

Vermont Education Health Initiative (VEHI)
Board of Directors
Teleconference Meeting Minutes
May 13, 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 at 11:02 am by Suzanne Dirmaier

Review of Agenda:

Lisa Grout made a motion to accept the agenda as written. Lance Mills seconded the motion. The motion passed unanimously.

Public Comment:

None.

Approval of Board Minutes: February 12, 2024

Lisa Grout made a motion, seconded by Lance Mills, to approve the meeting minutes of February 12, 2024, as presented. The motion to approve the minutes passed unanimously.

Introduction of New Board Member

Chair Suzanne Dirmaier introduced and welcomed the newest Board Member, Andrew Haas, appointed by VSBA to replace Geo Honigford. Andrew is currently the Superintendent of the Windham Northeast Supervisory Union. The board and management team introduced themselves and welcomed Andrew to the Board.

Chair's Opening Remarks

Chair, Suzanne Dirmaier with input from Vice Chair, Mike Fisher, introduced three key goals including: increased collaboration, clear direction and a renewed adherence to the Mission of VEHI.

She also noted that to assist in the meeting minutes, there should be clear motions for the acceptance of reports and other action items. If anyone is unclear with the motion, it should be clarified and amended as needed.

Lastly, asked for meeting attendees to raise their hands to be called upon to speak, to avoid attendees talking over one another. Generally, the Chair will call upon those with their hands up, or called upon by the current presenter.

Review Annual Workplan

Bobby-Jo Salls presented the current Annual Workplan with all tasks by quarters, as well as a draft option with items listed as each meeting, date specific or annually, for the group to consider. The Chair and Vice Chair agreed to meet as a smaller subcommittee to review the Annual Workplan.

Approve VSTRS Renewal

Bobby-Jo Salls reviewed the VEHI retiree calendar year renewal for 2025, commonly referred to as the VSTRS renewal. She reviewed the factors that are used to determine the rate increases for both the pre-Medicare retirees and the VSTRS 65 retirees.

With no adjustments to the pro forma rates requested by either the VEHI management team or the VSTRS board, the management team requested a motion to file the rates for the VEHI retirees. Mike Fisher made the motion to allow the VEHI management team to file the rates as listed in the 2025 VEHI Retiree Filing Actuarial Memorandum document through Blue Cross and Blue Shield of Vermont and allow our Chair to sign the rate sheets for filing. The motion was seconded by Lisa Grout.

The motion to file the rates was approved unanimously.

Financial Update

Engage Auditor for FY25

Director of Finance, Chris Roberts, reviewed the history of the auditing process for the new board members. She noted that VEHI (and VSBIT) used Sullivan and Powers for many years before they moved away from this type of audit, and a new auditing firm, Johnson and Lambert, was selected to be the new auditor.

Chris requested a motion to engage Johnson and Lambert as the auditor again this year. Mike Fisher made a motion to approve Johnson and Lambert as the FY 24 auditors for VEHI. Seconded by Cheryl Scarzello. After discussion, the motion passed unanimously.

Present DFR Audit Findings

The Department of Financial Regulation (DFR) is required to audit us every five years. This audit was for FY 2016-2021 was conducted last year and the audit findings have been received by Chris. The report lists no findings, recommendations or weaknesses found. Cheryl Scarzello made the motion to accept the report from DFR as of June 30, 2021, seconded by Andrew Haas.

Mike Fisher thanked the VEHI management team for their hard work over many years to achieve this result. The motion passed unanimously.

Update Board on Johnson and Lambert Audit

Chris Roberts then reviewed the FY23 audit recommendation from Johnson and Lambert which also impacted VSBIT. The suggestion was to allow another member of the VSBIT team (J & L suggested the IT Director) to have admin privileges to the accounting software to allow for periodic review. This will require an additional license that will be a cost share between VSBIT and VEHI.

Mike Fisher made the motion to accept the response dated May 13, 2024, from Jon Steiner and Chris Roberts in reference to the finding of the FY 23 audit. After discussion the motion passed unanimously.

