

VEHI

Vermont Education Health Initiative

Annual Summary Report



For the Year Ending

June 30, 2019

VEHI Board of Directors

This past year the Board of Directors of VEHI was reconfigured to comply with Act 11 of 2018. As a result, Jeff Fannon and Nicole Mace ended their service on the Board. Elizabeth Fitzgerald was appointed by VSBA to continue to serve on the Board, but resigned in December. VEHI wishes to recognize these three Board members for their years of service to the organization.

VEHI welcomed to Board service VSBA appointee Robert Letovsky and Vermont-NEA appointees Frances Brock, Peggy Maxfield and returning Board member Joel Cook. Robert Letovsky served until June of 2019; John Pandolfo was appointed by VSBA to fill the vacancy.

July 1, 2018 – September 30, 2018

Tracy Wrend [Superintendent], Chair
Jeff Fannon [VT-NEA], Vice-Chair
Martha Gagner [Business Manager]
Elizabeth Fitzgerald [School Board]
Nicole Mace [VSBA]

October 1, 2018 – June 30, 2019

Joel Cook [VT-NEA], Chair
Elizabeth Fitzgerald [VSBA through December 2018]
Robert Letovsky [VSBA December 2018 – June 2019], Vice-Chair
Martha Gagner [VSBA]
Tracy Wrend [VSBA]
Fran Brock [VT-NEA]
Peggy Maxfield [VT-NEA]

Corporate Officers

President: Laura Soares
Secretary: Martha Gagner



VEHI Program Update for FY 19 Annual Report

Over the course of FY19, VEHI made available to school districts and the Vermont State Teachers' Retirement System a range of employee benefit plans, including health, dental, life insurance, and long-term disability. Additionally, VEHI invested in school-based wellness programs that give individuals and families the confidence, support, and resources they need to live healthy, productive lives.

Reorganization of the VEHI Board of Directors

The changes to the VEHI Board mandated by Act 11 took effect **October 1, 2018**.

VEHI now has a six-member Board, with three directors appointed by Vermont-NEA and three appointed by the Vermont School Boards Association. More information on the VEHI Board, including its membership, officers, meeting schedule, agendas and minutes, are on the VEHI website (<http://vehi.org/board-members/>).

VEHI Board meetings continue to be open to the public.

New Cost and Quality Initiatives

This past year, consistent with our history of striving to implement benefit and educational initiatives that advance high-quality care, eliminate unnecessary care, lower costs for everyone, and spur employees and their families to get the right care at the best price, VEHI:

1. Met extensively with BCBSVT to better understand their ongoing work to lower costs and improve quality care on behalf of VEHI subscribers and their families.
2. Invited BCBSVT to partner with us and Prometheus Analytics, a national organization that does cutting-edge analytics, to analyze three years of claims data and identify potential opportunities to improve quality and reduce costs. The resulting Opportunity Reports will inform the future work of VEHI and BCBSVT.
3. Began investigating, in partnership with Remedy Analytics and BCBSVT, new and promising approaches to reducing the costs of pharmaceuticals and helping subscribers understand better how to get the most medical benefit from their prescriptions.

Reconciliation Support for School Districts and School Employees

VEHI allocated financial resources and significant staff time to assisting school districts and school employees resolve health care reimbursement problems and related issues involving Third Party Administrators.

VEHI Dental Program

Operating in partnership with Northeast Delta Dental (NEDD), VEHI's dental program sustained stable membership and a strong financial position. *Rates have remained level or decreased for all school districts since July, 2015.* NEDD offers the Health through Oral Wellness® (HOW®) program to VEHI subscribers, which includes an oral health risk assessment provided by dentists for no additional cost. Subscribers considered to be at risk for oral disease can receive additional preventive dental benefits covered under the plan. Find out more about the VEHI-NEDD dental program on page 10.

VEHI Long-Term Disability/Life Program

VEHI has offered high-quality LTD and life insurance programs since 2002. Since 2014, our offerings are in partnership with Gallagher Benefits Services and Lincoln Financial Group. Lincoln will match or improve the terms of current benefits, and can assist VEHI members in designing a new benefit offering if desired. See page 12 for more information.

VEHI Wellness Program

As members and beneficiaries of VEHI's health pool, school districts and local unions come together to accomplish a shared goal: to provide high-quality, affordable health coverage at the lowest responsible price. Keeping the cost of health coverage affordable and sustainable is important to all of us, as school districts, school employees, and the communities they serve are impacted when costs increase more rapidly than budgets can absorb. While many costs associated with health care are beyond the direct control of VEHI and its members, there are still actions we can all take to slow the rising costs of health care services and claims.

To this end, the VEHI Wellness Team, in partnership with Blue Cross Blue Shield of Vermont and school-based Wellness Leaders, have developed a robust, research-based program designed to support school employees and their families in leading healthy lives. See pages 13 and 14 for more information.

VEHI Health Program

VEHI offers active school employees four health plans to select from. All four health plans have the same comprehensive benefit coverage and extended provider networks. Each plan provides different cost-sharing options, allowing employees to select the plan that best meets their needs after taking into consideration what their employer will contribute toward premium and out-of-pocket costs. In most cases, the employer and employee cost share is determined through the collective bargaining process. See our website (www.vehi.org) for more details on these health plans. More information on our health program is included on pages 6 – 9.

Vermont State Teachers' Retirement System (VSTRS)

VEHI serves the health benefit needs of approximately 8,000 VSTRS retirees and their dependents.

As always, if you have questions or comments regarding VEHI's benefit programs and services, please contact one of us.

