

VEHI

Vermont Education Health Initiative

Annual Summary Report



For the Year Ending

June 30, 2020

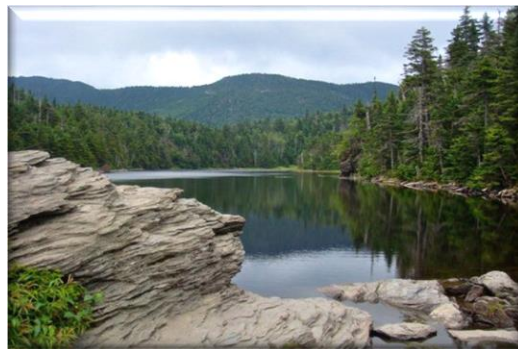
VEHI Board of Directors

The VEHI Board is comprised of three appointees of the Vermont School Boards Association (VSBA) and three appointees of the Vermont-National Education Association (VT-NEA). In the past year, Martha Gagner (VSBA), Fran Brock (VT-NEA), and John Pandolfo (VSBA) each resigned from the Board. Martha served on the Board since 2013, Fran since 2018 and John since 2019. VEHI wishes to recognize these three Board members for their years of service to the organization.

VEHI welcomes to Board service Vermont-NEA appointee Elizabeth Grout and VSBA appointee Zach McLaughlin.

Corporate Officers

President: Vacant
Secretary: Zach McLaughlin



VEHI Program Update for FY 20 Annual Report

Over the course of FY 20, 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.

COVID-19 & VEHI Programs

COVID-19 has had a significant impact on VEHI's health, dental and wellness programs, most notably in a reduction in dental care services and elective or non-urgent medical services, largely in the fourth quarter of FY 20.

The pandemic also generated a significant increase in telemedicine utilization (telephonic and video appointments); these benefits were expanded during the health emergency to permit additional services that were previously not available to employees, such as telemedicine treatments for preventive care and those conducted over the telephone. All COVID-19 related testing and services have been covered by VEHI at 100% beginning March 13, 2020. There is no end date as yet to the cost waivers for COVID-19 care and telemedicine coverage.

With a 90% reduction in dental claims over April and May, the VEHI Board approved a month of premium relief for the month of July 2020 for all school districts with VEHI Dental Plans.

The Wellness Team, for its part, quickly pivoted to online, over-the-phone and video-support programs to provide wellness leaders and school employees with encouragement, motivation, and out-of-the-box ideas to continue with wellness promotion in these difficult times. The team, for example, created a 10-week video series called **Path Good News**, which focused on supporting and encouraging school employees (and students) in these unprecedented and challenging times.

VEHI, along with our partners, will continue to monitor medical and dental claims closely and build that data into premium rating assumptions for FY 22.

Cost-and-Quality Initiatives

VEHI remains committed to advancing high-quality care and lowering costs for everyone.

Rx Initiatives

Prescription drug prices make up, on average, 20 percent of every dollar of health insurance premiums, which is the same amount spent on physician medical care. According to BCBSVT, they are "the main driver of health care premium increases in recent years, both nationally and in Vermont." VEHI continues to engage Remedy Analytics and work with the BCBSVT pharmacy team to identify the most effective ways to reduce these costs while ensuring access to the prescriptions our members need. The management team is exploring several initiatives in this arena and hope to advance this work in FY 21. A joint effort by VEHI, Remedy and BCBSVT over an extended period resulted in VEHI receiving nearly \$620,000 in FY 20 for unpaid Rx discount guarantees owed by BCBSVT's pharmacy benefit manager for the period covering FY 16 – FY 18.

Support for Certificate of Need for Green Mountain Surgical Center

Last November, VEHI submitted an Amicus Brief to the Vermont Supreme Court in support of the Green Mountain Surgical Center's (GMSC) legal challenge to a regulatory decision by the Green Mountain Care Board. We did so because the center is the only independently run, outpatient center in Vermont, because it is subject to state regulation like other medical institutions, and because we believe it offers high-quality care at less cost than its competitors. VEHI, along with many other organizations, first endorsed the Certificate of Need for GMSC as a multi-specialty ambulatory care facility in 2014.

OneCare Vermont

The VEHI Board declined in 2020 to attribute VEHI active lives under a risk-sharing agreement with OneCare Vermont (OCV), Vermont's only Accountable Care Organization. This came after months of conversations by the management team with BCBSVT and independent research on OCV's history and its quality metrics and costs for other populations attributed to it. The VEHI Board requested that the VEHI management team, in tandem with BCBSVT, create value and performance metrics specific to VEHI in the event the trust attributes lives to OCV in the future.

