

VEHI

Vermont Education Health Initiative

Annual Summary Report



*For the Year Ending
June 30, 2025*

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 Chair), Andrew Haas and Cheryl Scarzello.

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

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 25 Annual Report

Over the course of FY 25, 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 cost-saving measures.

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 26.

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. VEHI continues to benefit from these audits as discrepancies are identified and paid to VEHI. In the last two years, VEHI has recovered \$1.6 million from these audits.

In July, the VEHI board authorized an RFP to explore independent contracting options that could lower costs significantly while also providing high-quality pharmaceutical coverage. The RFP is expected to be sent to several alternative ("Next Gen") Pharmacy Benefit Managers for competitive bids.

We have seen two key changes at the state level that will be significant in the next rate-setting cycle. First, legislation passed in 2025 that capped the charge for outpatient infusion therapy drugs at Vermont's six largest hospitals at 120% of Medicare's Average Sales Price (ASP). Had this cap been in place in 2024, it would have reduced VEHI's Rx spending that year by \$11 million dollars, so cost savings moving forward for our pool will be substantial. According to a national study from RAND, Vermont had some of the highest infusion medication costs in the nation prior to this legislation.

The second major change was the outcome of the FY26 hospital budget hearings conducted by the Green Mountain Care Board (GMCB), especially for the University of Vermont Medical Center (UVMHC). 55% of what VEHI spends on claims are for inpatient and outpatient hospital services. The pursuit of greater affordability for commercially insured Vermonters took center stage at this year's GMCB hearings, as it did at the Legislature earlier. The approved increases in commercial rate reimbursements – how much hospitals can increase what they charge VEHI subscribers and other commercially insured Vermonters over the prior year – were all at or below GMCB's FY26 benchmark of 3 percent. In UVMHC's case, the hospital sought a 2.4% increase in its commercial rate

reimbursements over FY25, but the Board **reduced** what it can charge by **6.4%**. This is unprecedented and a very good sign for the future with respect to hospital prices and regulation.

In addition, earlier this year, GMCB and UVMMC negotiated a \$12 million reimbursement settlement for overcharges in FY22 and FY23. VEHI is working with Blue Cross of Vermont to identify the reimbursement amount due to VEHI for overpayment on claims.

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 no increases, or low single digit increases, for many years. In FY 25, 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. 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. 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.

The VEHI Board has begun to look at its health plans to determine if there are changes it wishes to make for January 2028. The Board is considering hiring a consultant to assist in this review and strategic planning.

Vermont State Teachers' Retirement System (VSTRS)