Quarterly Financials

Chris reviewed the quarterly financial statements through March 31, 2024, noting the current state of our reserves, and the original expectation of a loss/gain versus where we are now and what she expects by fiscal year end. At the time of this statement, the net position is down 21% from last year. The combined revenue is up 11%, however, the claims expense is up 16%. We are currently running an operating loss of \$6 million for the health program, compared to the initial expectation when setting the rates of a \$3.3 million dollar gain as of June 30, 2024. When setting the FY 25 rates, they reviewed the trajectory of the FY 24 rates and projected a \$7.7 million operating loss. This was just reviewed once again, and the Blue Cross actuarial team now projects a \$12.5 million loss for FY 24. These numbers do not account for interest and market change. If this comes to fruition, it could bring our net position to 9.9% of annual expenses. The board must act, according to the policy, if the net position hits 9%. The management team did note that 2.6% was built into the FY 25 rates to help rebuild reserves.

Cheryl asked the VEHI management team to come to a VASBO meeting in September to review this level of information.

Cheryl Scarzello made the motion to accept Chris's March 31, 2024 financial report, seconded by Lisa Grout. The motion passed unanimously.

Management Updates

Update on Hinge

Mark Hage updated the board on the contract negotiations happening with Hinge over the past few months. He surmised that the management team is in the final stages and expected a contract for the board chair to sign soon. Next steps would be planning the rollout of the program and educational materials.

Reference Based Pricing Update

Mark noted that 55% of the VEHI claims costs are inpatient and outpatient hospital charges. Reference Based Pricing provides a way to price hospital charges that are benchmarked to Medicare for ease of comparability. The GMCB has taken an interest in RBP. The VT-NEA and VSEA have procured funds through the VT legislature for a RBP analysis by GMCB and Rand.

Prescription Drug Affordability Board Update

A Prescription Drug Affordability Board (PDAB) is a regulatory body, that was first established in Maryland in 2019 to investigate, set and cap prescription drug costs. The VT-NEA submitted legislation to implement a PDAB, which was approved by the VT legislature and appropriated money to allow the GMCB to hire staff for this endeavor.

Commission Discussion Update

The VEHI management team met with the Vermont Bargaining Commission members (employee VT-NEA/AFSME and employer VSBA) on March 25, 2024. The group discussed a number of topics of interest to both sets of commissioners. They continue to meet to discuss systemic causes of healthcare costs as well as potential changes to benefits or reduction in plans.

Contract Review

Bobby-Jo Salls presented the request for signature on the **Remedy Analytic** contract (our consultant for prescription drugs costs and contracts, as well as consultation on our legislative testimony) for the next three years, with an increase to the annual rate of \$5,000 as the only change. Lisa Grout made the motion to approve the Remedy contract with the increase. Lance Mills seconded the motion. The motion passed unanimously.

Gallagher provides VEHI districts with compliance consultation on a number of topics like Cobra, Medicare reporting, etc. A contract has not been finalized for Gallagher, but Bobby-Jo requested approval of the contract for FY 25 with an increase up to five percent if Gallagher requests an increase. Lisa Grout made a motion to approve the Gallagher contract at a rate hold for FY 25, if an increase is demanded, the management is authorized to increase the rate up to five percent. Andrew Haas seconded the motion.

Cheryl Scarzello asked about the utilization of the services since some of the topics are now well known. Bobby-Jo Salls stated that within the Gallagher contract is the requirement to provide reporting on utilization, although it is not always provided, so she will follow up on that specifically. Bobby-Jo noted that there has been a lot of turnover in the central offices in the past few years, so as new people come on they utilize the helpdesk. Chris also noted that the amount that we pay for Gallagher has been reduced over the years because the need has been reduced as well.

The motion passed unanimously.

Bobby-Jo Salls noted that we have the administrative cost portion of the contract, but the management team has not received updated contract language from Blue Cross of Vermont. Mark Hage suggested that we table this contract until we know more about any potential changes requested. Mike Fisher asked that the board plan to set aside time for a meeting in June to address. No action was taken on this contract.