VEHI Dental Program

Operating in partnership with Northeast Delta Dental (NEDD), VEHI's dental program once again 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 11.

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 assist VEHI members in designing a new benefit offering if desired. See page 13 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 14 and 15 for more information.

VEHI Health Program & the Vermont Commission on Public School Employee Health Benefits

The Vermont Commission on Public School Employee Health Benefits determines premium and out-of-pocket cost share between employers and employees effective July 1, 2020. School employees still have access to all four of VEHI's health plans, which have the same comprehensive benefit coverage and provider networks. As of January 1, 2021, all employees will have access to an HRA, FSA and/or HSA depending on the health plan they select. VEHI has developed information and support tools to assist employees in making their plan selection during open enrollment in the fall of 2020. See the VEHI website for more details on health plans, health spending accounts, and cost-sharing for premiums and out-of-pocket charges consistent with the outcome of statewide healthcare bargaining.

In addition, the cost-sharing terms for out-of-pocket costs arising from the statewide bargaining process will be factored into VEHI's future premium rates. VEHI's FY 21 rates, you'll recall, included an additional 2% load, in part to account for the uncertainty of the outcome of the statewide bargaining, which did not conclude until after our premium rates had been filed with the Department of Financial Regulation in the fall of 2019.

Vermont State Teachers' Retirement System (VSTRS)

VEHI serves the health benefit needs of approximately 8,200 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.

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



Vermont Education Health Initiative [VEHI] Board membership

Elizabeth Grout [VT-NEA]	2020-present
Zack McLaughlin [VSBA]	2020-present
Vacant [VSBA]	2020-
Joel Cook [VT-NEA]	2018-present
Tracy Wrend [VSBA]	2018-present
Peggy Maxfield [VT-NEA]	2018-Present
John Pandolfo [VSBA]	2019-2020
Fran Brock [VT-NEA]	2018-2020
Martha Gagner [VSBA]	2018-2019
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 \$240,098,852 for claims submitted during the FY 2020 year (through 6/30/20). 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 12 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 3.1% from FY 2013 to FY 2020
- BCBSVT Book of Business' costs were 8.7% lower than VEHI in FY 2020



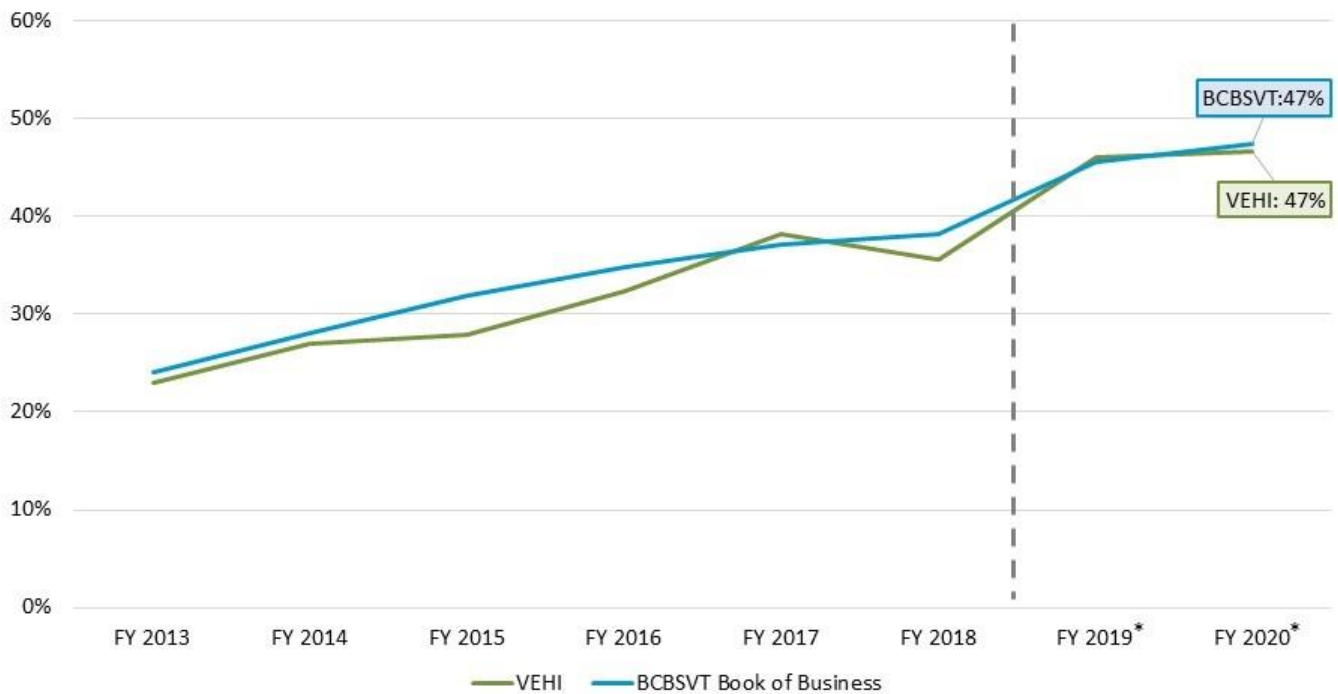
Average Claims Cost Per-Member, Per-Month By Service Category