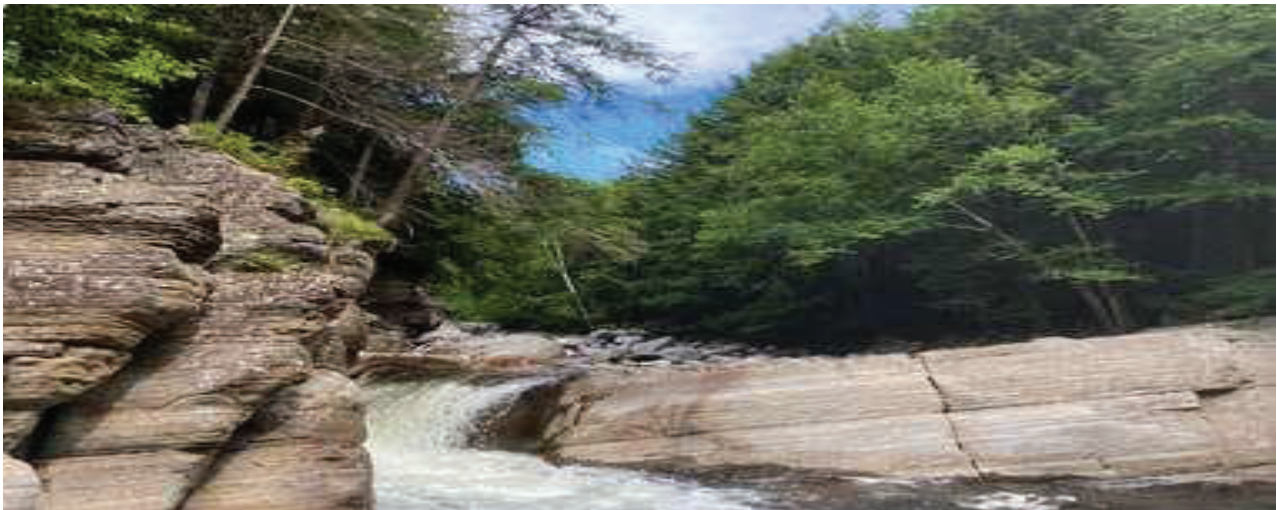
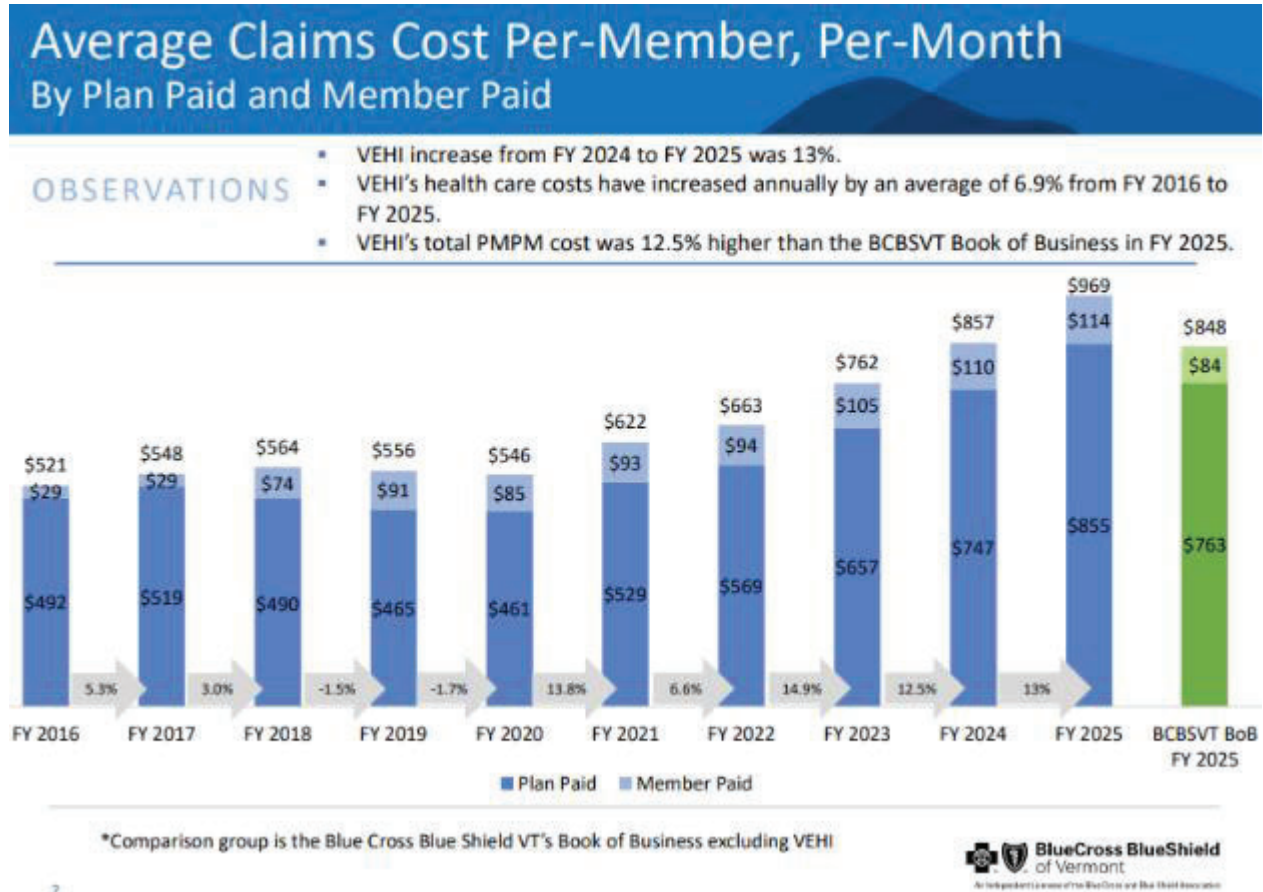
VEHI also serves the health benefit needs of approximately 850 pre-Medicare retirees and another 1,090 who have the VSTRS 65 plan and carry an individual Part D drug plan. All VSTRS retirees who are enrolled with VEHI directly or through Vermont Blue Advantage (VBA) have access to the PATH Wellness Program.

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

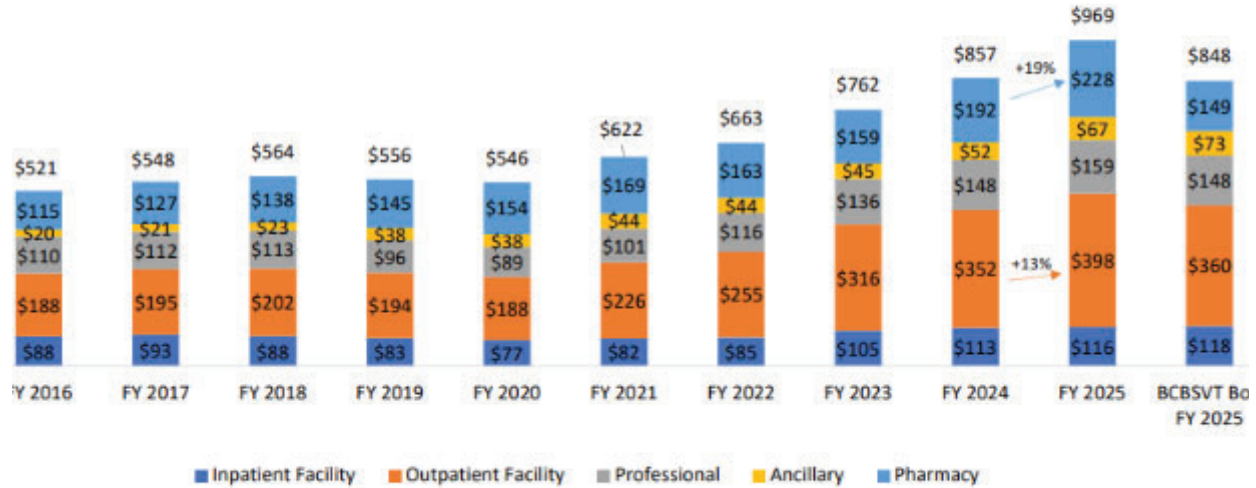
Our health plan paid out approximately \$338,499,820 for claims submitted during the FY 25 year (through 6/30/25). The following graphs and charts provide information on health care utilization by the employees and their dependents enrolled on our plans. For incurred claims July 2024 – June 2025, paid through August 2025. These graphs only include VEHI claims cost. See the pie chart on Page 12 for an overview of VEHI expenses.



