VEHI Presentation Open Enrollment 2027

The information in this presentation was prepared by the Vermont Education Health Initiative (VEHI) to assist **public school employees** in selecting a health care plan during their school's open enrollment process in **2026**, for coverage in calendar year **2027**.

I have VEHI coverage now. Do I have to change plans in 2027?

No employee is required to CHANGE VEHI benefit plans in 2027.

- You may remain in the same plan you are in now.
- Unless required by your central office, you don’t need to sign-up again to keep the same plan.

Are VEHI Plans changing in 2027?

VEHI's benefit plans are NOT changing in 2027, except for a deductible change for the Silver CDHP, and the prescription out of pocket maximum on the CDHPs both required to maintain HSA compatibility and VT's prescription maximum rules.

VEHI will continue to offer:

- ✓ The same four plans (Platinum, Gold, Gold CDHP & Silver CDHP).
- ✓ Each plan covers:
  - ✓ The same medical services and products
  - ✓ The same medical networks, and with
  - ✓ The same four tiers of coverage (single, two-person, parent/child[ren] and family)
- ✓ You can review the plans **at this link**.

CDHP Specific Changes for 2027

- The Silver CDHP and Gold CDHP prescription drug out-of-pocket maximums will increase to:
  - $1,750 for Single Coverage
  - $3,500 for Two-Person/Parent-Child(ren)/Family Coverage
- The Silver CDHP deductible will increase to:
  - $3,500 for Single Coverage
  - $7,000 for Two-Person/Parent-Child(ren)/Family Coverage
- The overall out-of-pocket maximums on the plans will not change

Coverage Eligibility Requirements & Employer Contributions for Part-Time Employees

If you work, **on average**, a minimum of **17.5 hours** per week during the **school year or calendar year**, you are entitled to:

A full employer contribution toward **out-of-pocket costs (OOPs),** either with an HRA or HSA, depending on the VEHI plan you select.

A pro-rata contribution toward **premium costs** based on the percentage of time you work as determined by your local contract.

If you have **questions** about health insurance contributions and part-time status, contact your local union representative or central office staff.

Remind me: What is an HRA, HSA & FSA?

A **Health Reimbursement Arrangement (HRA)** is an employer-owned account into which an employer contributes funds for employees' qualified, out-of-pocket medical and prescription services as defined by the IRS. **Only services covered on the health plan are eligible for this HRA agreement.** Money not used by the employee remains with the employer. An HRA is available with all four VEHI health plans through 2028.

A **Health Savings Account (HSA)** is an employee-owned, account used to pay for qualified, out-of-pocket medical and prescription expenses as defined by the IRS. Money is contributed by the employer and, if desired, by the employee consistent with IRS rules. Funds not spent remain with the employee. Since it is an employee-owned account, the employee can use the money for any Qualified Medical Expense, as defined by the IRS. The HSA is only available with the Silver CDHP through 2028.

A **Flexible Spending Account (FSA)** is money set aside by an employee, pre-tax, to pay for qualified, out-of-pocket medical, prescription, vision and dental expenses as defined by the IRS. In most cases, if the money is not used within the contract period, the money is forfeited by the employee to the employer ("use it or lose it"). Some employers have a roll-over provision. Check with your central office to understand your options.

More information about these accounts can be found on the IRS site.

Are HRAs & FSAs available in 2027 with all four VEHI Plans?

Employees are eligible for an HRA (Health Reimbursement Arrangement) with ANY of the four VEHI plans (Platinum, Gold, Gold CDHP and Silver CDHP).

Only the Silver CDHP has the option of an HSA.

Employees are eligible for an FSA (Flexible Spending Account) *if permitted by their local collective bargaining agreement or school district policies*, AND if they do not elect an HSA with the Silver CDHP. (Only a Limited-Purpose FSA can be paired with an HSA.)

Can I elect a Health Savings Account (HSA) in 2027?

Yes. Employees can elect an HSA or an HRA, only if they choose the Silver CDHP. On the Silver CDHP, employees can accept HSA contributions from the employer and can make their own pre-tax HSA contributions from their paycheck if they choose to.