OBSERVATIONS

- Inpatient decreased 7.2% from the previous year
- Pharmacy continues to be the fastest growing service category



Percent of Pharmacy Costs due to Specialty Drugs

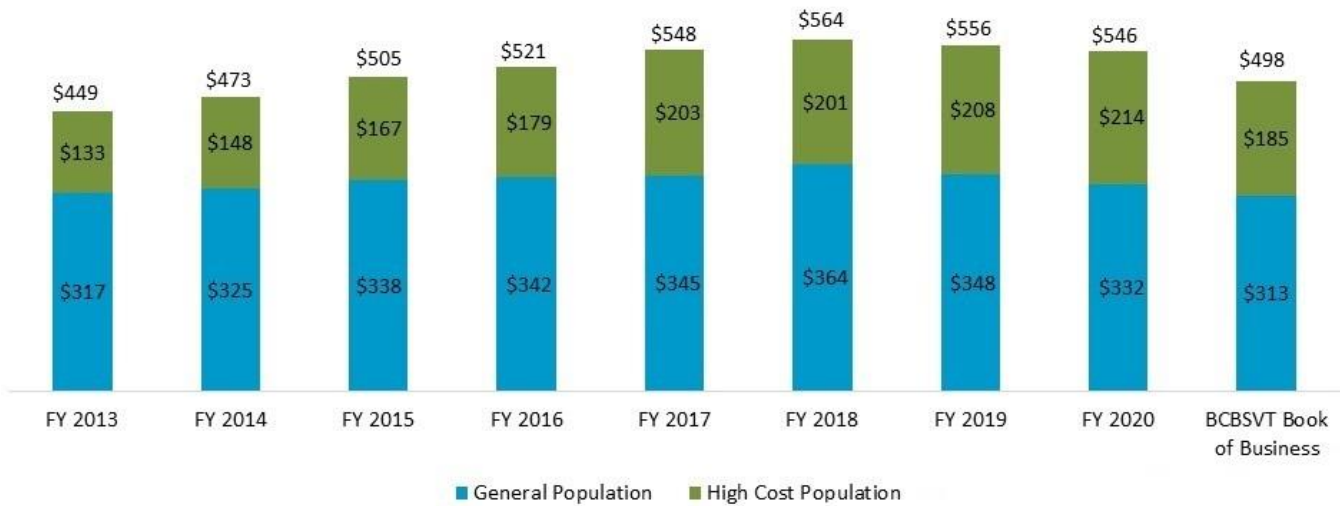


Average Claims Cost Per-Member, Per-Month

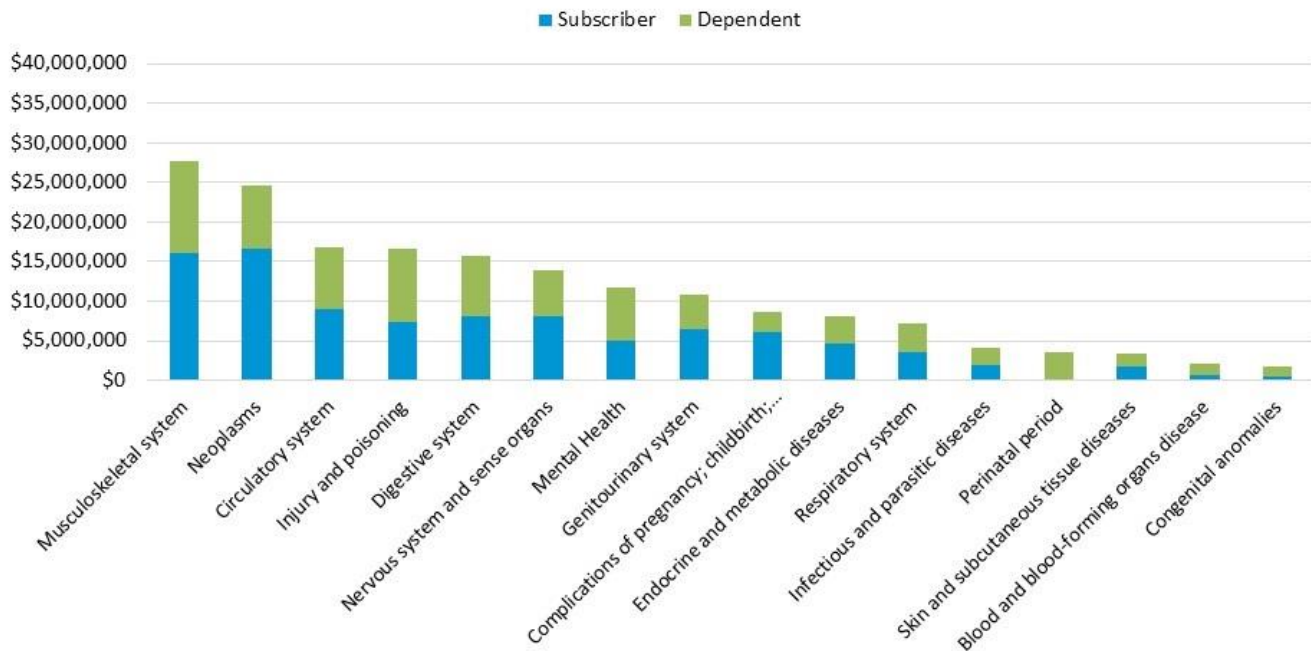