VEHI Management,
Laura Soares, Bobby-Jo Salls and Mark Hage



Vermont Education Health Initiative [VEHI] Board membership

Joel Cook [VT-NEA]	2018-present
Fran Brock [VT-NEA]	2018-present
Peggy Maxfield [VT-NEA]	2018-Present
John Pandolfo [VSBA]	2019-present
Tracy Wrend [VSBA]	2018-present
Martha Gagner [VSBA]	2018-present
Robert Letovsky	2018-2019
Elizabeth Fitzgerald	2018-2018

2018 Act 11 6 Reorganization

Jeff Fannon [VT-NEA]	2017-2018
Nicole Mace [VSBA]	2016-2018
Martha Allen [VT-NEA]	2015-2016
Elizabeth Fitzgerald [School Director]	2014-2018
Tracy Wrend [Superintendent]	2013-2018
Martha Gagner [Business Manager]	2013-2018
Bruce Schmidt [School Director]	2013-2014
Mark Hage [VT-NEA]	2013-2015
Joel Cook [VT-NEA]	2013-2017

2013 Board Reorganization to comply with Regulation I-90-1

Steve Post [VSBIT]	2011-2013
Martha Allen [VT-NEA]	2009-2013
Bob Giroux [VSBIT]	2009-2010, 2012-2013
Laura Soares [VSBIT]	2006-2013
Steve Hier [VSBIT]	2006-2009
Mary Sherrer [VSBIT]	2005-2006
Mark Hage [VT-NEA]	2001-2013
Joel Cook [VT-NEA]	2000-2013
Chaunce Benedict [VSBIT]	1998-2003
Perry Kacik [VT-NEA]	1997-1999
Ray Proulx [VSBIT]	1996-1998, 2004-2006
Angelo Dorta [VT-NEA]	1996-2008
Jeffrey Isham [VT-NEA]	1996-2012
John Gutman co-chair [VSBIT]	1996-2012
Richard Lange [VT-NEA]	1996-1997
Joe Zimmerman [VSBIT]	1996-2013
Joe Blanchette [VT-NEA]	1996-2001
Martha Heath [VSBIT]	1996-2004

Health Benefits Utilization

Our health plan paid out approximately \$223,803,033 for claims submitted during the FY 2019 year (through 6/30/19). The following graphs and charts provide information on health care utilization by the employees and their dependents enrolled on our plans. These graphs only include VEHI claims cost. See the pie chart on Page 11 for a complete list of VEHI expenses.

Average Claims Cost Per-Member, Per-Month

OBSERVATIONS

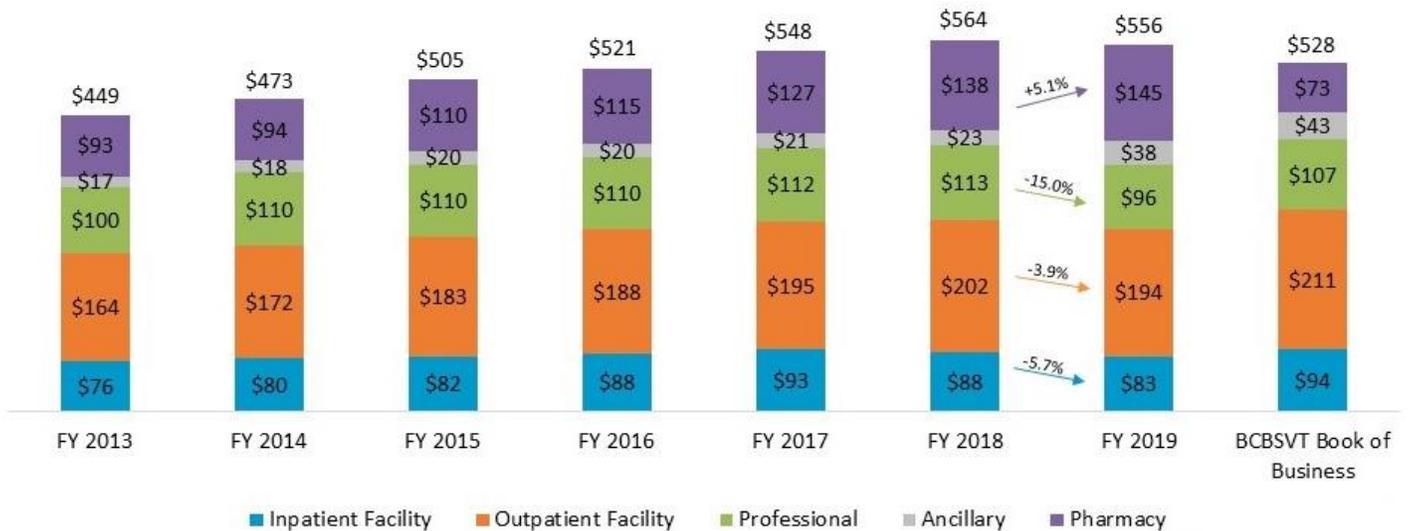
- VEHI's health care costs have increased annually by an average of 3.9% from FY 2013 to FY 2019
- BCBSVT Book of Business' costs were 5.3% lower than VEHI in FY 2019