Only the HRA is available on the other three plans:

- Platinum (non-CDHP) – HRA only
- Gold (non-CDHP) – HRA only
- Gold CDHP – HRA only

You will learn more about HSAs (and HRAs) later in this presentation.

Will I have access to a debit card on the HRA or HSA?

On the HRA You will have access to:

- A debit card for Rx expenses and will have the auto-pay to providers feature to pay medical claims.

With the HSA you will have access to:

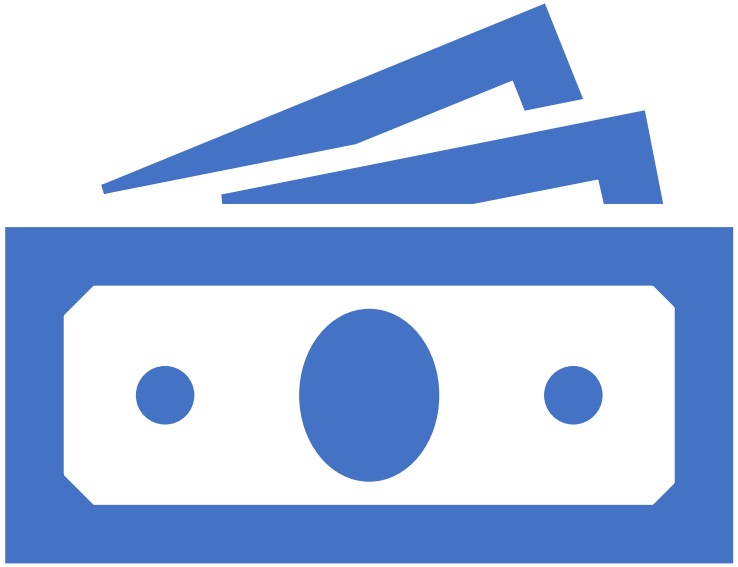
- A debit card for qualified medical and Rx expenses. Check with your HSA provider to learn how to pay for medical services.



Let’s talk about money – premium and out-of-pocket (OOP) costs

Lowest Overall Cost Exposure for School Employees in 2027

In 2027, licensed and non-licensed staff will have the lowest overall financial exposure -- premiums and out-of-pocket costs (OOP) combined -- if they elect the Gold CDHP.



Employer & Employee Premium Payments for Licensed Staff

Premium Payment Formula for **Licensed** Staff

- ✓ Districts will pay **80 percent** of the premium for the Gold CDHP and the Silver CDHP.
- ✓ Districts will pay **the dollar amount** equal to 80 percent of the **Gold CDHP** premium toward enrollment in the Platinum and Gold [non-CDHP] plans.

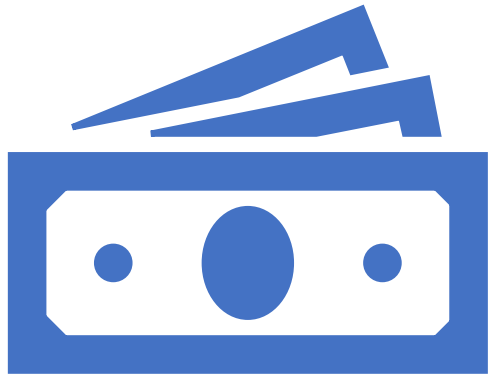
More on Premium Payment Formula for Licensed Staff

- ✓ Employees in the **Gold CDHP or Silver CDHP** will pay **20 percent** of the premium.
- ✓ Employees in the **Platinum or Gold [non-CDHP]** plans will **pay the difference** between 80 percent of the cost of Gold CDHP and the cost of the same coverage in the Platinum and Gold [non-CDHP] plans.

Take Note:

You will pay **higher premiums** if you enroll in the Platinum and Gold [non-CDHP] plans**.** Click **here** to see the cost comparison.