By High Cost* and General Population

OBSERVATIONS

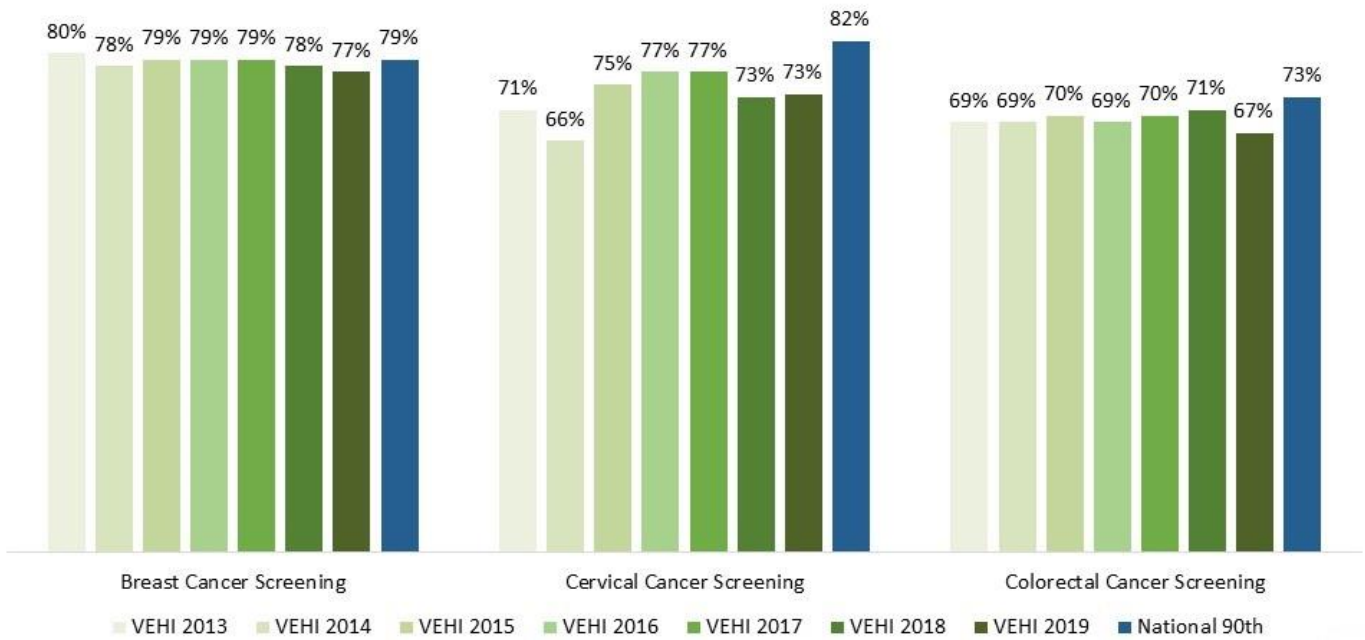
- High Cost Population contributed to 37% of total costs and represents 1.8% of the membership population
- High Cost Population's cost increased by 2.9% from the previous year



