

Vermont Education Health Initiative (VEHI)
Board of Directors
Meeting Minutes
March 18, 2025

Present:

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

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

The meeting was called to order by Mike Fisher at 3:02 p.m.

Review of Agenda:

Lance Mills made the motion to review and adopt the agenda, seconded by Lisa Grout, the motion passed unanimously.

Public Comment:

None.

Approval of Board Minutes: January 28, 2025 and February 25, 2025

Lisa Grout made a motion, seconded by Cheryl Scarzello, to approve the meeting minutes of January 28 and February 25, 2025, as written. The motion to approve the minutes passed unanimously.

Review and Approval of VEHI Financials

Chris Roberts reviewed the VEHI financials for the first half of FY25. She noted that at the end of 2024 VEHI was running a \$13.2m loss. At that point last year VEHI was running at a \$7.4m loss and ended with a \$15.2m loss. Investments were holding steady on 12/31/2024. The first couple of months in the calendar year tend to run better as the deductibles reset putting less responsibility on the pool, so she was seeing some improvements however was already seeing an increase in claims as of March.

The VEHI dental program was running a small loss, as budgeted.

VEHI Budget to Actual was on track, with the exception of claims.

Suzanne Dirmaier made the motion to approve October through December 2025 financials. The motion was seconded by Cheryl Scarzello and passed unanimously.

Discuss Net Position Projections for FY25 and FY26

Chris reported to the board that she provides monthly financial reports to DFR, and based on the year end operating loss asked Chris to provide updated financial projections and an explanation for the increase in claims expense. Blue Cross provided VEHI with a narrative with updated information that was shared with DFR both via email and video conference.

Matt Goodrich, Blue Cross actuary and Chris Roberts explained to DFR that the updated projections will leave VEHI's Net Position Ratio in the seven percent range for FY 25 and FY 26 (7.5% and 7.9% respectively). Matt also explained that while costs have continued to rise, there was a high increase in utilization as well.

Chris explained to DFR that the VEHI board is engaged, that they are looking at different options for the pool including plan designs, new telehealth options, researching options for the coverage or potential limitations of GLP-1s for weight loss.

Chris advised the board of the meeting and topics. According to the Net Position Policy, that would require the management team to provide a written action plan to the board within 45 days of receipt of the financial audit for FY 25 due around 10/1/2025. This information is expected to accompany the rate filing.

Investment Performance

Chris Roberts and Jon Steiner reviewed the annual Investment Performance Report as of 6/30/24. They confirmed that investments comply with the VEHI Investment Policy. The Vanguard portfolio yielded an 8.4% rate of return for FY24 and returns for the funds met or exceeded their benchmarks. VEHI invests in two Vanguard Index Funds and the Dreyfus Cash Management Fund with Wilmington Trust.

Chris reported that the VSBIT recently completed a review with an outside consulting firm and determined that a managed approach for fixed income was not a favorable option over investing in index funds with Vanguard.

Cheryl Scarzello made the motion to approve the investment report as submitted, seconded by Suzanne Dirmaier. The motion passed unanimously.

Legislative Update

Mike Fisher reported to the board that he and Lance Mills had received information the prior Thursday, March 13, 2025, that VT-NEA had submitted an amendment to the Senate Health and Welfare Committee requesting that VEHI be a pilot group for reference based pricing (RBP). The language stated the implementation, compliance and auditing of this pricing by VEHI. Mike and Lance submitted a memo to the committee asking that they engage with VEHI before

legislating a mandate for the organization. He asked that VT-NEA and VSBA as partner organizations work with VEHI before recommending legislation that could impact their work and budget.

Mark Hage indicated that he was asked by Senator Lyons to write language that could be considered in the bill and was under a relatively short timeline to provide the language for consideration. He also said that VT-NEA was revising the language for resubmission to the senate appropriations committee.

Plan Design Levers

Bobby-Jo Salls presented information to the board to inform and educate them on the current plan designs, the statewide bargaining impacts, the value of the plans and potential plan changes.

She reviewed a mockup of a reduction in two plan designs with modest benefit changes as a starting point to discuss new plans.

She reviewed actuarial values and the difference between the VEHI plans (87.4%) and the value with the first-dollar HRA (98.4% for non-licensed and 97.4% for licensed). She also reviewed how the cost to VEHI increases each year as the benefits become more valuable. She explained that as claims costs increase, the cost to districts through the HRA and out of pocket costs for employees remain the same, however the increasing costs fall to VEHI. She highlighted the increase in overall cost of claims, as well as the volume of claims and the impact to renewal rates. Within the slides she reviewed actual 2023 claims data showed that when coupled with the HRA, nearly 6,400 (50%) of employees on the Gold CDHP faced \$0 out of pocket costs for any medical or pharmacy services.

The group discussed the information with no formal action. Mark Hage asked that he have a chance to review the information and discuss his ideas at a future meeting.

Bid Considerations as an ASO

The VEHI management team reported to the board that they had put together a document that summarized the considerations of going out to bid as an ASO. The document was shared with the board after the meeting for consideration at a future meeting. Mike Fisher said that he and Lance would work with the management team to determine next steps.

VHC911 Introduction

Mark Hage explained the new coalition made up of a variety of constituencies, all working toward the goal of lowering health care costs in Vermont. He highlighted a recent report from UVMHC that indicated a \$801m profit. He provided an overview of the members of the board and leadership team and encouraged the board to read their newsletters.

Review and Approve Board Protocols

The board reviewed and accepted each of the following protocols.

Lisa Grout made the motion to reapprove the [communication] protocol as written, seconded by Suzanne Dirmaier. The motion passed unanimously.

Cheryl Scarzello made the motion to prove the [board agenda] protocol as written, seconded by Lisa Grout. The motion passed unanimously.

Cheryl Scarzello made the motion to approve the [board election of officers] protocol as written, seconded by Lisa Grout. The motion passed unanimously.

Mike Fisher made the motion to acknowledge the Duties of a Non-profit Board, seconded by Suzanne Dirmaier. The motion passed unanimously.

Review and Approve the Mission

The board reviewed the mission, but Mike Fisher suggested that the directors and the management team not make a decision at the meeting but give thoughtful consideration for a later discussion.

Future Agenda Items

In anticipation of further legislative issues like RBP and decision timelines for FY 27 plan design changes the board agreed that an April meeting was needed and asked Bobby-Jo Salls to find a time for an April meeting.

Adjournment

Suzanne Dirmaier moved to adjourn the meeting, seconded by Lisa Grout. The motion passed unanimously, and the board adjourned at 5:45 p.m.

Respectfully submitted by: Bobby-Jo Salls