Employer & Employee Premium Payments for Non-Licensed Staff

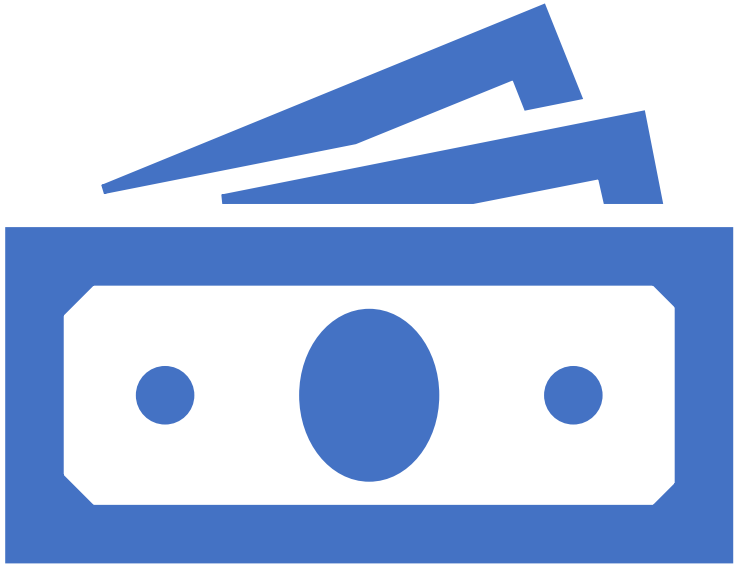


Employer & Employee **Premium Payment Formula** for **Non-Licensed** Staff

Premium Cost Sharing Varies Across the State for non-licensed staff:

On **January 1, 2027**, support staff who are not already paying 20 percent of their premium will pay **1 percent more than** what they paid in 2026. But a non-licensed staff person will **not** pay more than 20 percent.

Click **here** to open our cost comparison chart and enter your specific percentage.



Employer & Employee Out-of-Pocket (OOP) Costs for Licensed Staff

Employer OOP Funding in the: **Gold CDHP with an HRA** for **Licensed** Staff

- ✓ The employer will contribute to an **HRA** for single coverage **$1,900** and **$4,000** for all other tiers of coverage.
- ✓ The employer's contribution will be a **first-dollar contribution** – the employer's contribution must be paid first before the employee pays any out-of-pocket (OOP) balance that may be incurred.
- ✓ **Remember**: Contributions by employer or employee to an **HSA** are **NOT** permitted with the **Gold CDHP** plan, based on the statewide bargaining agreement.

Employer OOP Funding in the: **Silver CDHP with an HRA** for **Licensed** Staff

- ✓ The employer will contribute to an **HRA** for single coverage **$1,900** and **$4,000** for all other tiers of coverage.
- ✓ The employer's contribution will be a **first-dollar contribution** – the employer's contribution must be paid first before the employee pays any out-of-pocket (OOP) balance that may be incurred.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.

- ✓ **Remember**: You may choose an HRA **or** an HSA with the Silver CDHP option only.

Employer OOP Funding in the: **Silver CDHP with an HSA** for **Licensed** Staff

- ✓ The employer will contribute to an **HSA** for single coverage **$1,900** and **$4,000** for all other tiers of coverage.
- ✓ The employer's full contribution must be deposited in the HSA on **January 1**.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.

- ✓ **Remember**: This is the only plan that is allowed to have an HSA Contribution.

Employer OOP Funding in the: **Platinum Plan** [**non-CDHP**] with **an HRA** for **Licensed** Staff

- ✓ The employer will contribute to an **HRA** for single coverage **$1,900** and **$4,000** for all other tiers of coverage.
- ✓ The employer's contribution must be **first dollar** – the employer's contribution must be paid first before the employee pays any out-of-pocket balance that may be incurred.