VEHI Diagnosis Analysis by Total Cost



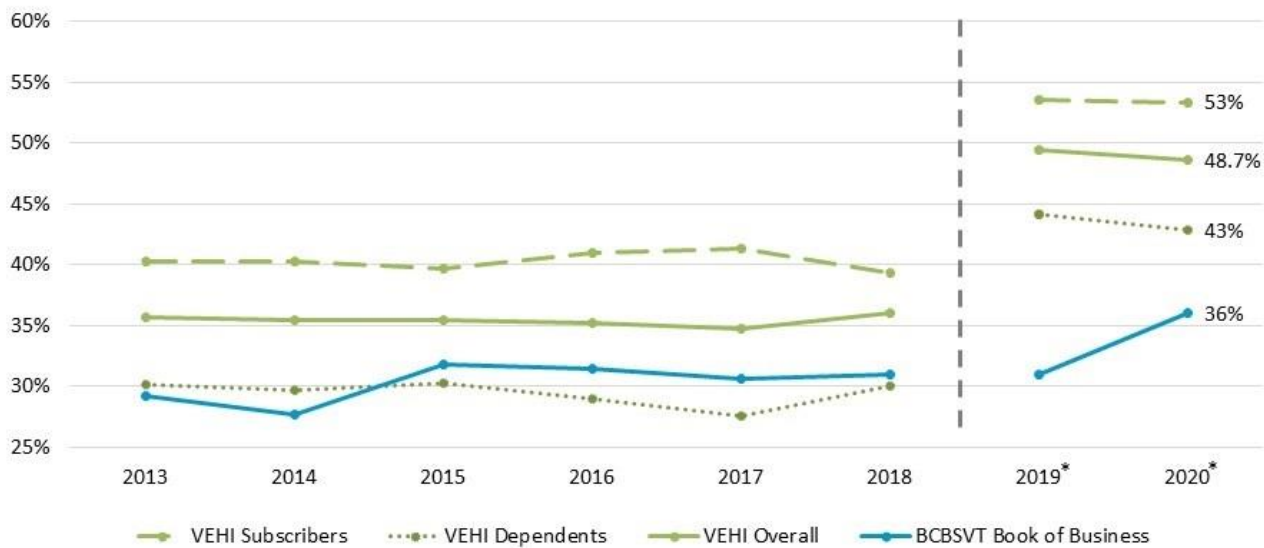
Preventive Screening Rates



Annual Preventive Visit Rate Adults 18-64

OBSERVATION

- The overall preventive visit rate for VEHI has decreased by 0.8 percentage points to 48.7% but is still above the Book of Business benchmark
- 64% (12,207) of members were due in 2019 & 2020



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**. The Program currently has 102 member school districts. 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*

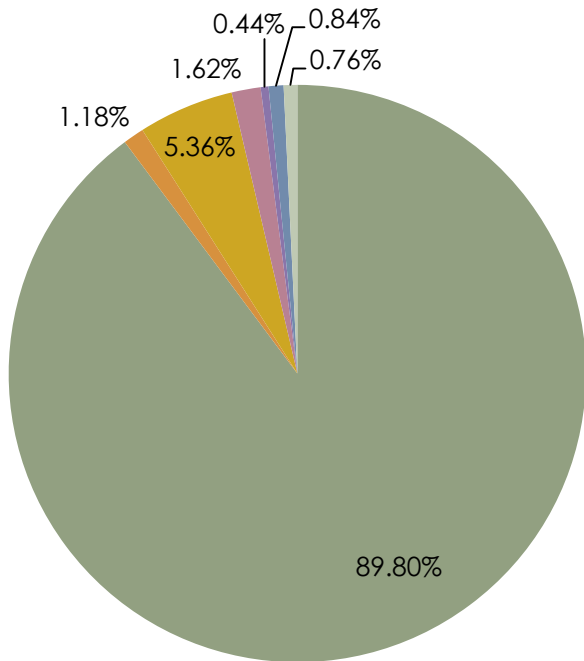
	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
1	\$69.65	\$132.56	\$223.31
2	\$57.81	\$110.04	\$185.35
3	\$54.32	\$103.42	\$174.18
4	\$72.44	\$137.87	\$232.24
5	\$71.74	\$136.55	\$230.01