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

OBSERVATIONS

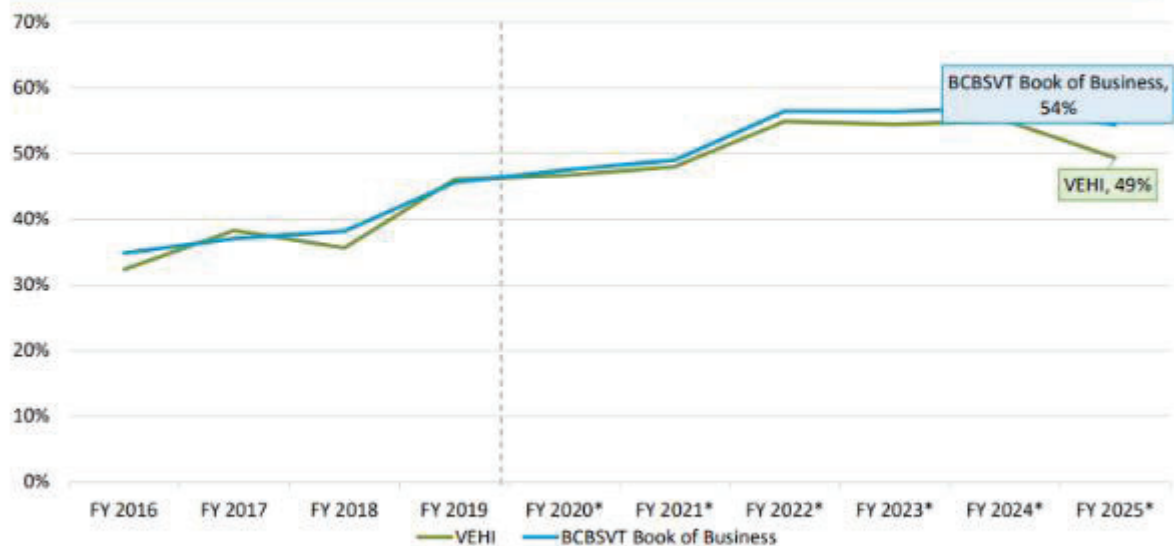
- All service categories increased in PMPM costs from FY 2024 to FY 2025.
 - Outpatient increased by 13%
 - Pharmacy increased by 19%



Percent of Pharmacy Costs due to Specialty Drugs

OBSERVATIONS

- Specialty drug costs make up 49% of the total pharmacy costs for VEHI while the Book of Business specialty drug costs make up 54% of total pharmacy costs

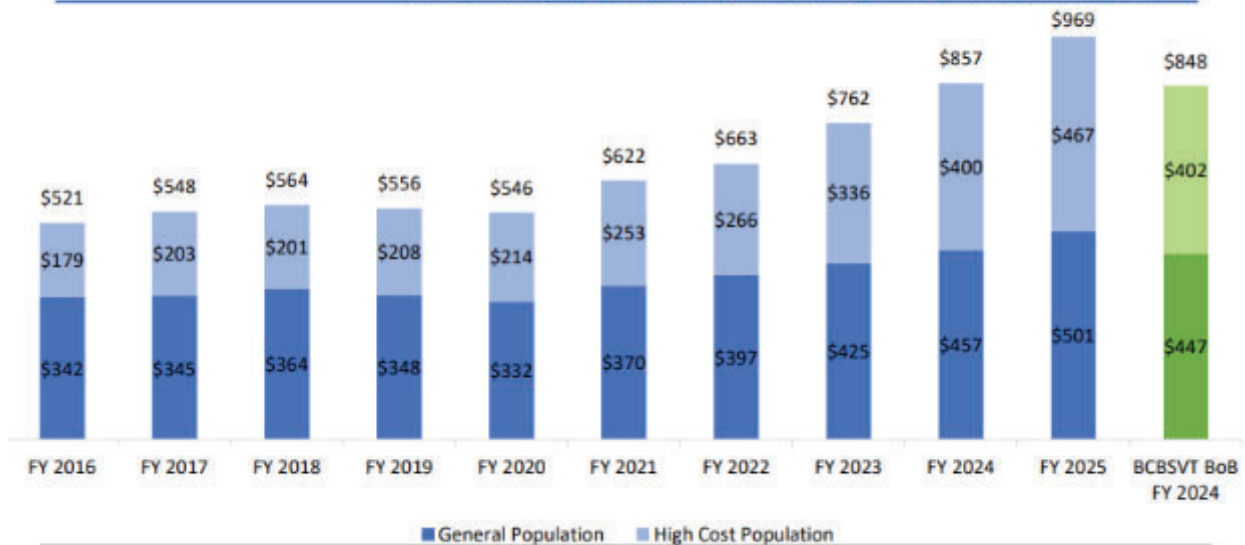


*Specialty Drug List Updated

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

OBSERVATIONS

- High Cost Population (>\$50K in annual cost) contributed to 48% of total costs and represents around 4% of the membership population in FY 2025
- High Cost Population's PMPM cost increased 16.7% in FY 2025
- Costs for the High Cost Population are above the benchmark by 16.3% for FY 2025