Take Note:

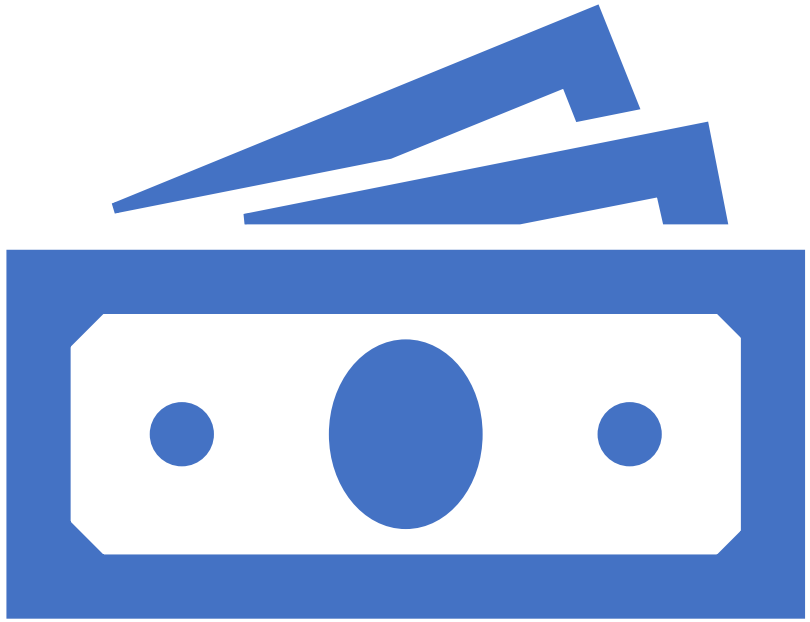
You have a **higher OOP exposure** with this plan than in the Gold CDHP.

Employer OOP Funding in the: **Gold Plan** [**non-CDHP**] with **an HRA** for **Licensed** Staff

- ✓ The employer will contribute to an **HRA** for single coverage **$1,900** and **$4,000** for all other tiers of coverage.
- ✓ The employer's contribution must be **first dollar** – meaning the employer's contribution must be paid first before the employee pays any OOP balance that may be incurred.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.



Employer & Employee Out-of-Pocket (OOP) Costs for Non-Licensed Staff

Employer OOP Funding in the **Gold CDHP with an HRA** for **Non-Licensed** Staff

- ✓ The employer will contribute to an **HRA** for single coverage **$2,200** and **$4,400** for all other tiers of coverage.
- ✓ The employer's contribution will be a **first-dollar contribution** – the employer's contribution must be paid first before the employee pays any out-of-pocket (OOP) balance that may be incurred.
- ✓ Contributions to an HSA are **NOT** permitted with the Gold CDHP plan, based on the statewide bargaining agreement.

Employer OOP Funding in the **Silver CDHP with an HRA** for **Non-Licensed** Staff

- ✓ The employer will contribute to an **HRA** for single coverage **$2,200** and **$4,400** for all other tiers of coverage.
- ✓ The employer's contribution will be a **first-dollar contribution** – the employer's contribution must be paid first before the employee pays any out-of-pocket (OOP) balance that may be incurred.
- ✓ You may choose an HRA or an HSA with a Silver CDHP.
- ✓ **Remember**: This is the only plan that is allowed to have an HSA Contribution.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.

Employer OOP Funding in the **Silver CDHP with an HSA** for **Non-Licensed** Staff

- ✓ The employer will contribute to an **HSA** for single coverage **$2,200** and **$4,400** for all other tiers of coverage.
- ✓ The employer's contribution must be deposited in full on January 1.
- ✓ You may choose an HRA or an HSA with a Silver CDHP.
- ✓ **Remember**: This is the only plan that is allowed to have an HSA Contribution.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.

Employer OOP Funding in the **Platinum Plan [non-CDHP] with an HRA** for **Non-Licensed** Staff

- ✓ The employer will contribute to an **HSA** for single coverage **$2,200** and **$4,400** for all other tiers of coverage.
- ✓ The employer's contribution will be a **first-dollar contribution** – the employer's contribution must be paid first before the employee pays any out-of-pocket (OOP) balance that may be incurred.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.

