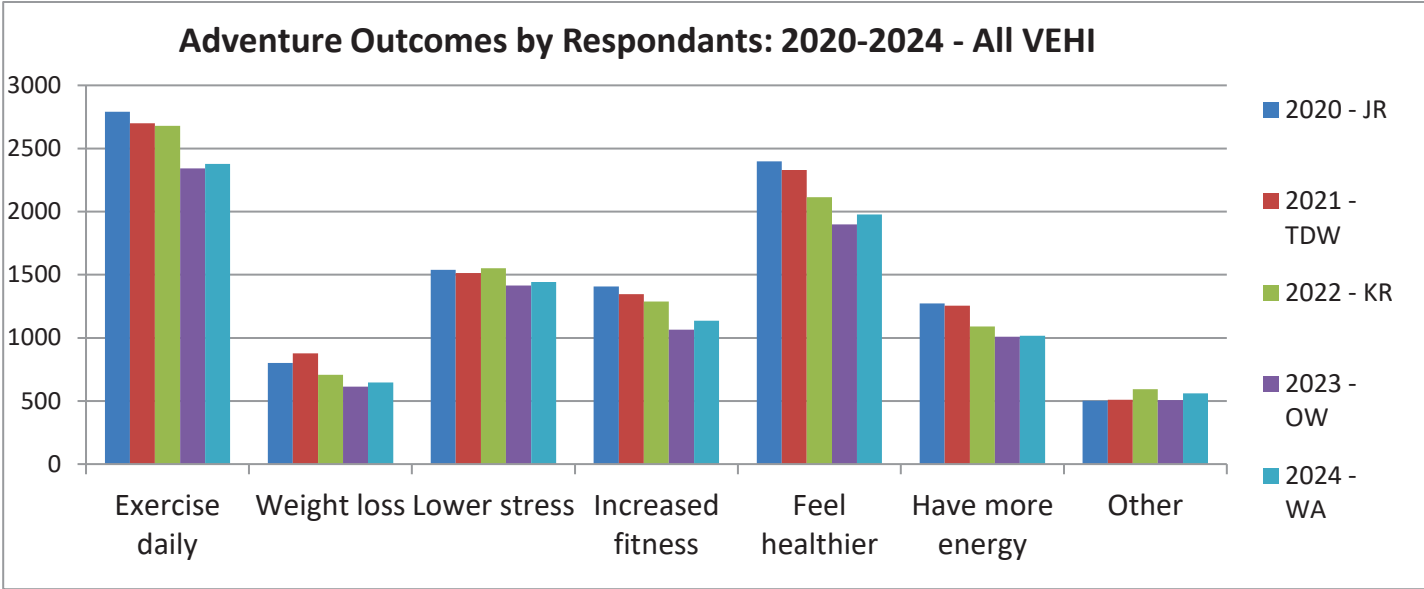
- *Yoga For Any Body* – yoga videos for all sizes, shapes, and abilities.
- *Understanding Anxiety* – a live mental health course to help ease the impact of trauma. These recorded webinars will be added to the 2023 self-paced courses.
- *PATH Rockstars* – local inspiring stories about schools and wellness leaders who go above and beyond to create communities where people thrive.
- *Healthy SU* – an ongoing partnership with BCBSVT to provide funding and significant oversight to 11 SD/SU’s committed to addressing prominent employee health issues based on their leadership and on aggregate claims and health assessment data.
- *Incentives* – on the rise at a time when other programs nationwide are dwindling, we rewarded 5,945 gift cards to those who earned 200 PATHpoints (a 3% increase from 2023).
- *PATH Forward* – a three-year Agency of Education grant to offer increased initiatives, similar to *Healthy SU*, to help school employees recover from the hardship of COVID and boost morale.

PATH program signature elements also continue to include the Healthy Life Survey; Progress Health Coaching (professional, telephonic coaching to help people discover more about their own best thinking); the Peer Coaching Course to help people practice skills of mutual support; our Mindfulness, Breaking Free From Sugar, and Intuitive Eating courses; Quizzify (health care literacy quizzes); a robust employee assistance program (Invest EAP) for crisis support, short-term counseling, and management support; Keeping Fit for year-long exercise tracking; the Sizzlin’ Summer Challenge to take on family-oriented health goals; and local building wellness leader events.

In collaboration with BCBSVT we continued to provide funding and training directly to member buildings to promote musculoskeletal health, reduce stress and anxiety, improve sleep, and increase healthy eating. Post-COVID, we’ve been able to get back into the buildings for in-person workshops. We continue to offer kits for each employee that building wellness leaders can order and distribute with instructions and live or virtual workshop follow-ups. All-in-all we provided 7,986 kits (a 50% increase from the previous year).

The 2023-2024 year also added much work in improving spaces for school staff to gather, debrief, and eat. Participation continues to climb exceeding pre-pandemic numbers, and the outlook is good. Member stories continue to tell us that just being there for them (and by offering extra options as well as mental health webinars and kits) makes a huge difference even if participation isn't always directly apparent. **Countless people tell us informally that the program saves lives.**

We continue to work toward our mission of helping all employees thrive and flourish in a workplace where success is quite simply the norm, where health goals are easily reached, and where people can be at their best for the children and families they serve.