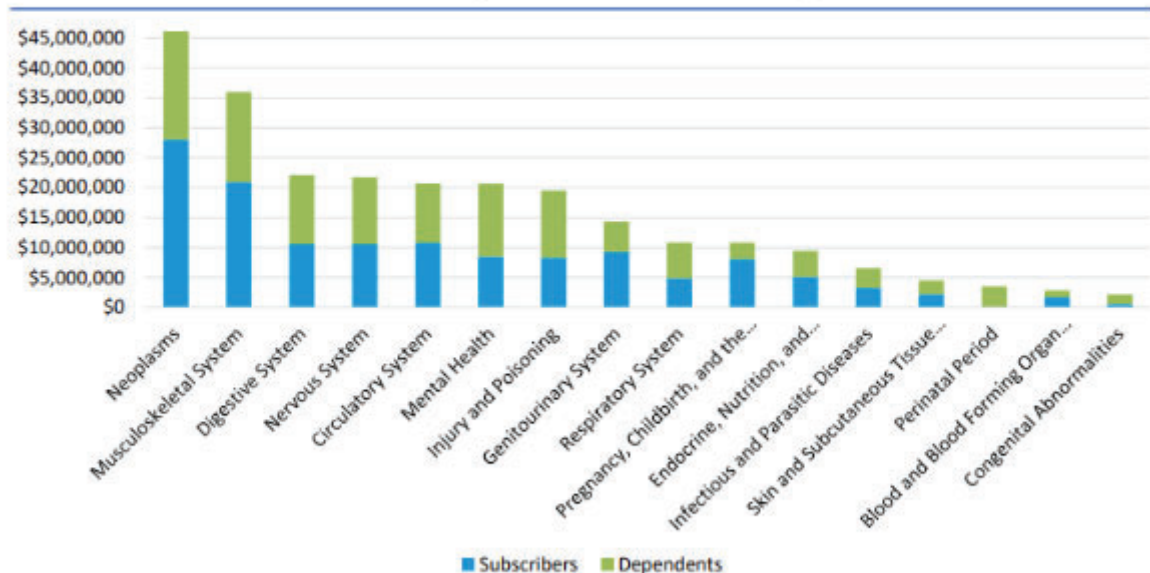
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BlueCross BlueShield
of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

VEHI Diagnosis Analysis by Total Cost

OBSERVATIONS

- The top diagnoses by cost are neoplasms, musculoskeletal conditions, circulatory conditions, digestive conditions, and nervous system conditions.



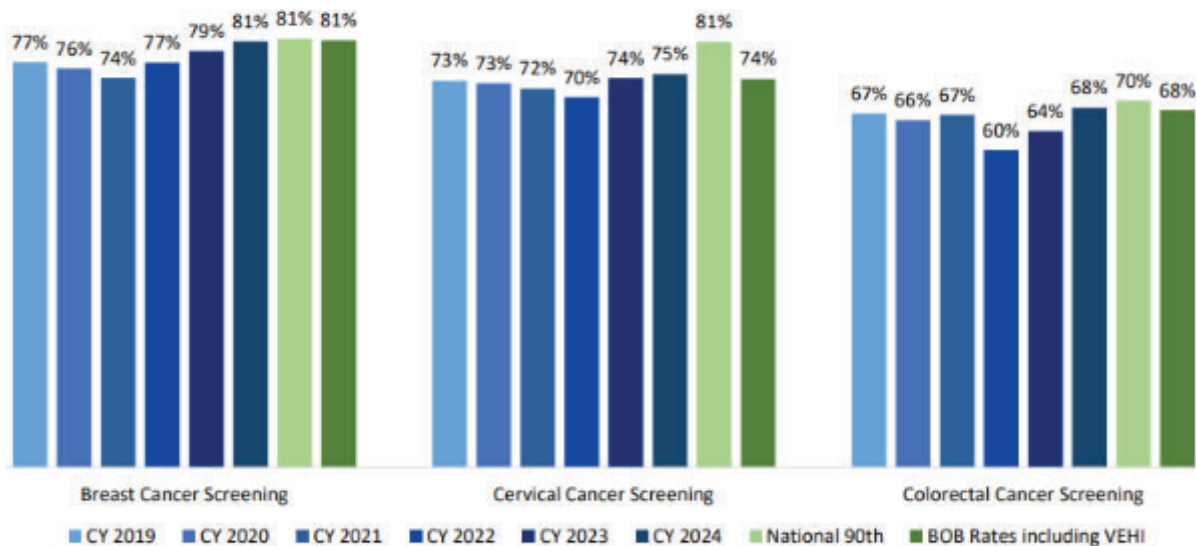
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BlueCross BlueShield
of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