Employer OOP Funding in the **Gold Plan [non-CDHP] with an HRA** for **Non-Licensed** Staff

- ✓ The employer will contribute to an **HSA** for single coverage **$2,200** and **$4,400** for all other tiers of coverage.
- ✓ The employer's contribution will be a **first-dollar contribution** – the employer's contribution must be paid first before the employee pays any out-of-pocket (OOP) balance that may be incurred.

Take Note:

You have a **higher OOP exposure** with this plan than in the Gold CDHP.

Maximum Financial Exposure

What is it?

Why should you care?



Maximum Financial Exposure (MFE)

MFE = Your premium cost share + your portion of out-of-pocket (OOP) costs after the district's HRA/HSA funds have been used.

MFE will vary from year to year depending on your personal medical experiences and the VEHI plan you are in.

MFE for Licensed Educators in FY27 (if they "max out" their OOP costs)



Single Coverage (FY27): Rounded to nearest dollar



Platinum: $5,438



Gold: $5,404



Gold CDHP: $3,771



Silver CDHP: $5,003

MFE for Licensed Educators in FY27 (if they "max out" their OOP costs)

Two-Person Coverage: (FY27): Rounded to Nearest Dollar	
Platinum:	$12,222
Gold:	$12,155
Gold CDHP:	**$6,956**
Silver CDHP:	$9,806

MFE for Licensed Educators in FY27 (if they "max out" their OOP costs)

Parent/Child[ren] (FY27): Rounded to Nearest Dollar	
Platinum:	$10,787
Gold:	$10,853
Gold CDHP:	**$5,903**
Silver CDHP:	$8,894

MFE for Licensed Educators in FY27 (if they "max out" their OOP costs)

Family (FY27): Rounded to Nearest Dollar	
Platinum:	$15,185
Gold:	$14,871
Gold CDHP:	**$9,784**
Silver CDHP:	$12,261

Where can licensed educators find more information on MFE and other insurance costs?

Click on:

https://vehi.org/licensed-employee/

You will also find at these links a:

Plan Comparison for Licensed Employees

Cost Comparison for Licensed Employees

Why VEHI can't produce the same MFE Slides for Non-Licensed Staff

1. Unlike licensed staff, non-licensed staff have **different premium cost sharing** across the state.

2. Different premium cost sharing = Different MFE Costs per school district.

3. Non-licensed staff can calculate their MFE by going to this link on the VEHI website: https://vehi.org/non-licensed-employee/**.** Follow these steps:

- Click on the **Cost Comparison for Non-licensed Employees**. Open the excel spreadsheet and fill in **Cell A-2** with your district's premium co-share. Then compare the total employee exposure based on your tier of coverage.
- There is also a **Plan Comparison for Non-Licensed Employees**.

Know the Eligibility Rules for HSAs & HRAs

(It really matters.)

Spouses:

*Marriage
*Domestic Partners
*Civil Unions

"Spouses" for insurance purposes are those by:

✓ Marriage

✓ Domestic Partnership

✓ Civil Unions

Domestic partners are generally **NOT** considered **tax dependents** by the IRS.

If you elect a **Health Savings Account (HSA),** in order to pay for a Domestic Partner's medical bills from the HSA, your partner must be considered a **"qualifying relative"** under IRS rules. Check with your central office to make sure your domestic partner satisfies these rules.

Under IRS Rules:

Not Every Employee Can Contribute to or Receive an Employer Contribution to a **Health Savings Account** (HSA)

- **The IRS does not allow an employee to <u>make or receive a contribution to an HSA</u> if the person is enrolled in:**
- **Medicare** (Parts A, B, C or D) or **Social Security**
- **TRICARE** (military health benefits).
- Employees **not** in TRICARE, but who get certain treatments at the V.A., **cannot** make or receive HSA contributions for **3 months.** There are exceptions to this rule.
- A **spouse's health plan**, for primary or secondary coverage, if it is **NOT** HSA-qualified.
- A **flexible spending account** (FSA) – even if the FSA is under a spouse's employer.

HSAs & Adult Children

Under federal law, your adult children, ages 19-26, can be enrolled in your VEHI Plan.

But IRS rules say:

HSA funds can be used to pay medical bills for your children 19- to 23-years-old only if...