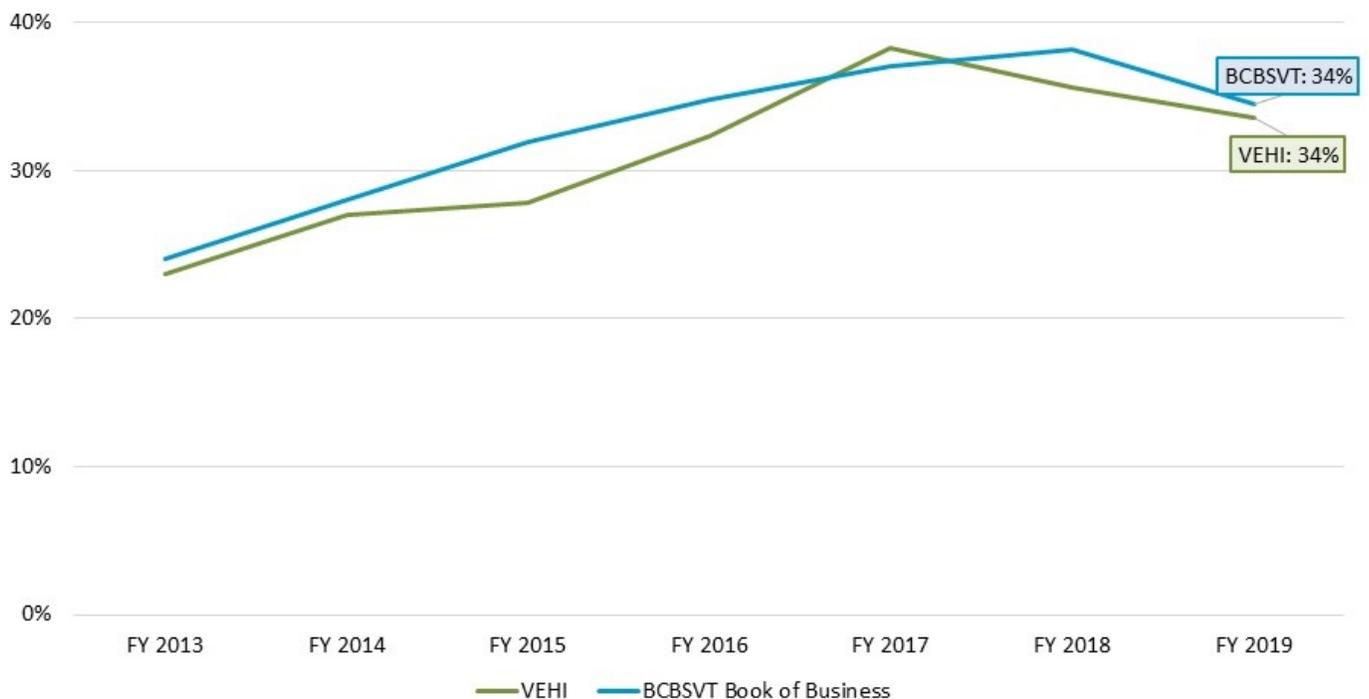
Average Claims Cost Per-Member, Per-Month By Service Category

OBSERVATIONS

- Inpatient decreased 5.7% from the previous year
- Pharmacy continues to be the fastest growing service category