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



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

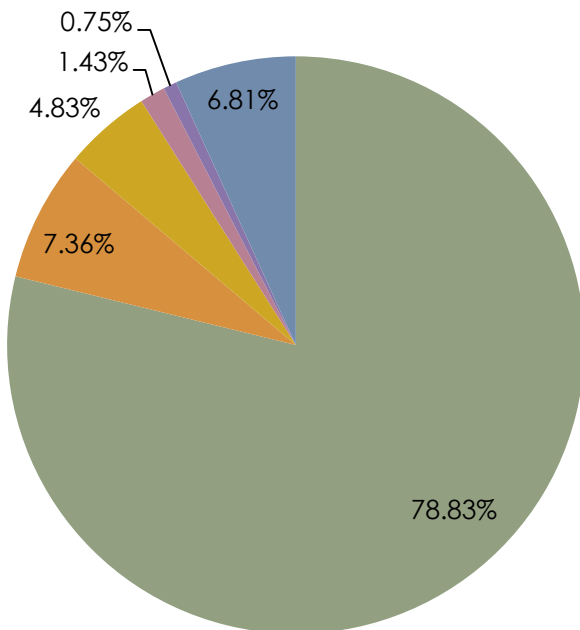
VEHI Health Program FY20 Spending Allocation of Member Contributions and Investment Income



- BCBSVT Administered Claims
- Stop Loss Insurance Provided by BCBSVT
- BCBSVT Administration Charge
- State and Federal Assessments
- VEHI Programming and Administration
- Wellness
- Contribution to Net Position

All Expenses above are funded by member contributions in the amount of \$266,127,474. In addition the health program earned \$1,218,429 from investments.

VEHI Dental Program FY20 Spending Allocation of Member Contributions and Investment Income



- NE Delta Dental Administered Claims
- NE Delta Dental Administration Charge
- VEHI Programming and Administration
- Wellness
- State Assessments
- Contribution to Net Position

All expenses above are funded by member contributions in the amount of \$7,512,160. In addition the dental program earned \$347,752 from investments.



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.

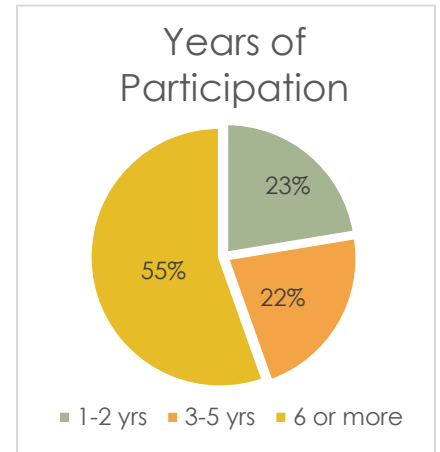
If you are interested in learning more about this enhanced program, or receiving a quote, please contact us at bobbyjo@vsbit.org.

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.