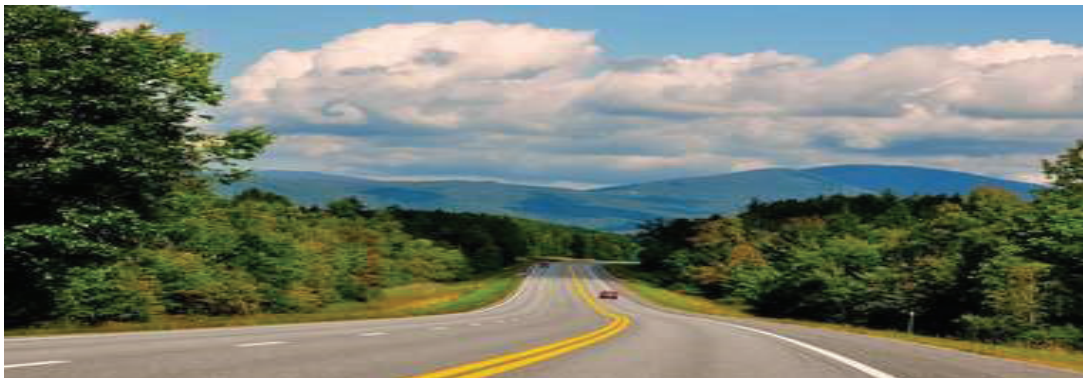


Vermont Education Health Initiative, Inc.
Combining Statement of Net Position (Unaudited)
For the Year ending June 30, 2024

<u>ASSETS</u>	Health Program	Dental Program	Total
Assets:			
Cash & Investments	\$ 40,474,374	\$ 7,427,850	\$ 47,902,224
Accrued Interest Receivable	66,196	5,013	71,209
Contribution Receivable	2,157,729	95,278	2,253,006
Working Fund Deposit	5,360,000	0	5,360,000
Fixed Assets (Net of Depreciation)	424,971	0	424,971
Other Receivables	245,526	0	245,526
Prepaid Expenses	<u>250,145</u>	<u>8,832</u>	<u>258,976</u>
Total Assets	<u>48,978,940</u>	<u>7,536,973</u>	<u>56,515,912</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Accounts Payable	917,043	170,419	1,087,462
Assessments Payable	581,715	75,813	657,528
Unearned Revenue	28,872	949	29,820
Claims Payable	14,169,892	476,887	14,646,779
Reserve for ULAE	<u>44,614</u>	<u>0</u>	<u>44,614</u>
Total Liabilities	<u>15,742,137</u>	<u>724,068</u>	<u>16,466,204</u>
Net Position:			
Unrestricted Net Position	<u>33,236,803</u>	<u>6,812,905</u>	<u>40,049,708</u>
Total Net Position	<u>33,236,803</u>	<u>6,812,905</u>	<u>40,049,708</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 48,978,940</u>	<u>\$ 7,536,973</u>	<u>\$ 56,515,912</u>

**Vermont Education Health Initiative, Inc., Combining Statement of Revenue,
Expenses and Changes in Net Position (Unaudited)
For the Year ending June 30, 2024**

	Health Program	Dental Program	Total
Revenue:			
Program Contributions	\$ 318,836,796	\$ 8,409,734	\$ 327,246,531
Agency of Education Revenue	226,441	0	226,441
Investment Income - Interest and Dividends	1,740,568	207,101	1,947,669
Investment Income/(Loss) - Other	<u>2,007,170</u>	<u>405,829</u>	<u>2,412,999</u>
Total Revenue	<u>322,810,975</u>	<u>9,022,664</u>	<u>331,833,639</u>
Expenses:			
Net Change in Claims Paid and Reserved	301,534,156	7,705,559	309,239,715
Capitation	1,248,470	0	1,248,470
Reinsurance Premiums	4,431,754	0	4,431,754
Administration Fees to Outside Administrator	17,612,451	596,934	18,209,385
State and Federal Assessment Expense	5,262,463	73,263	5,335,726
General and Administrative and Wellness Expenses	<u>4,123,267</u>	<u>541,414</u>	<u>4,664,681</u>
Total Expenses	<u>334,212,561</u>	<u>8,917,170</u>	<u>343,129,731</u>
Excess/(Deficiency) of Revenue Over Expenses	<u>(11,401,586)</u>	<u>105,494</u>	<u>(11,296,092)</u>
Net Position – Beginning of Year	<u>44,638,392</u>	<u>6,707,410</u>	<u>51,345,802</u>
Net Position – End of Year	<u>\$ 33,236,803</u>	<u>\$ 6,812,905</u>	<u>\$ 40,049,707</u>





VEHI Mission Statement

The Vermont Education Health Initiative (VEHI) is a non-profit organization that, for more than two decades, has served school districts by offering employee benefit plans responsive to the needs both of employers and of employees and their dependents. VEHI also provides health insurance benefits to retired teachers and their dependents through the Vermont State Teachers' Retirement System.

Our work has three essential components:

1. Making available a range of employee benefit plans, in collaboration with major insurance carriers, that are cost effective, affordable and high quality;
2. Designing and investing in school-based and post-employment wellness programs that give individuals and families the confidence, support and resources they need to lead healthy, productive lives; and
3. Keeping school districts, local union Associations, and the Vermont State Teachers' Retirement System informed about the health insurance market, health care reform initiatives and regulatory compliance obligations under federal and state law.

The VEHI Board acknowledges the value to school districts of a solid partnership between school boards and their employees' representatives by conducting this work in concert with both VSBIT and Vermont-NEA.

In conducting our work, we adhere to the following guidelines:

1. VEHI will only offer employee benefit programs and services that are valuable to members and can make a meaningful difference.
2. All information and education provided by VEHI will be accurate, timely and unbiased.
3. VEHI will maintain the fiscal integrity of the organization so it can meet its current and future obligations to members.
4. VEHI will provide factual and vetted information, as requested, and in a purely neutral and objective manner, to parties engaged in collective bargaining.

Visit us online at:

www.vehi.org

Notes...



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