Percent of Pharmacy Costs due to Specialty Drugs



Average Claims Cost Per-Member, Per-Month

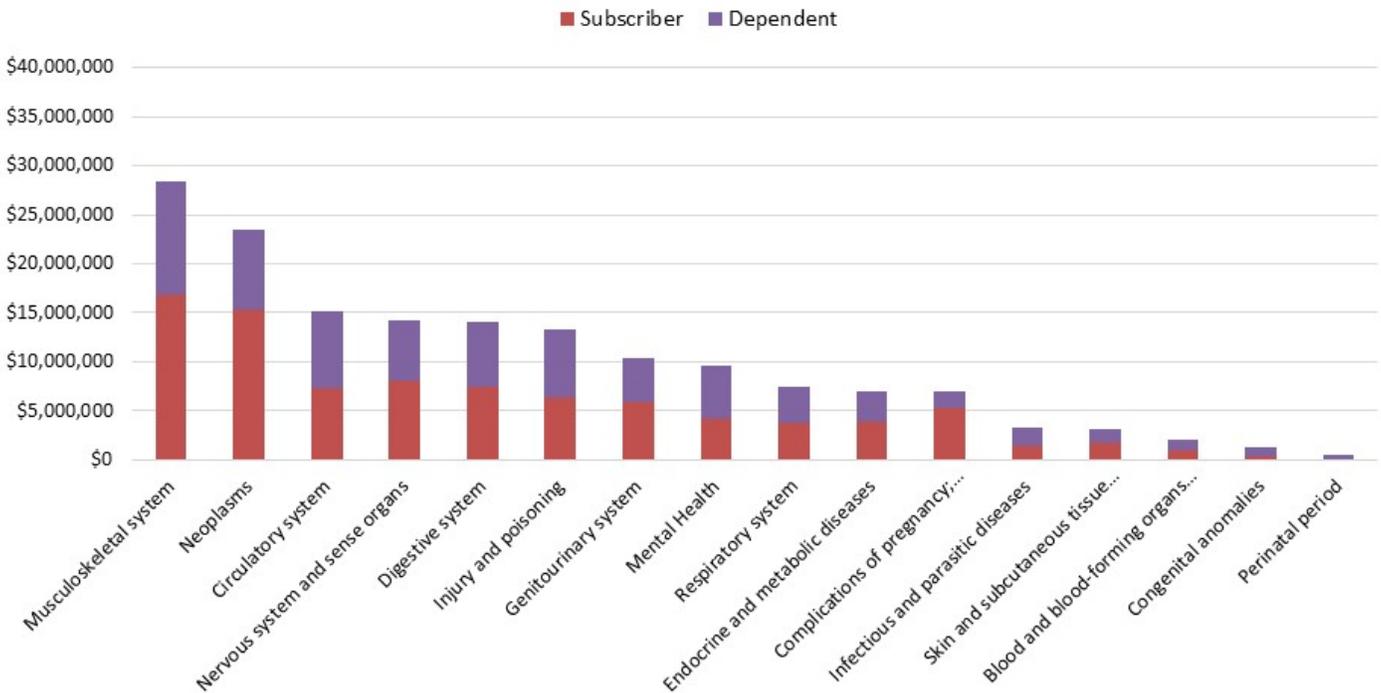
By High Cost* and General Population

OBSERVATIONS

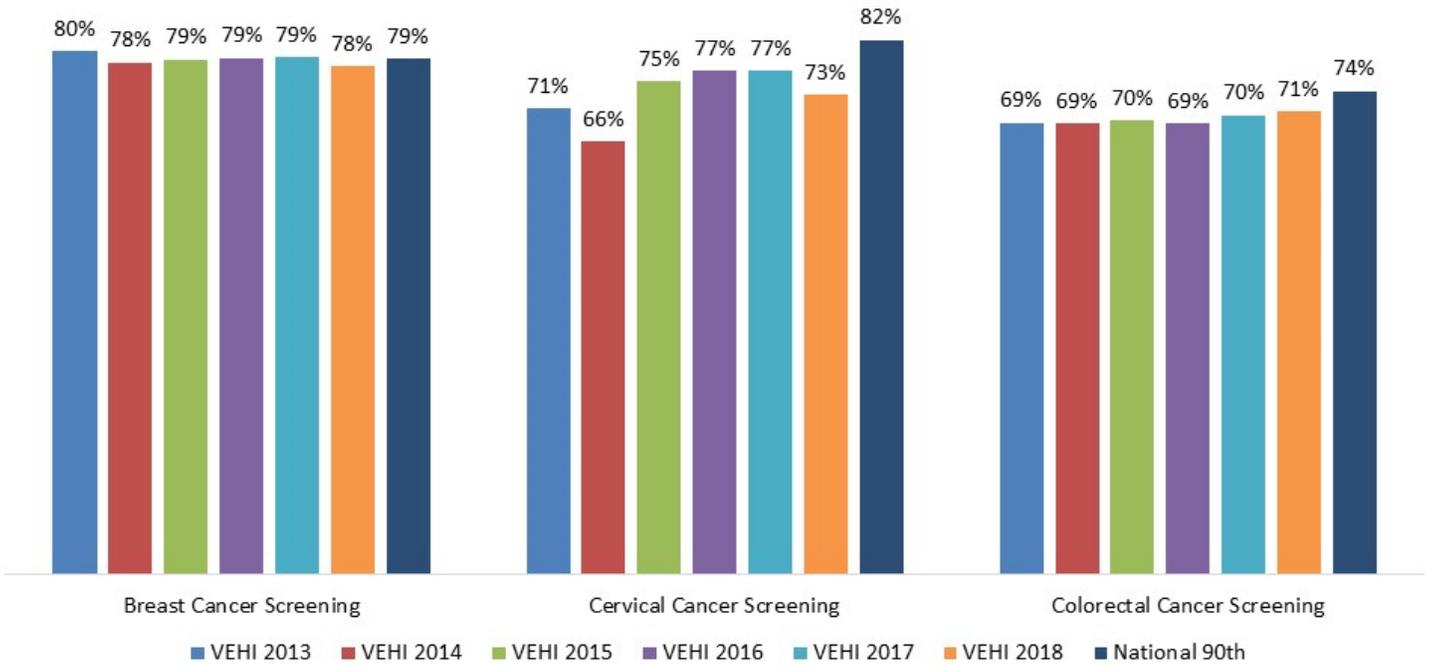
- High Cost Population contributed to 37% of total costs and represents 1.8% of the membership population
- High Cost Population's cost increased by 3.5% from the previous year



VEHI Diagnosis Analysis by Total Cost



Preventive Screening Rates

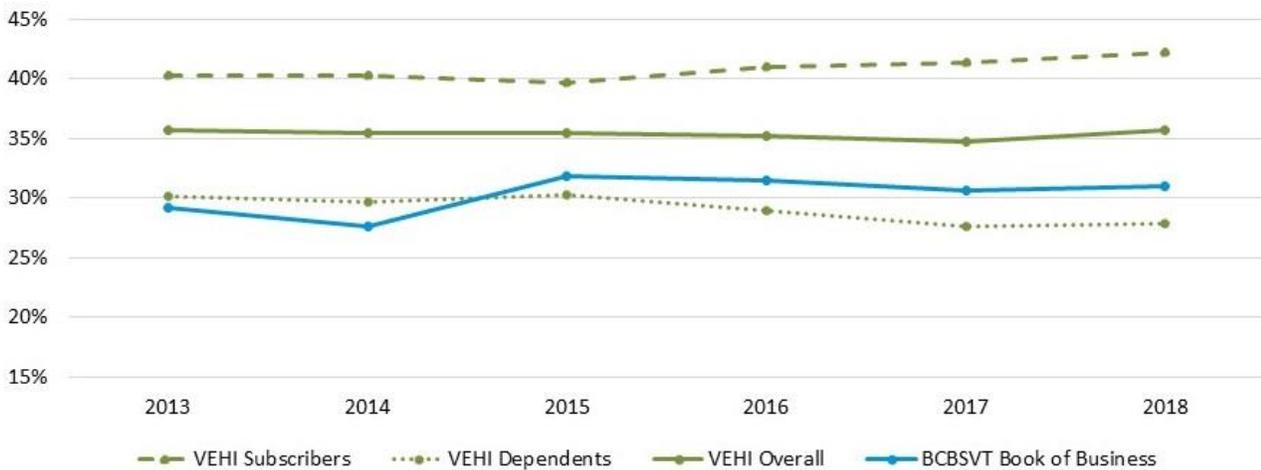


Annual Preventive Visit Rate

Adults 18-64, excluding high cost and maternity cases

OBSERVATIONS

- The overall preventive visit rate for VEHI has increased by 1 percentage point and is above the book of business benchmark
- VEHI subscribers saw an increase in preventive visit rate at 42%



Dental Program

The VEHI Dental Program **began on July 1, 2000, with approximately 3,550 employees** and has since **grown to include approximately 9,083 employees in 144 schools**. Although we have had no actual loss of member schools from the program, the number of entities has decreased as a result of Act 46 mergers. Five basic plan options are available through the VEHI/Northeast Delta Dental (NEDD) Program, however, school districts which purchase dental coverage directly with Delta Dental are able to enroll in the VEHI Program with their existing plan.

