

VEHI

Vermont Education Health Initiative

Annual Summary Report



For the Year Ending

June 30, 2021

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).

VSBA appointees include: Tracy Wrend (Current Chair), Zach McLaughlin and new appointee, Geo Honigford.

VT-NEA appointees include: Joel Cook (Current Vice Chair), Peggy Maxfield and Lisa Grout.

Corporate Officers

President: Vacant
Secretary: Zach McLaughlin



VEHI Program Update for FY 21 Annual Report

Over the course of FY 21, VEHI made available to school districts and the Vermont State Teachers' Retirement System (VSTRS) 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 our schools, and on how VEHI interacted with members. Nearly all meetings for FY 21 happened virtually, including the VEHI annual meeting and all benefit and wellness meetings.

The Vermont Department of Financial Regulation (DFR) did a thorough review of the financial impacts of COVID-19, and while the findings did not require any immediate action, DFR will review the data again during the review of our FY 23 rate filing.

Cost-and-Quality Initiatives

VEHI remains committed to advancing high-quality care and lowering costs for everyone. To cite a prominent example, since the summer of 2015, thanks to our independent consultant Remedy Analytics, which negotiated tougher contract terms affecting ingredient costs, dispensing fees and rebates, VEHI has saved nearly \$39 million in Rx costs. We are always investigating new ways to reduce costs without compromising access to high-quality care.

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.” As noted above, VEHI engages Remedy Analytics and works 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 partnership worked diligently on an RFP process in FY 21 to choose a new Pharmacy Benefit Manager (PBM), OptumRx, for July 1, 2021. The projected savings to VEHI were approximately \$9 million dollars, which is taken into account by the BCBSVT actuarial team during the rate setting process.

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. Once again, rates in FY 21 remained level or decreased for all school districts, a cost-saving trend that began in 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.

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. Providing the usual, in-person programs was challenging due to the restrictions of COVID-19. The wellness team adapted by finding new ways to connect to school employees virtually. The team did an amazing job at creating videos and packets that employers could safely distribute to employees, and thus, continue to make the program a success. 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 determined the premium and out-of-pocket cost share between employers and employees for the period July 1, 2020 – December 31, 2022. School employees retained access to all four of VEHI's health plans, which have the same comprehensive benefit coverage and provider networks. Starting January 1, 2021, all employees had access to an HRA or HSA depending on the health plan they selected. VEHI 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 April of this year, the Vermont Commission on Public School Employee Health Benefits began its second round of bargaining for plan years beginning 2023.

Vermont State Teachers' Retirement System (VSTRS)

VEHI also serves the health benefit needs of approximately 8,450 VSTRS retirees and their dependents. In FY 21, VSTRS issued an RFP for its health benefit program, and, after a lengthy and involved process, decided to contract with Vermont Blue Advantage (VBA), a BCBSVT subsidiary, to offer Medicare Advantage plans to its Medicare-eligible population and to contract with VEHI to continue offering the current plans to the non-Medicare retirees. VBA and VEHI worked together during the RFP process and submitted a joint MA/Status Quo proposal, in addition to a proposal that would have retained the status quo for both populations of retirees.

This means 7,600 Medicare-eligible members will be moving to Medicare Advantage with VBA effective January 1, 2022. VEHI, however, will continue to make its wellness program available to Medicare retirees, and it will be

paid an administrative fee for this and other education and administrative services that affect VSTRS's Medicare retirees.

VEHI, as mentioned above, will keep offering "status quo" benefits to the Pre-Medicare population (approximately 850 subscribers).

The VEHI Management team has been working closely with BCBSVT/VBA and VSTRS to facilitate the transition to MA plans.

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

Mark Hage, Bobby-Jo Salls and Jonathan Steiner, VEHI Management Team



Vermont Education Health Initiative [VEHI] Board membership

Geo Honigford [VSBA]	2021-present
Elizabeth Grout [VT-NEA]	2020-present
Zack McLaughlin [VSBA]	2020-present
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

