FY28 VEHI Rate Filing for its Health Program: 2.5 Percent

On Tuesday, October 20, the VEHI Board of Directors authorized the management team to file FY28 premium rates for **active employees** and their dependents in our health benefits program with the Vermont Department of Financial Regulation (DFR). The rates, if approved, will go into effect on July 1, 2027. A formal decision on the filing is expected in January.

The proposed average premium increase for active employees and their dependents in FY28 is **2.5 percent**. This is the lowest rate increase filed with DFR since the **2009 – 2010** school year. The proposed rates are the result of recent price- and cost-control actions by the Green Mountain Care Board, Blue Cross of Vermont, the legislature, and VEHI, combined with major price reductions from the previous fiscal year.

VEHI Monthly Health Plan Rates FY 28 in effect July 1, 2027 - June 30, 2028 - Unapproved					
	Single	Self + Spouse	Parent + Child(ren)	Family	Percent Increase over FY27
Platinum	$1,467.49	$2,935.01	$2,453.88	$4,151.53	2.3%
Gold	$1,440.16	$2,880.32	$2,410.19	$4,076.70	2.3%
Gold CDHP	$1,354.06	$2,543.00	$2,093.43	$3,750.77	2.5%
Silver CDHP	$1,244.59	$2,489.20	$2,098.05	$3,541.72	2.9%

Here is a list of recent cost-reduction actions that will generate major savings in FY28:

FY27 Hospital Budget Orders by the Green Mountain Care Board

Hospital budget orders this year were largely in compliance with GMCB's budgetary guidance benchmark of a **minus 1 percent (-1%)** growth rate in hospital reimbursements for commercial payers like VEHI. Statewide, across 14 hospitals, **commercial reimbursement rates declined by 2.9%,** with the University of Vermont Medical Center bearing a **decrease of 4.4%.** UVMMC accounts, by far, for the largest share of VEHI hospital claims. GMCB's most recent budget orders, in total, reduced VEHI's rate increase by $**2.1 million**.

Blue Cross of Vermont Negotiates Lower Rates at Major Hospitals in Vermont.

Blue Cross of Vermont, VEHI's third-party administrator, negotiated lower reimbursement rates for the 2026 contracting year with UVM Health network hospitals. These lower rates reflect a greater emphasis on affordability and are projected to reduce VEHI's costs by over **$12 million**.

VEHI Negotiates New PBM Contract Terms

VEHI secured new contract terms with Optum Rx, its pharmacy benefit manager, after a rigorous process of exploring PBM alternatives. The improved terms will save the pool an estimated **$5.3 million**.

VEHI Reserves Rebound

In addition to the savings already noted, VEHI substantially rebuilt its reserves in FY26 and, consequently, was able to reduce its contribution to reserves for the FY28 rate filing.

Two Consecutive Years of Price & Cost Reductions

The proposed rates for FY28 come one year after VEHI reported substantial savings for FY27, which included:

- **$9.6 million** from GMCB hospital budget orders.
- **$14.6 million** from Act 55 (2025), which capped what VEHI and other commercial payers could be charged for hospital-administered medications at 120% of the Average Sales Price. VEHI began realizing these cost reductions in FY26 as the capped prices went into effect, and our FY27 rates will continue to fully incorporate these savings from Act 55.
- **$16 million** from the coverage exclusion of GLP-1 medications for weight loss only. As with Act 55, VEHI began realizing savings in January of 2026. GLP-1 medications are still covered for patients with Type 2 diabetes and certain cardiovascular conditions.

Looking Toward Future Savings

The new, three-year agreement with Optum Rx will ensure that savings will be built into future renewals as well.

VEHI has recently hired a benefit consultant to complete an analysis of claims and benefits and to identify opportunities for additional cost savings as we begin work on benefit plan redesign, with a tentative target rollout of January 1, 2029.

GMCB regulators are now developing a reference-based pricing (RBP) methodology for hospital services that will be benchmarked to what Medicare reimburses, as required by Act 68 (2025), and that is slated to go into effect in FY28. This prospective payment reform is vitally important to VEHI, school districts and school employees, and to all commercial insurance payers. A recent memorandum to GMCB from the Liaison Team, which analyzed budget submissions and operations at UVM Health, said that Vermont's per member claims costs for outpatient care are currently **100% higher** than the rest of New England.

VEHI also anticipates proposals in the not-distant future from the prescription drug affordability division of GMCB on the creation of a regulatory framework and methodology to reduce the costs of the most **expensive medications**. This work is critical. Again, drawing on research from the Liaison Team, the costs of prescription medications in Vermont are **13% higher** than the regional average and **29% more** than the national average.