VEHI's Dental Program continues to be successful. The program remains financially sound and premiums continue to be lower than those obtained directly from Delta Dental. Districts participating in the VEHI/Delta Dental Program saw rates hold **in the 2019-20 year with no increase or decrease**.

VEHI DENTAL PLANS OFFERED

<u>Plan</u>	<u>Preventive</u>	<u>Deductible</u>	<u>Basic</u>	<u>Major</u>	<u>Maximum</u>	
1	100%	\$0	90%	60%	\$1,500	per person
2	100%	\$0	80%	50%	\$1,500	per person
3	100%	\$25	80%	50%	\$1,000	per person
4	100%	\$50	100%	50%	\$1,000	per person
5	100%	\$0	100%	NA	\$750	per person

Monthly Rates Effective July 1, 2019, for groups without prior coverage*

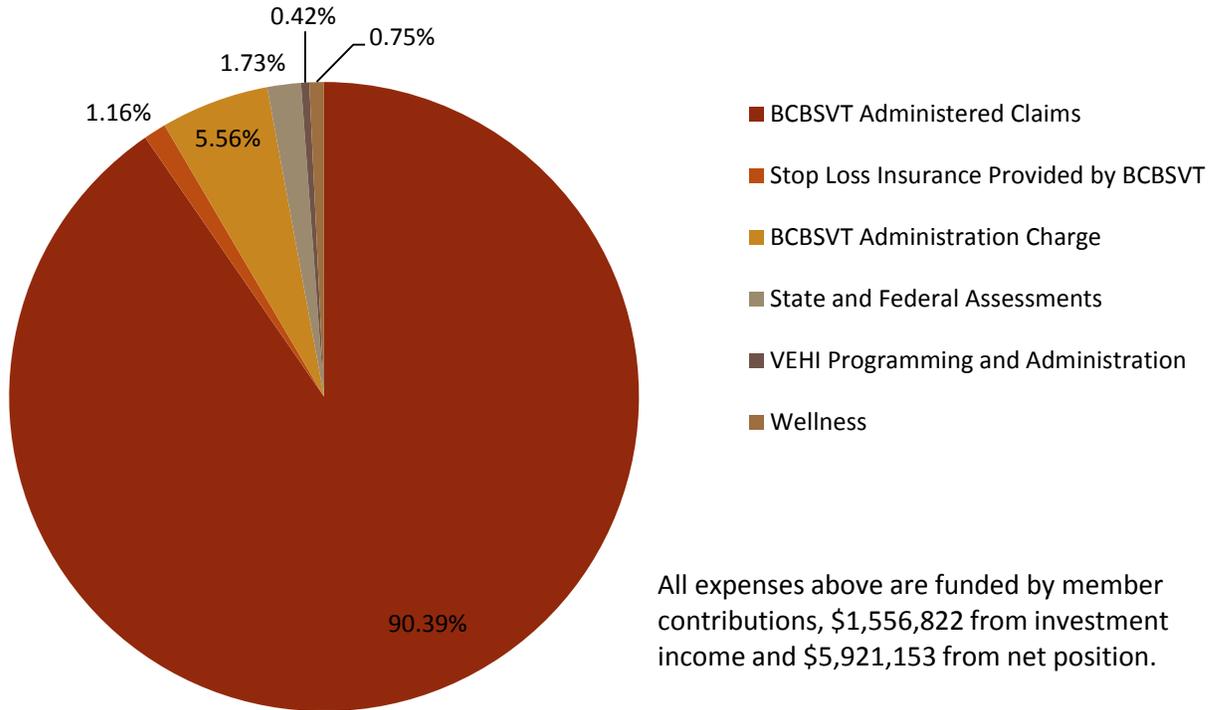
	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
1	\$69.65	\$132.56	\$223.31
2	\$57.81	\$110.04	\$185.35
3	\$54.32	\$103.42	\$174.18
4	\$72.44	\$137.87	\$232.24
5	\$71.74	\$136.55	\$230.01

