



Improved Medical and Pharmacy Pricing Coming to VEHI Members

We are writing to inform you of improved prices and lower costs for both medical and pharmacy services coming soon for VEHI members, with a brief update on future reference-based pricing for hospital services.

First, Blue Cross of Vermont has notified us of successful negotiations that have resulted in **improved pricing agreements with key hospital providers in Vermont** that will reduce the overall cost to VEHI, school districts, and employees, beginning immediately with 2026 claims.

Second, in the spring of 2025, VEHI launched an RFP for prescription coverage to discover if we could significantly lower Rx costs while continuing to provide access to high-quality medications. The management team solicited proposals from Optum, our current Pharmacy Benefit Manager via Blue Cross of Vermont, and from national PBMs that operate independently of Blue Cross. After an exhaustive research and interview process, and with guidance from our pharmacy benefit consultant, Remedy Analytics, we secured a **new, three-year agreement with Optum** that offers **improved prices, substantial savings, and continued integration** with the medical benefits provided through our service contract with Blue Cross of Vermont.

The savings above are in addition to those secured by reduced hospital budget orders from the Green Mountain Care Board in 2025 (GMCB) and price caps on hospital-administered medications passed by the legislature in Act 55 (2025), both of which, as previously reported, led to a projected **\$24 million** in savings for VEHI.

Cost reductions generated from the reforms of 2025 and the new measures discussed here will be reflected and highlighted in VEHI's FY28 rate filing this fall, as will reductions in **overall Rx spending** (roughly \$16 million) by VEHI's exclusion of GLP-1 medications for weight loss. This was a difficult decision that came after much study and reflection in 2025.

With respect to the exorbitant prices of GLP-1 medications, please know that VEHI is continuing to monitor the price trajectory of these prescriptions and regulatory developments at the state and federal level that we hope will eventually make them far more affordable.

Reference-based Pricing (RBP) Coming in FY28

The Green Mountain Care Board is moving forward with implementing a **reference-based pricing methodology (RBP)** benchmarked to Medicare rates for the commercial insurance market in FY28 for hospital inpatient and outpatient services, a process the legislature authorized in Act 68 (2025). We are excited to learn of the projected savings this legislation will produce for VEHI - and, thus, for all public schools and taxpayers – as has been reported in other states.

If you have any questions, please contact Bobby-Jo Salls at bobbyjo@vsbit.org or Mark Hage at mhage@vtnea.org.

This notification has been sent to School Business Officials, Superintendents, School Board Chairs, Human Resources Professionals, Local Union Officials and other Health Plan Employer contacts.

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