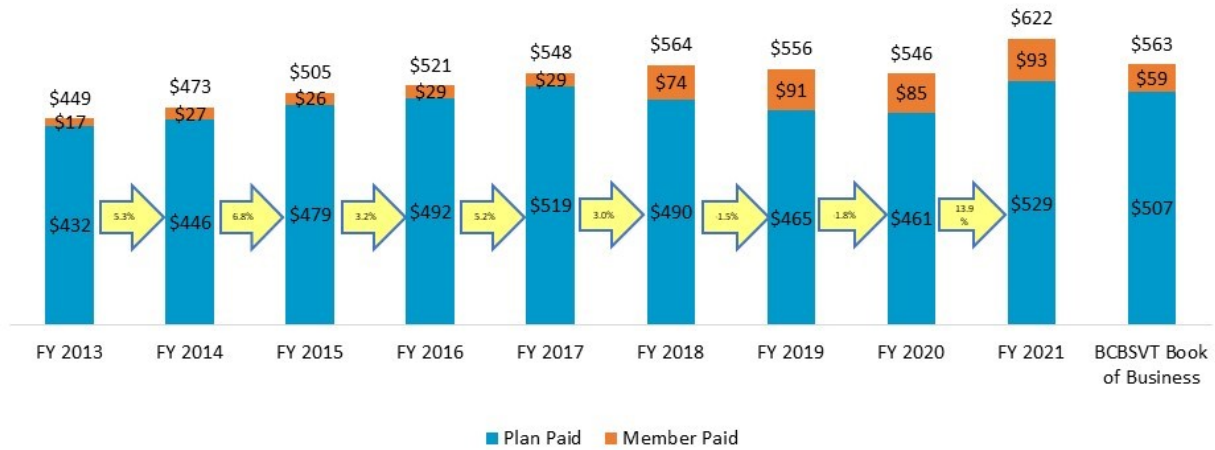
Health Benefits Utilization

Our health plan paid out approximately \$265,503,309 for claims submitted during the FY 2021 year (through 6/30/21). 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

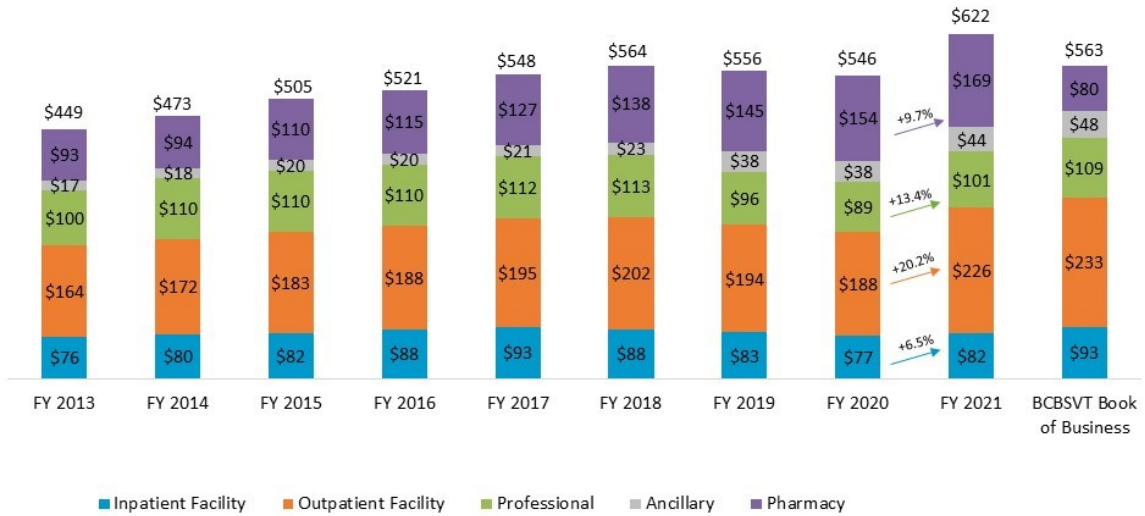
- VEHI's health care costs have increased annually by an average of 4.8% from FY 2013 to FY 2021
- BCBSVT Book of Business' costs were 10.5% lower than VEHI in FY 2020



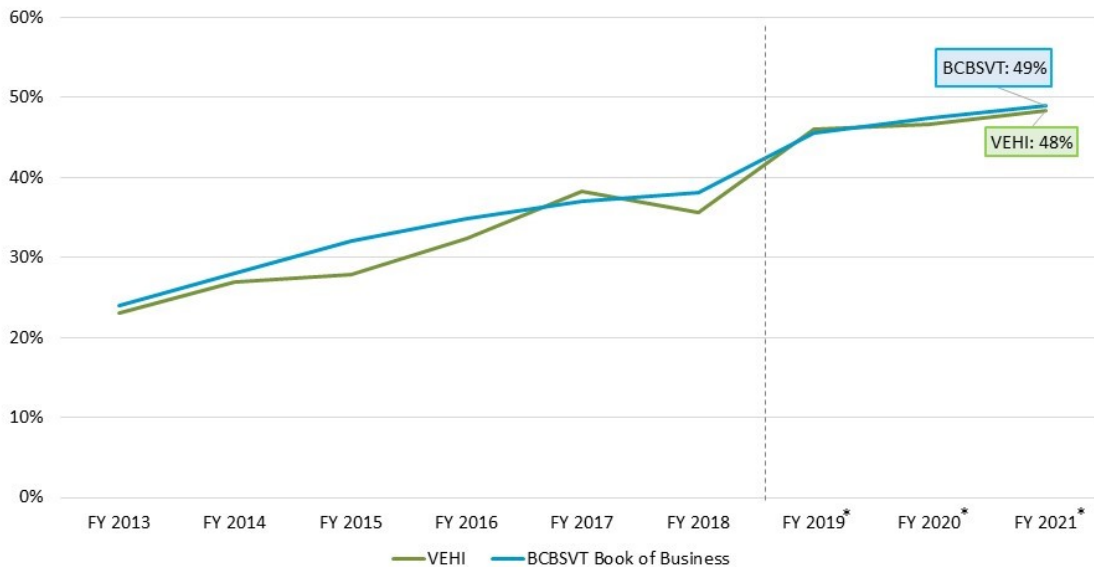
Average Claims Cost Per-Member, Per-Month By Service Category