**Basic rates - Ortho coverage for child and/or adult is slightly higher*

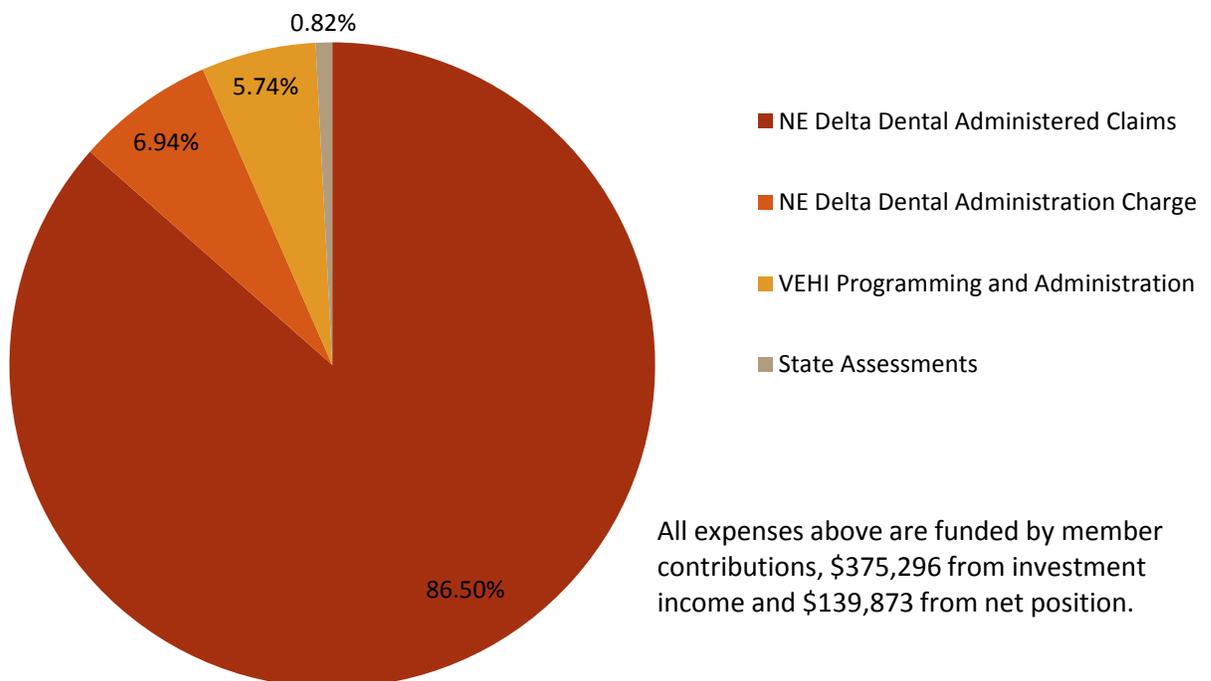


How monies collected by VEHI are allocated on behalf of its members:

**VEHI Health Program FY19
Spending Allocation of Member Contributions and Investment Income**



**VEHI Dental Program FY19
Spending Allocation of Member Contributions and Investment Income**





Since July 2002, VEHI has offered high quality Long-Term Disability and Life plans. In September of 2014, we enhanced the Life and Long Term Disability program in partnership with Gallagher Benefits Services and Lincoln Financial Group. This partnership has been aimed to deliver savings, stability and enhanced contractual terms to members. Our program leverages the purchasing power of VEHI to provide attractive terms and highly competitive pricing, guaranteed for three years.

Currently, 78 Supervisory Unions and School Districts participate in the program, bringing a total of \$197,746 in estimated savings! The Supervisory Unions and School Districts that have transitioned to the program have not only found value in savings, but have found the transition process to be well supported and streamlined. Gallagher's dedicated team of Life and Long Term Disability specialists have a deep understanding of VEHI and make it easy to join....any time of year!

Key Features of Our Program Include the following:

- This is not your typical RFP process! Gallagher's team will look at your current plans in place, and customize a program that matches or improves program provisions for any group, regardless of your carrier.
- Immediate rate reduction due to VEHI's large purchasing base.
- Each VEHI Life and Long Term Disability member is supported by Gallagher's dedicated VEHI Account Management Team.
- Employee Life Insurance buy-up options available, with an education and enrollment strategy tailored specifically to members that take advantage.
- Additional benefits provided for all members enrolled in:
 - Life insurance include: Travel Assistance and Will Preparation.
 - Long Term Disability insurance include: Employee Assistance Plan with 4 face to face counseling sessions.

VEHI remains committed to bringing members high quality employee benefit products with highly competitive pricing.

If you are interested in learning more about this enhanced program, or receiving a quote, please contact us at bobbyjo@vsbit.org.

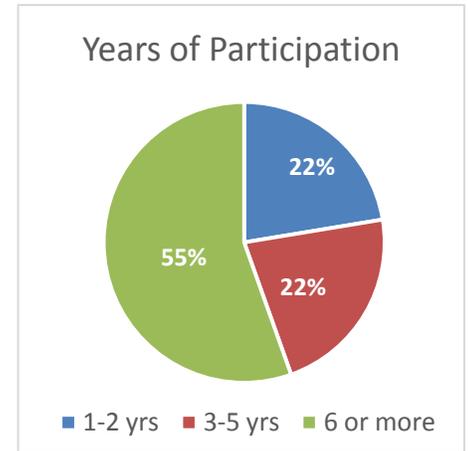
VEHI PATH (*Planned Action Toward Health*)

Employee Wellness Benefit Opportunities and Results

Over the past year, the VEHI PATH team offered member school employees, administrators and teacher retirees a variety of best practice programs and workplace-based strategies to help them live their best lives in thriving environments; at work, at home and in their communities.



We engaged over 458 employee wellness leaders in VEHI member buildings statewide and maintained a user-friendly website filled with programming and health information. We designed and implemented our renowned 10-week annual Adventure, entitled “Get A Clue” for FY19 that focused on discovering and using the keys to good health. As a way to encourage involvement, our team hid ten riddles on Vermont trails and bicycle paths. Participants were invited to solve for the locations and the riddles while engaging in healthy behaviors. For the second year we added a cooking segment (this time with mystery ingredients) to our annual exercise video. Over 34 school faculty graduated from the five month Mindfulness for Educators course we hosted. We collaborated with the VSBIT Multi-line program to further align employee health and safety, and we selected and promoted 24 member employee “Rockstars”. We partnered with BCBSVT to provide funding and significant oversight to nine SD/SU’s committed to addressing prominent employee health issues based on their leadership as well as aggregate claims and health assessment data. Finally, we rewarded 4,832 individuals who earned 200 PATHpoints with an incentive gift card.

