

Vermont Education Health Initiative (VEHI)
Board of Directors
Emergency Meeting Minutes
October 22, 2024

Present:

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

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

The meeting was called to order by Suzanne Dirmaier at 8:01 a.m.

Public Comment:

None.

Review of VEHI Health Rate Setting for FY 26

The VEHI management team requested an emergency meeting of the VEHI board when new information became available. After providing the increase information to Blue Cross of VT which included the pro forma rate increase of 10.8 percent and an additional contribution to reserves of 4.4 percent, Blue Cross identified a discrepancy in the increase indicated in our confirmation to them of the board's decision. The information provided by Blue Cross indicated a 7/1/24 margin-free pro forma rate and the increase to 7/1/25 margin-free pro forma rate, indicating a needed increase of 10.8 percent. However, that did not include the 3.7 percent that was built into the *billed rates* for 7/1/24. Therefore, only requiring an increase from billed rates to margin-free pro forma rates of 7.1 percent.

Taking this information into account, the management team provided new recommendations for rate increases between 11.9 percent and 12.6 percent which are projected to increase our net position more so than the original 15.2 percent voted for on 10/15/24.

Board members raised concerns of the implication of a lower-than-expected increase can give the impression that costs are down, and claims are lower. The management team agreed that messaging was key, and it was important to indicate the factors that were helping to reduce the cost, including: higher than expected pharmacy rebates and the transition from a high-cost prescription "Humira" to a lower cost bio-similar (totaling -2.8 percent as a one-time adjustment); as well as lower increases for hospital budgets.

After discussion, Lance Mills made the motion to increase the rates by 11.9 percent for FY 26. The motion was seconded by Lisa Grout. After further discussion, the motion passed unanimously.

Cheryl Scarzello mentioned the importance of getting this information out as soon as possible, as school districts are working on budgets and making decisions based on higher assumptions. Suzanne Dirmaier confirmed that the management team will finalize the announcement and Mike Fisher and Suzanne will provide feedback in hopes of releasing October 22 or 23.

With no further business, Cheryl Scarzello made the motion to adjourn the meeting, seconded by Lisa Grout. The motion to adjourn the meeting, passed unanimously. The meeting adjourned at 8:27 a.m.