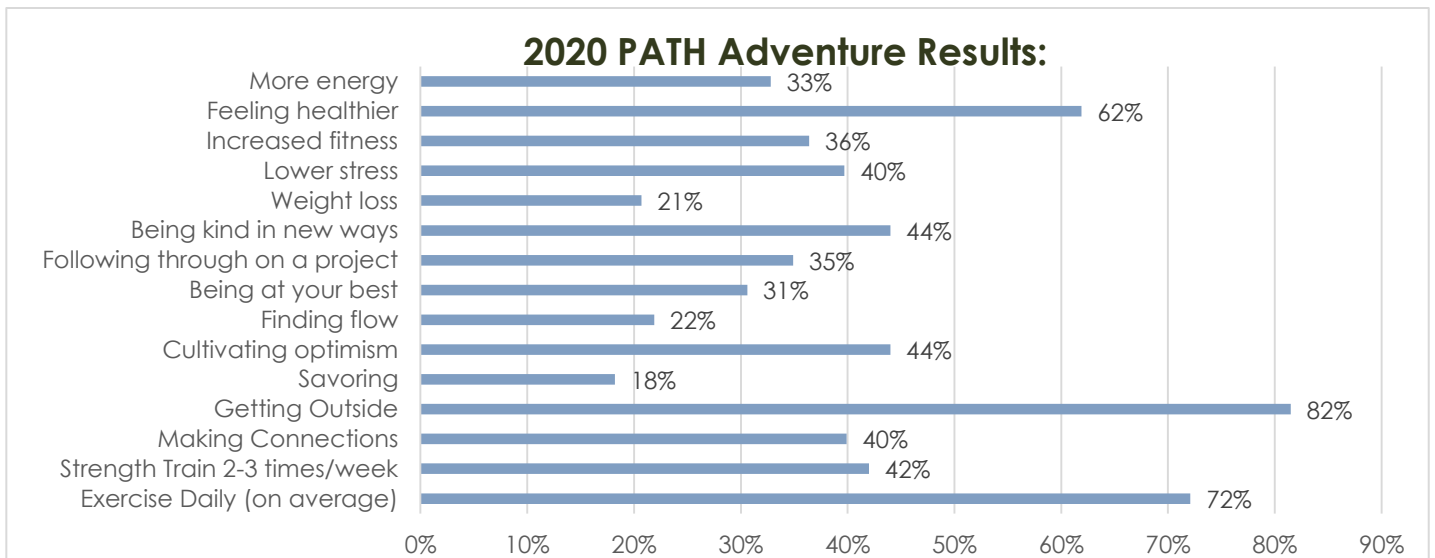
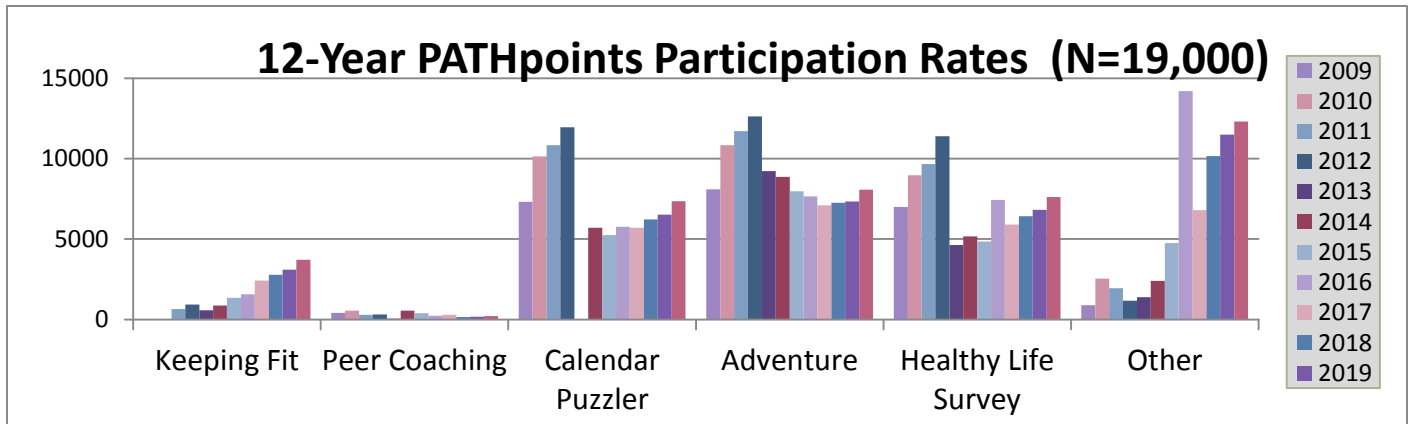
We engaged over 529 building wellness leaders and champions in VEHI member buildings statewide and maintained a user-friendly website filled with programming and health information. We designed and oversaw our renowned 10-week annual Adventure, entitled “Joy Ride” wherein we encouraged everyone to get on the 1964 VW bus, ride through Joyland and lean into their magical moments of delight. And once again, we included a cooking segment and recipes to our annual exercise video. We collaborated with the VSBIT Multi-line program to further align employee health and safety, and we selected and promoted member employee “Rockstars”. We partnered with BCBSVT to provide funding and significant oversight to 11 SD/SU’s committed to addressing prominent employee health issues based on their leadership and on aggregate claims and health assessment data. Finally, we rewarded 5,315 individuals who earned 200 PATHpoints with an incentive gift card.