Cancer Screening Rates

OBSERVATIONS

- All cancer screenings rates increased from CY 2023 to CY 2024 for the group and all screening rates are higher than or equal to the Book of Business rate.**



*Complete HEDIS measurement years based on calendar year
 **Book of Business rate includes VEHI

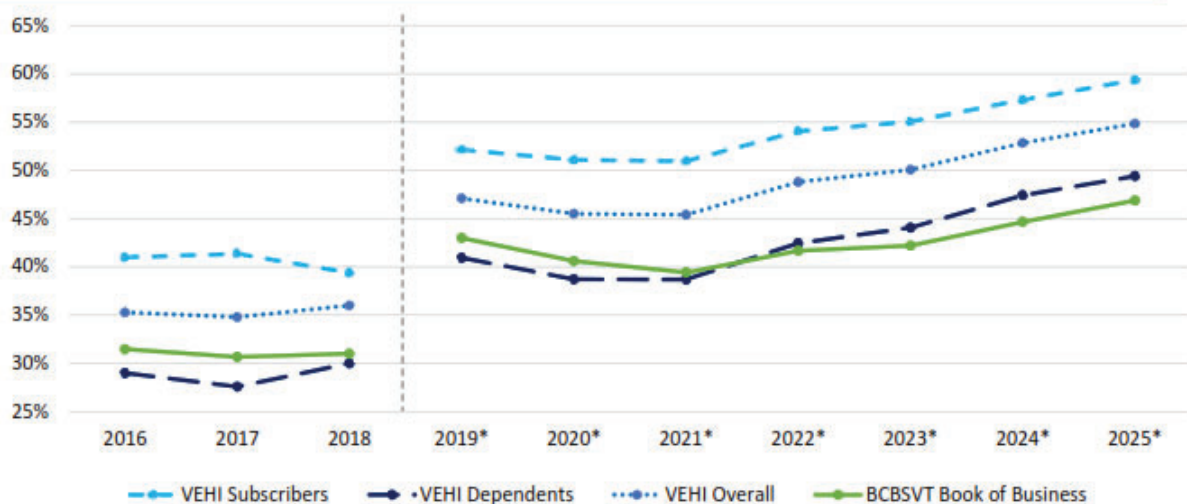


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Annual Preventive Visit Rate Adults 18-64 years old

OBSERVATIONS

- Overall preventive visit rate for VEHI for FY 2025 was 55% which is a 2% increase from FY 2024.
- The overall preventive visit rate for VEHI is above the Book of Business benchmark.



*2019 - 2025 preventive visits rates are based on an 18 month look to align with clinical guidelines.
 **Dependents and spouses both make up the dependents category in the graph.

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Dental Program

The VEHI Dental Program has been in place for 25 years this year. When it began on **July 1, 2000, with approximately 3,550 employees** and has since **grown to include approximately 10,405 employees, covering 23,137 lives including dependents.** The Program currently has 48-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 25.