The final contract for discussion was the VT-NEA. With the new contract amount unknown, and potential changes to the contract, the group decided to take no action at this meeting on this contract.

VT-NEA Quarterly Report

Suzanne Dirmaier provided the board with the opportunity to ask any questions about Mark Hage's quarterly report. Mike Fisher had a question about the contraceptive issue noted in the report. Mark explained that DFR had done an audit of how the carriers were handling the contraceptive mandate and found that none of the carriers were compliant with the mandate and DFR issued an order to correct the coding in the system as well as refund anyone that had paid out of pocket in error retroactive to 2017. This was particularly difficult for VEHI because of the unique cost sharing arrangements (HRA and HSA) over the past 6 years. VEHI and Blue Cross worked together to identify different pockets of members (active and retirees) to send multiple versions of letters to. The communication plan requires DFR approval, which the VEHI management team is getting ready to send the second iteration to.

Mike Fisher asked about H.233 that was noted in Mark's report. Mark noted that he would find the final bill, but noted that the provisions that we took exception with were removed from the bill and that there was a portion that created a study to create (or contract with) an Rx wholesale distributor.

Annual Review of VEHI Investment Policy and VEHI Mission

Chris Roberts reviewed the current investment strategy with Class A funds (more day to day for paying weekly claims) as well as Class B for our reserves. Chris suggested that we approve the policy with any needed changes and offered that we review further at another time from a strategic perspective. Mike noted that the policy did refer to the VEHI president which is an unfilled position. Chris noted that it could be monitored by VSBIT's president since that is

being handled by the VSBIT president for VSBIT, which is in line with the VSBIT service agreement.

Mike Fisher took a moment and updated the policy for review by the board. Mike Fisher made a motion to approve the updated policy, changing the language from VEHI president to VSBIT president. Lance Mills seconded the motion. The motion passed unanimously. The updated policy will be sent to DFR for approval.

The review of the VEHI Mission has been tabled for the VEHI Board Retreat.

Education Report

Mark Hage discussed the history of the Education Report and why it was created. The primary reason for the report was based on former board chair, Tracy Wrend's concern that Mark Hage's role at VEHI and the work that he was doing for VT-NEA with regard to retirement workshops should be done for non-union members (such as principals and superintendents) as well.

VT-NEA hosts these workshops to review the retirement package for VT-NEA members including health care, pensions, etc. The VEHI management team determined that they would be happy to attend a workshop put on by VSA or VPA to review health care benefits, but it was not VEHI's role to host such an event, since the VEHI team has no information on other topics, such as pensions.

The team will continue to educate our active employees through meetings upon request, the education materials and the VEHI website, Virtual Workshops, Campaign Monitors, Bobby-Jo's work with HR and Business Managers, and Mark's work with Union Leaders, and any requests for one-on-one support of a member or their family.

Mike Fisher made the motion to accept the education report recommendations. Lisa Grout seconded the motion. The motion passed unanimously.

Discuss In-Person Board Retreat

Suzanne Dirmaier and Mike Fisher discussed the idea of an in-person board retreat with the hopes of more continuity on the board, as well as clarity and collaboration. This would be a one-day retreat at the VSBIT office. Since a meeting is needed for June, the board aimed to have a retreat in June, or push to July if needed, noting the difficulty that may arise with scheduling around vacations.

Bobby-Jo Salls will create a doodle poll for the second and third week of June and the first couple of weeks in July.

Future Agenda Items

Mission, Annual Workplan, VT-NEA Contract, Blue Cross and Blue Shield of Vermont Contract, budget approval, wellness team update, annual meeting date. A tentative meeting was scheduled for June 28th for one hour in case the retreat cannot happen in June.

Adjournment

Cheryl Scarzello moved to adjourn the meeting, seconded by Lance Mills. The meeting was unanimously adjourned at 2:59 pm.

Respectfully submitted by: Bobby-Jo Salls