

VEHI Financial Plan

Updated December 2021

1. **The insurance coverages to be offered by the intermunicipal insurance agreement and applicable deductible levels.**

VSTRS Retiree Coverage:

In 2022, the VEHI Health Program will offer the following Blue Cross and Blue Shield of Vermont (BCBSVT) benefit plan options to the pre-Medicare population of the Vermont State Teachers' Retirement System (VSTRS).

1. JY Plan
2. Comprehensive \$300 deductible Plan
3. Vermont Health Partnership

Additionally, for calendar year 2022, the VEHI Health Program will retain the VSTRS Medicare-eligible members with the VSTRS 65 plan design who also purchase Individual Part D coverage.

All other Medicare-eligible employees will elect Medicare Advantage benefit plans offered by Vermont Blue Advantage with the direct assistance of VSTRS staff.

Active Employee Coverage:

The VEHI Health Program will continue to offer the following benefit plan options for active employees that have been in effect since January 1, 2018.

1. VEHI Platinum
2. VEHI Gold
3. VEHI Gold CDHP
4. VEHI Silver CDHP

All four plans must be made available for eligible employees to enroll in. These plans, and all subsequent plans offered by the VEHI Health Program, will comply with all relevant consumer protection and benefit requirements in Vermont law and regulations and applicable federal laws and regulations. VEHI will continue to provide funding for the Vermont Blueprint for Health.

The VEHI Health Program limits its financial liability by purchasing stop-loss insurance. The individual stop-loss limit is \$750,000 per claim. VEHI does not carry aggregate stop loss under its ASO arrangement.

The VEHI Dental Program offers the following Northeast Delta Dental (NEDD) standard benefit plan options:

Plan	Preventive	Deductible	Basic	Major	Annual Maximum
1	100	0	90	60	1,500
2	100	0	80	50	1,500
3	100	25	80	50	1,000
4	100	50	100	50	1,000
5	100	0	100	NA	750

The VEHI Dental Program will pay all claims up to the Annual maximum as contained in the coverage document.

2. A composite list of the estimated annual gross contributions to be paid by each organizing Member of the Association, including individual and total contributions for all members of the Association.

VEHI Health Insurance Program:

The Program’s contributions will be calculated, as they have been for more than two decades, by the actuarial staff of BCBSVT, working for and with the VEHI management team per contractual terms, and be subject to final regulatory approval as required by law.

Currently, all eligible Vermont public schools participate in this VEHI Program. The FY 22 estimated annual contribution amount is \$292,000,000.

VEHI Dental Insurance Program

VEHI will estimate its annual contribution level using the experience of the last 13+ years of setting rates with NEDD. The Program’s contributions will be estimated by the actuarial staff of the insurance carrier under contract with and in conjunction with the VEHI management team, and a consulting actuary.

Currently, 104 Vermont public schools participate in this VEHI Program. The FY 22 estimated annual contribution amount is \$7,600,000.

3. The aggregate amount of reserves to be set aside for the payment of claims.

VEHI maintains separate reserves in the form of a program fund balance for its health and dental programs. The 6/30/2021 fund balance for VEHI's Health Program is \$35,915,079. The 6/30/2021 fund balance for VEHI's Dental Program is \$8,332,103.

4. The amount of specific excess insurance to be purchased and maintained by the Association and the amount of aggregate excess insurance to be purchased and maintained by the Association.

VEHI Health Program:

VEHI will purchase specific stop-loss reinsurance. VEHI currently purchases specific stop-loss from BCBSVT. The specific has an attachment point of \$750,000. The specific attachment point is reviewed annually and adjusted as necessary.

VEHI Dental Program

Given the predictable nature of dental insurance, with its associated benefit maximums, VEHI does not maintain reinsurance. Instead, VEHI uses its Program's fund balance to offset any situation where claims exceed contributions. Currently, VEHI's fund balance is roughly the equivalent of projected claims for one year. VEHI maintains this level of security by adding a risk charge, as necessary, to program contributions.

5. Pro-forma financial projections for the first 5 years of operation to include income statements, balance sheets and projected cash flow statements.

VEHI's Health and Dental Programs currently exist. Historical financial statements are available for review. The Department has on file copies of FY 22 BCBSVT/VEHI health rate filing, and the FY 22 dental rating. These documents will serve as background data for future Program renewals. Future renewals will use the same methods to determine annual contribution levels; the health rates are subject to review by the DFR in accordance with law.

6. The identification and description of reserves for the self-insurance coverages provided to Members.

It is VEHI's goal to maintain a fund balance/net position equal to one year's claims for its Dental Program. Based on a 2017 independent actuarial analysis, VEHI's goal for the Health Program is to maintain a fund balance/net position equal to 15% of annual total

expenditures. VEHI has a fund balance for both VEHI's Programs to adequately fund existing Programs.

7. Financial Management

Below is a summary of the major components of VEHI's cash management strategy for the Health and Dental Programs:

- VEHI has an established account at the Peoples United Bank.
 - Program investment strategy for operating funds is included in the operational plan.
 - Investment earnings are allocated to the Health and Dental Programs on a pro-rated basis.
- Based on loss information, partner actuaries/underwriters recommend contribution levels. The Health Program contribution rates are completed on a community rated basis, while members of the Dental Program are individually rated.
- The contracted insurance carriers bill member schools and VEHI follows up for timely payment.
- Members send contributions to VEHI.
- VEHI records contributions received by members. Contributions are mailed by members to a lock box maintained by VEHI's banking institution.
- Losses are adjudicated for each Program and paid by the respective contracted carrier.
- VEHI reimburses the carriers on a weekly and monthly basis, respectively.
- The carriers record losses by member.
- The carriers provide periodic reports summarizing losses.
- VEHI reimburses VSBIT and the VT-NEA for the administrative expenses they incur in the overall operation of VEHI. VEHI reimburses VSBIT and the VT-NEA on a prorated basis (Health/Dental).
- VEHI maintains proper financial controls and procedures.
- VEHI has an annual financial audit performed by a CPA.