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

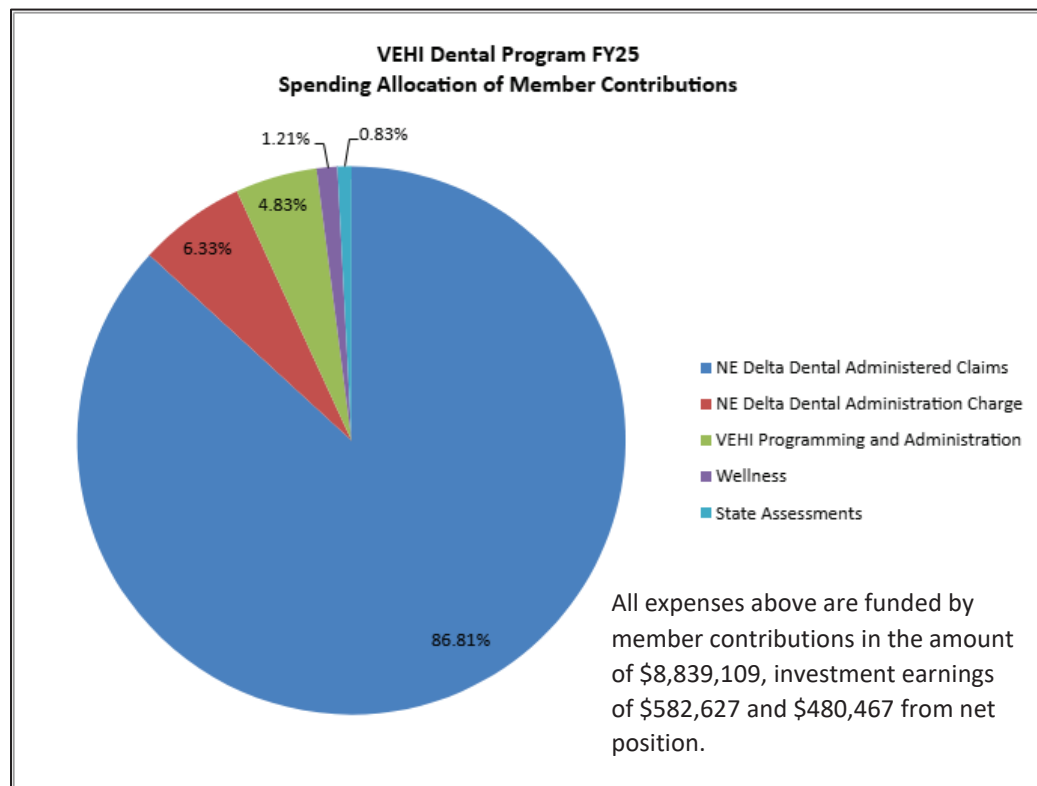
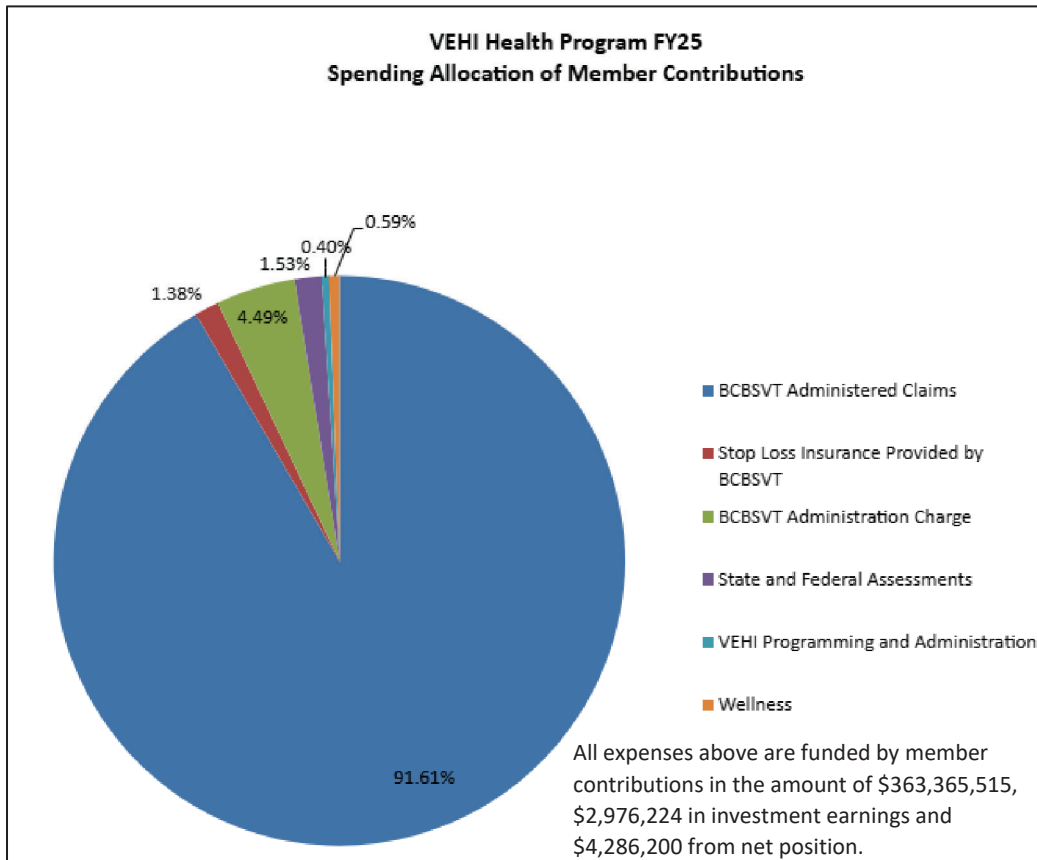
Monthly Rates Effective July 1, 2025, for groups without prior coverage*

	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
1	\$56.36	\$108.41	\$181.81
2	\$47.31	\$90.96	\$154.21
3	\$44.11	\$84.78	\$145.73
4	\$59.70	\$114.88	\$199.62
5	\$45.87	\$87.99	\$175.70

**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:

NIS
National Insurance Services
300 North Corporate Drive, Suite 300
Brookfield, WI 53045 800.627.3660

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.

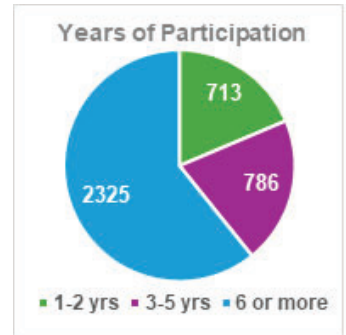
VEHI PATH (Planned Action Toward Health)

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 16,000 employees. We designed and oversaw our renowned 10-week annual wellness challenge, the PATH Adventure, with the theme “Home” in which people exercised, built strength and tried out old fashioned Vermont remedies for healthy living. We included our annual exercise and cooking videos.