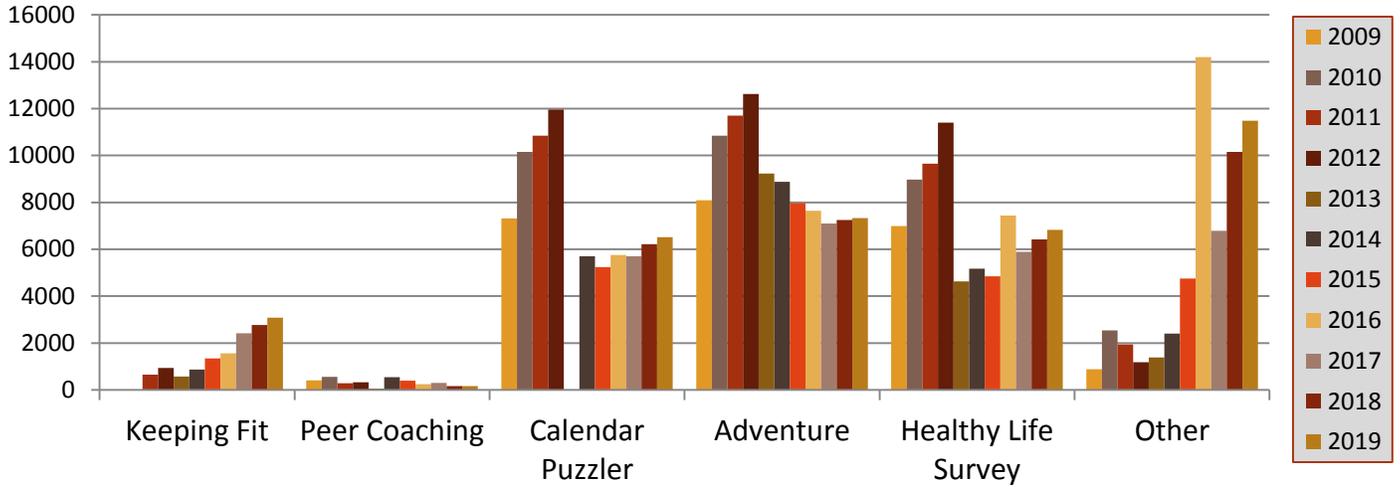


PATH program signature elements include the Healthy Life Survey; Progress Health Coaching (professional, telephonic coaching to help people discover more about their own best thinking); the Peer Coaching Course to help people practice skills of mutual support; Safety Puzzlers; the 10-week Adventure for a community based wellness challenge; an employee assistance program (Invest EAP) for short-term counseling, legal or financial guidance; Keeping Fit for year-long exercise tracking; the Sizzlin’ Summer Challenge to take on family-oriented health goals; and local building wellness leader events. In collaboration with BCBSVT we provided funding and training to promote musculoskeletal health, reduce stress and anxiety and increase the daily amount of fruits and vegetables in one’s diet. Over 42 buildings received “Mobility in a Bag” training and a toolkit to release muscle tension and gain flexibility, 47 buildings received “Peace of Mind” materials and workshops and 100 buildings used funds for a variety of “Eat for Health” campaigns.

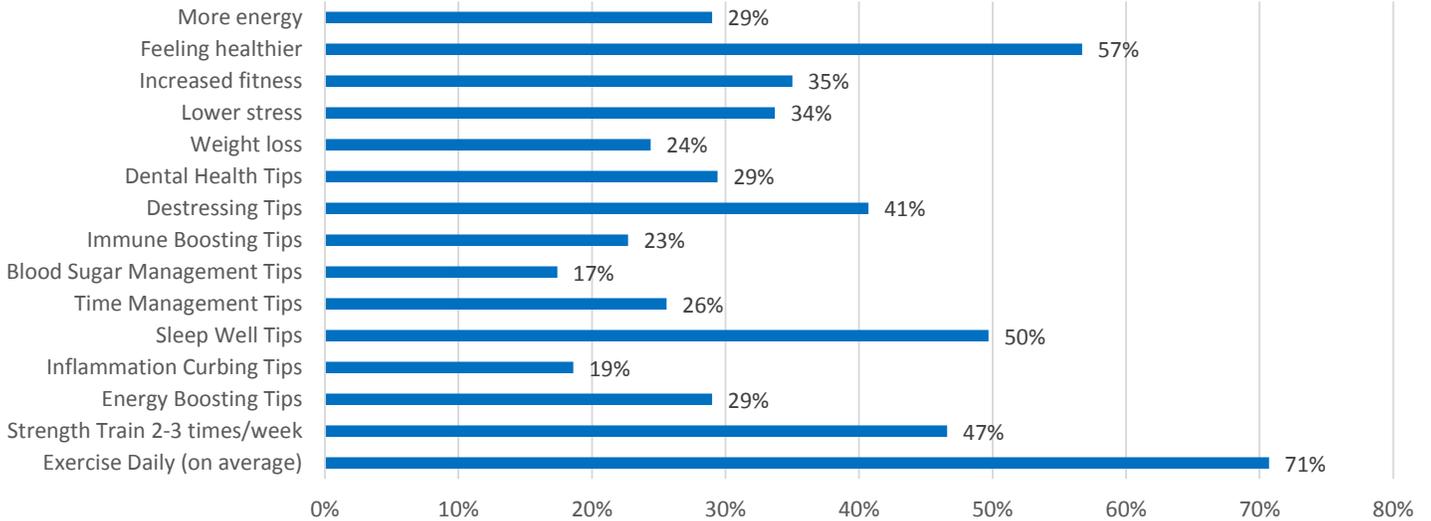
We continued to collaborate with BCBSVT on our data warehouse project. The warehouse hosts VEHI PATH participant data that is married to health claims data. This allows us to query the impact of PATH program elements on trend. VEHI PATH participants who completed the Healthy Life Survey or did the annual 10-week Adventure had a lower overall cost trend, were more fully engaged with primary care providers, had better preventive visit rates, had a lower prevalence of hypertension and mental health issues and they had fewer high cost claims. Further, inpatient costs and severity were substantially lower in those who participated versus those who did not.