PATH program signature elements included 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 to increase the daily amount of fruits and vegetables in one’s diet. While several grants were approved, many leaders were unable to offer programs because of the COVID-19 school building closures. To provide emotional support and remain connected to school employees we created a weekly video series entitled “PATH Good News.” Each of the 10 episodes produced included footage of: how school employees were addressing student and community needs, practical ways of incorporating brain breaks, interviews with artists, authors and well-known performers and messages of positivity (often from student and staff musicians). We strived to expand our platform of online courses and beginning in July 2020, participants will be able to enroll in courses focusing on reducing sugar and on integrating mindful and nonviolent communication practices.

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, diabetes 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 our mission continues to be about helping 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.



Swanton school employees Mel Berthiaume and Cynthia Rose on an indoor labyrinth



Orleans Central SU Wellness Leaders on a Joy Ride at our annual training

Vermont Education Health Initiative, Inc.
Combining Statement of Net Position
For the Year ending June 30, 2020

<u>ASSETS</u>	Health Program	Dental Program	Total
Current Assets:			
Cash & Investments	\$ 47,758,744	\$ 8,941,381	\$ 56,700,125
Accrued Interest Receivable	2,258	219	2,477
Contribution Receivable	1,158,477	37,903	1,196,380
Working Fund Deposit	4,624,230	0	4,624,230
Other Receivables	620,369	0	620,369
Prepaid Expenses	<u>150,132</u>	<u>6,055</u>	<u>156,187</u>
 Total Current Assets	 <u>54,314,210</u>	 <u>8,985,558</u>	 <u>63,299,768</u>
 Total Assets	 <u>54,314,210</u>	 <u>8,985,558</u>	 <u>63,299,768</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Accounts Payable	471,119	107,369	578,488
Assessments Payable	708,148	58,410	766,558
Administrative Fees Payable	0	45,733	45,733
Unearned Revenue	559,066	0	559,066
Claims Payable	16,649,603	441,943	17,091,546
Reserve for Unallocated Loss Adjustment Expenses	<u>11,195</u>	<u>0</u>	<u>11,195</u>
 Total Current Liabilities	 <u>18,399,131</u>	 <u>653,455</u>	 <u>19,052,586</u>
 Total Liabilities	 <u>18,399,131</u>	 <u>653,455</u>	 <u>19,052,586</u>
Net Position:			
Unrestricted Net Position	<u>35,915,079</u>	<u>8,332,103</u>	<u>44,247,182</u>
 Total Net Position	 <u>35,915,079</u>	 <u>8,332,103</u>	 <u>44,247,182</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 54,314,210</u>	 <u>\$ 8,985,558</u>	 <u>\$ 63,299,768</u>



**Vermont Education Health Initiative, Inc., Combining Statement of Revenue,
Expenses and Changes in Net Position
For the Year ending June 30, 2020**

	Health Program	Dental Program	Total
Revenue:			
Program Contributions	\$ 266,127,474	\$ 7,512,160	\$ 273,639,634
Administrative Performance Revenue	10,750	0	10,750
Investment Income - Interest and Dividends	615,612	143,197	758,810
Investment Income/(Loss) - Other	<u>602,817</u>	<u>204,555</u>	<u>807,371</u>
 Total Revenue	 <u>267,356,653</u>	 <u>7,859,912</u>	 <u>275,216,565</u>
Expenses:			
Net Change in Claims Paid and Reserved	239,573,852	5,921,466	245,495,318
Reinsurance Premiums	3,148,339	0	3,148,339
Administration Fees to Outside Administrator	14,330,818	552,555	14,883,373
Investment/Bank Fees	29,191	2,663	31,854
State and Federal Assessment Expense	4,338,543	56,359	4,394,902
General and Administrative and Wellness Expenses	<u>3,905,514</u>	<u>467,578</u>	<u>4,373,092</u>
 Total Expenses	 <u>265,326,257</u>	 <u>7,000,621</u>	 <u>272,326,878</u>
 Excess/(Deficiency) of Revenue Over Expenses	 <u>2,030,397</u>	 <u>859,291</u>	 <u>2,889,688</u>
 Net Position - July 1, 2019	 <u>33,884,682</u>	 <u>7,472,813</u>	 <u>41,357,495</u>
Net Position - June 30, 2020	<u>\$ 35,915,079</u>	<u>\$ 8,332,103</u>	<u>\$ 44,247,182</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