Other additions for 2025 included:

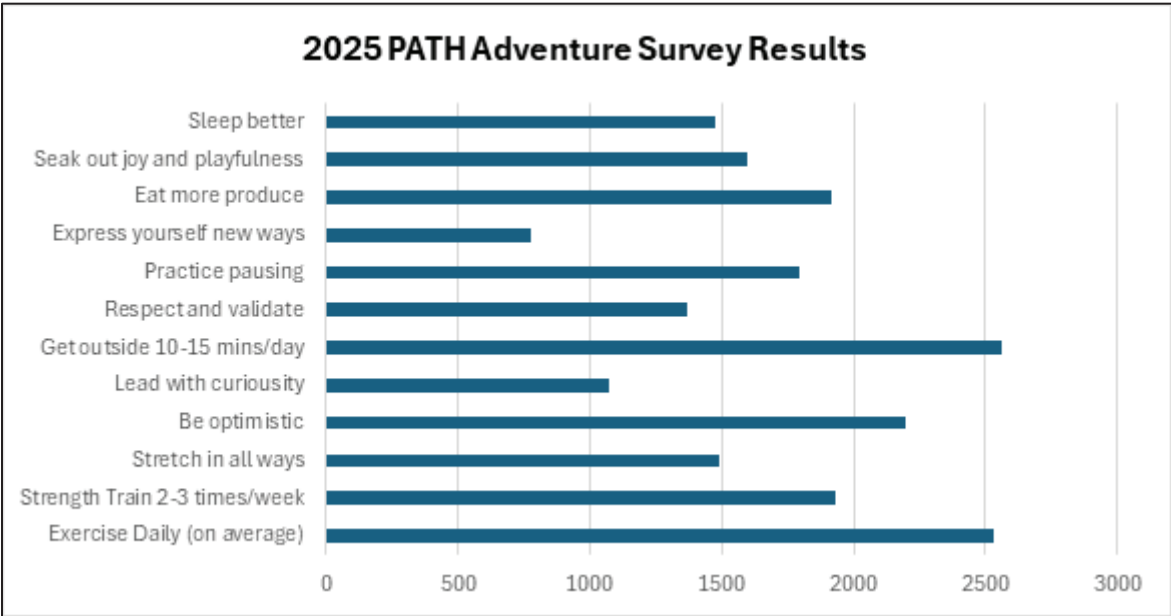
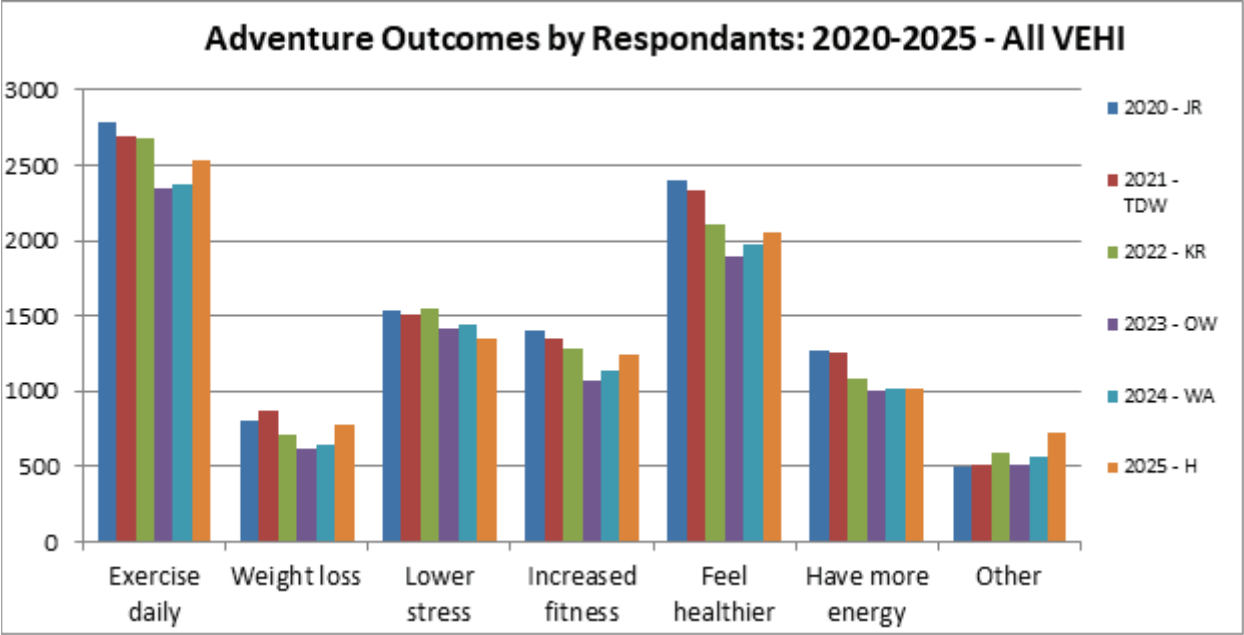
- *Small Pilates Ball Training* – Pilates tools and videos for all sizes, shapes, and abilities.
- *Managing Menopause* – adding this 3-part series to our online courses.
- *PATH Rockstar Chefs* – showcasing cooking competitions and great recipes made by exceptional people working in Vermont schools. *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 6,234 gift cards to those who earned 200 PATHpoints (a 5% increase from 2024).
- *Take a Break from Alcohol* – a short course designed to help us rethink our drinking habits.
- *PATH Forward* – a VT Agency of Education grant to increase initiatives, similar to *Healthy SU*, that 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); Mindfulness, Emotional Wellbeing, Breaking Free from Sugar, Wise Choices, 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 monthly 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 2024-2025 year also added much work in improving spaces for school staff to gather, debrief, and eat. Participation continues to climb and the outlook remains good. Member stories continue to tell us that just being there for them (and offering extra options as well as webinars and kits) makes a huge difference, even if participation isn't always directly apparent. **Countless people tell us that the PATH 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, and at home living their best lives.