This information, combined with many other measures, assures us we are on track in our mission to help all employees thrive and flourish in a workplace where success is quite simply the norm, where health goals are easily reached and where people can be at their best for the children and families they serve.

11-Year PATHpoints Participation Rates (N=19,000)



2019 PATH Adventure Results:



Samuel Morey Employees Enjoying Winter with Rockstar Tracy Martel.



Maple Run Employees de-stressing with Mindfulness and Rockstar Lisa Sutton.

Vermont Education Health Initiative, Inc.
Combining Statement of Net Position
For the Year ending June 30, 2019

<u>ASSETS</u>	Health Program	Dental Program	Total
Current Assets:			
Cash & Investments	\$ 37,219,903	\$ 7,924,706	\$ 45,144,609
Accrued Interest Receivable	48,968	5,326	54,294
Contribution Receivable	3,813,190	124,835	3,938,025
Working Fund Deposit	4,505,965	0	4,505,965
Other Receivables	302,622	291	302,913
Prepaid Expenses	<u>33,084</u>	<u>5,814</u>	<u>38,898</u>
 Total Current Assets	 <u>45,923,732</u>	 <u>8,060,972</u>	 <u>53,984,704</u>
 Total Assets	 <u>45,923,732</u>	 <u>8,060,972</u>	 <u>53,984,704</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Accounts Payable	328,691	145,256	473,947
Assessments Payable	606,978	65,516	672,494
Other Liabilities	64,156	4,770	68,926
Unearned Revenue	0	1,529	1,529
Claims Payable	11,024,104	371,087	11,395,191
Reserve for Unallocated Loss Adjustment Expenses	<u>15,122</u>	<u>0</u>	<u>15,122</u>
 Total Current Liabilities	 <u>12,039,051</u>	 <u>588,158</u>	 <u>12,627,209</u>
 Total Liabilities	 <u>12,039,051</u>	 <u>588,158</u>	 <u>12,627,209</u>
Net Position:			
Unrestricted Net Position	<u>33,884,682</u>	<u>7,472,813</u>	<u>41,357,495</u>
 Total Net Position	 <u>33,884,682</u>	 <u>7,472,813</u>	 <u>41,357,495</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 45,923,732</u>	 <u>\$ 8,060,972</u>	 <u>\$ 53,984,704</u>

**Vermont Education Health Initiative, Inc., Combining Statement of Revenue,
Expenses and Changes in Net Position
For the Year ending June 30, 2019**

	<u>Health Program</u>	<u>Dental Program</u>	<u>Total</u>
Revenue:			
Program Contributions	\$ 240,101,872	\$ 7,213,576	\$ 247,315,448
Administrative Performance Revenue	20,000	0	20,000
Investment Income - Interest and Dividends	987,431	173,719	1,161,150
Investment Income/(Loss) - Other	<u>602,399</u>	<u>204,412</u>	<u>806,811</u>
 Total Revenue	 <u>241,711,702</u>	 <u>7,591,707</u>	 <u>49,303,409</u>
Expenses:			
Net Change in Claims Paid and Reserved	223,278,032	6,685,312	229,963,344
Reinsurance Premiums	2,869,723	0	2,869,723
Administration Fees to Outside Administrator	13,758,652	536,120	14,294,772
Investment/Bank Fees	33,008	2,836	35,844
State and Federal Assessment Expense	4,279,717	63,629	4,343,346
General and Administrative and Wellness Expenses	<u>3,413,723</u>	<u>443,683</u>	<u>3,857,406</u>
 Total Expenses	 <u>247,632,855</u>	 <u>7,731,580</u>	 <u>255,364,435</u>
Excess/(Deficiency) of Revenue Over Expenses	<u>(5,921,153)</u>	<u>(139,873)</u>	<u>(6,061,026)</u>
 Net Position - July 1, 2018	 <u>39,805,835</u>	 <u>7,612,685</u>	 <u>47,418,520</u>
Net Position - June 30, 2019	<u>\$ 33,884,682</u>	<u>\$ 7,472,813</u>	<u>\$ 41,357,495</u>

VEHI Mission Statement

The Vermont Education Health Initiative (VEHI) is a non-profit organization that, for more than two decades, has served school districts by offering employee benefit plans responsive to the needs both of employers and of employees and their dependents. VEHI also provides health insurance benefits to retired teachers and their dependents through the Vermont State Teachers' Retirement System.

Our work has three essential components:

1. Making available a range of employee benefit plans, in collaboration with major insurance carriers, that are cost effective, affordable and high quality;
2. Designing and investing in school-based and post-employment wellness programs that give individuals and families the confidence, support and resources they need to lead healthy, productive lives; and
3. Keeping school districts, local union Associations, and the Vermont State Teachers' Retirement System informed about the health insurance market, health care reform initiatives and regulatory compliance obligations under federal and state law.

The VEHI Board acknowledges the value to school districts of a solid partnership between school boards and their employees' representatives by conducting this work in concert with both VSBIT and Vermont-NEA.

In conducting our work, we adhere to the following guidelines:

1. VEHI will only offer employee benefit programs and services that are valuable to members and can make a meaningful difference.
2. All information and education provided by VEHI will be accurate, timely and unbiased.
3. VEHI will maintain the fiscal integrity of the organization so it can meet its current and future obligations to members.
4. VEHI will provide factual and vetted information, as requested, and in a purely neutral and objective manner, to parties engaged in collective bargaining.



Visit us online at:

www.vehi.org