Your adult children are tax dependents and meet all the following criteria of tax dependency:

-age
-relationship to the taxpayer
-financial support derived from the taxpayer
-full-time student status, and
-if they are claimed on your taxes as dependents

What about HSAs Funds & Adult Children, Ages 24 to 26?

HSAs can be used to cover medical bills for your 24- to 26 year-old children only if…

Your adult child[ren] are:

Totally or Permanently Disabled

Before you choose an **HSA for** 2027…

Do Your HOMEWORK.

- ✓ Are you **eligible** under IRS rules to make or receive a contribution to an HSA?
- ✓ Will you be able to cover the medical & Rx bills for your **adult children**, ages 19-26, with your HSA?
- ✓ Adult children on your policy can open **their own tax-free HSA** account and contribute up to the annual family IRS maximum
- ✓ Adults 55 and older can contribute up to the annual maximums, **plus an additional $1,000 per year** until they are Medicare eligible
- ✓ Does your **domestic partner** meet the **four IRS tests** of a "qualifying relative" so you can be reimbursed for that partner's medical bills? Check with your central office to see if your domestic partner satisfies these tests.

Take Note:

If you are **NOT** eligible to make or receive contributions to an HSA, you can be **penalized and taxed** by the IRS. Please confirm eligibility before choosing an HSA.

Before you choose an **HSA for** 2027…

Keep in mind…

- ✓ Your school district **is not obligated** to make **contributions** to an HSA if you lose your job and elect **COBRA** coverage. However, funds in an HSA can be used **by an employee** for qualified expenses during a COBRA period.

- ✓ HSAs are also subject to a **"last month rule"** and **"testing period"** requirement. There can be tax and penalty consequences with these. They can be avoided, but you must know the rules first – learn them, please.

One more thing about HSAs….



end of 2026

If you have funds in an HSA at the end of 2026, but elect a VEHI plan with an HRA in 2027, what happens to the HSA funds?



2027

The HSA money remains with you, the employee.

It is not forfeited if you elect an HRA in 2027.



2027 and later

HSA funds can pay for medical expenses in 2027 or later, provided those same expenses were NOT paid for by HRA funds – no “double dipping” allowed.

If you choose an **HRA** for 2027…

- You and your spouse **can** also be in Medicare, TRICARE, and Social Security.
- You **can** cover the medical & Rx bills for your adult children up to age 26, even if the children are NOT tax dependent(s).
- You **can** have secondary coverage under a spouse's plan.
- Your employer is obligated to keep making contributions to an HRA if you elect COBRA and is added to the COBRA premium.
- There is no last-month rule or testing requirement as there is with an HSA.
- Your domestic partner's medical bills can be covered without concern about tax dependency issues or qualifying relative rules.

One More Thing:

Before you choose an **HSA for** 2027…

Ask your central office or Third Party Administrator (TPA) for more details:

Does enrollment in the Silver CDHP with an HSA come with access to a **debit card** for Rx expenses and **auto-pay to providers**?

- Debit cards are included with most HSAs.
- An **employee** can choose auto-pay to providers, but an **employer cannot** elect that option for an employee. This is because, with an HSA, an employee determines when these funds are used.

What are the benefits of an HSA…

Ask your central office or Third Party Administrator (TPA) for more details:

- An HSA is a tax-preferred savings vehicle that provides tax-free dollars to an employee for qualified health expenses, now or in the future.
- Employees who use little health care can save HSA dollars over the years to build up an account that can be used at any time, tax- and penalty-free, for medical, dental, vision, or even COBRA premiums.
- HSA dollars can be used anytime tax-free for qualified medical expenses or can be withdrawn penalty-free after the account owner turns 65.
- Account owners that use HSA dollars for **non-qualified** medical expenses are subject **to taxes and penalties.**

Where can you learn more about IRS rules for an HRA & HSA?

- Speak to your central office personnel.
- Speak to customer service representatives with the Third Party Administrator (TPA) for your school district.
- Read the general guidance on VEHI's website.