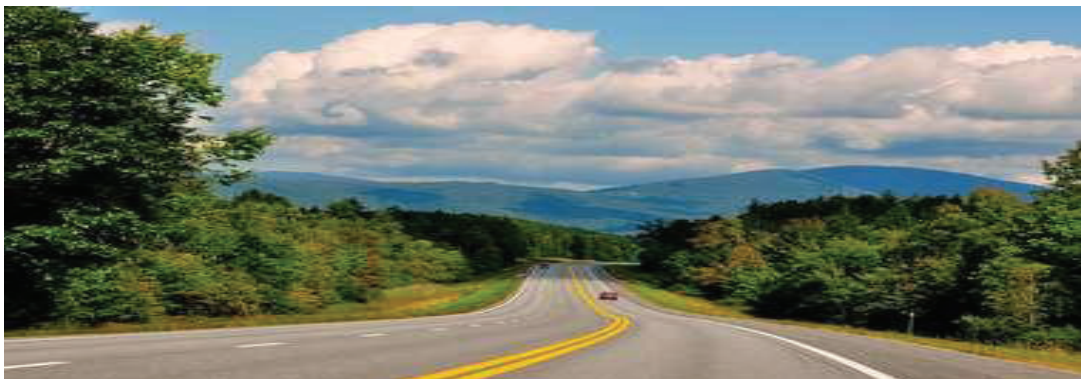


Vermont Education Health Initiative, Inc.
Combining Statement of Net Position (Unaudited)
For the Year ending June 30, 2025

<u>ASSETS</u>	Health Program	Dental Program	Total
Assets:			
Cash & Investments	\$ 34,232,196	\$ 7,182,067	\$ 41,414,263
Accrued Interest Receivable	53,962	500	54,462
Contribution Receivable	1,553,922	59,262	1,613,184
Working Fund Deposit	5,980,000	0	5,980,000
Fixed Assets (Net of Depreciation)	381,026	0	381,026
Other Receivables	2,052,146	0	2,052,146
Prepaid Expenses	<u>587,671</u>	<u>6,955</u>	<u>594,626</u>
Total Assets	<u>44,840,923</u>	<u>7,248,784</u>	<u>52,089,707</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Accounts Payable	811,807	180,067	991,874
Assessments Payable	515,233	84,854	600,087
Unearned Revenue	976,937	56,420	1,033,357
Claims Payable	13,557,526	595,005	14,152,531
Reserve for ULAE	<u>28,817</u>	<u>0</u>	<u>28,817</u>
Total Liabilities	<u>15,890,320</u>	<u>916,346</u>	<u>16,806,666</u>
Net Position:			
Unrestricted Net Position	<u>28,950,603</u>	<u>6,332,438</u>	<u>35,283,041</u>
Total Net Position	<u>28,950,603</u>	<u>6,332,438</u>	<u>35,283,041</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>48,840,923</u>	\$ <u>7,248,784</u>	\$ <u>52,089,707</u>

**Vermont Education Health Initiative, Inc., Combining Statement of Revenue,
Expenses and Changes in Net Position (Unaudited)
For the Year ending June 30, 2025**

	Health Program	Dental Program	Total
Revenue:			
Program Contributions	\$ 363,365,511	\$ 8,839,109	\$ 372,204,620
Agency of Education Revenue	318,222	0	318,222
Investment Income - Interest and Dividends	1,419,103	209,258	1,628,361
Investment Income/(Loss) - Other	<u>1,534,617</u>	<u>373,076</u>	<u>1,907,693</u>
Total Revenue	<u>366,637,453</u>	<u>9,421,443</u>	<u>376,058,895</u>
Expenses:			
Net Change in Claims Paid and Reserved	337,887,454	8,595,994	346,483,448
Capitation	1,255,630	0	1,255,630
Reinsurance Premiums	5,100,581	0	5,100,581
Administration Fees to Outside Administrator	16,625,928	626,472	17,252,400
State and Federal Assessment Expense	5,660,248	82,004	5,742,252
General and Administrative and Wellness Expenses	<u>4,393,812</u>	<u>597,440</u>	<u>4,991,252</u>
Total Expenses	<u>370,923,653</u>	<u>9,901,910</u>	<u>380,825,563</u>
Excess/(Deficiency) of Revenue Over Expenses	<u>(4,286,200)</u>	<u>(480,467)</u>	<u>(4,766,667)</u>
Net Position – Beginning of Year	<u>33,236,803</u>	<u>6,812,905</u>	<u>40,049,708</u>
Net Position – End of Year	<u>\$ 28,950,603</u>	<u>\$6,332,438</u>	<u>\$ 35,283,041</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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