OBSERVATIONS

- Outpatient decreased 20.2% from the previous year
- Pharmacy continues to be the fastest growing service category year over year



Percent of Pharmacy Costs due to Specialty Drugs



*Specialty Drug List Updated

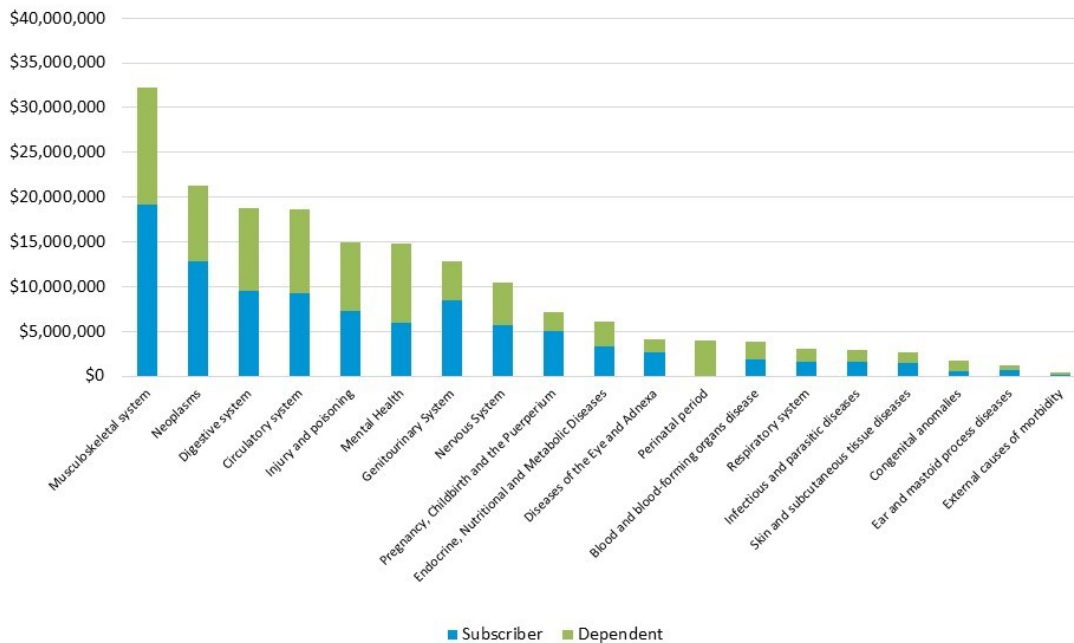
Average Claims Cost Per-Member, Per-Month By High Cost* and General Population

OBSERVATIONS

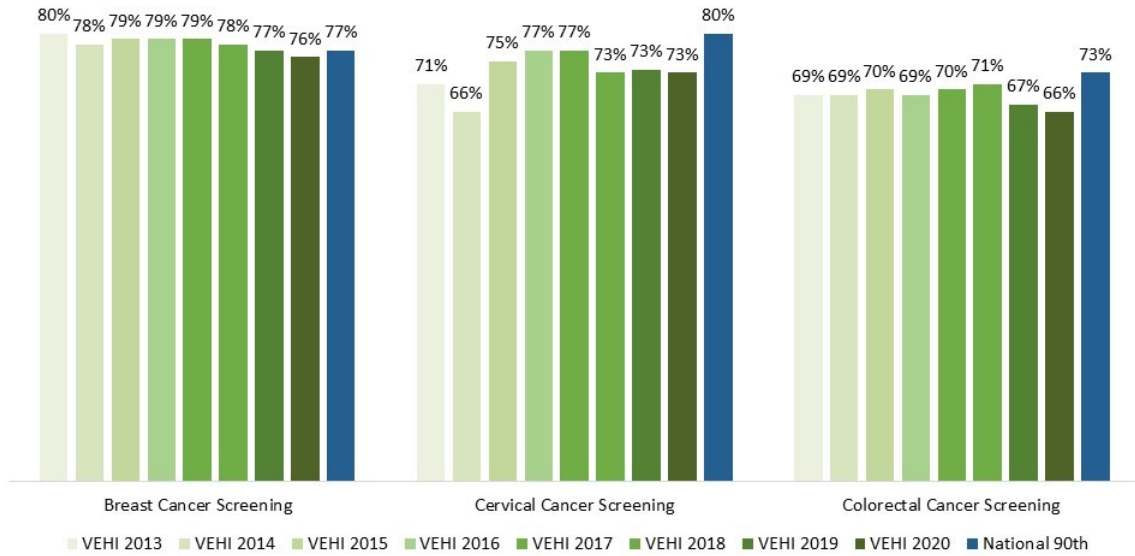
- High Cost Population contributed to 41% of total costs and represents 2.3% of the membership population
- High Cost Population's cost increased by 18.2% from the previous year



VEHI Diagnosis Analysis by Total Cost



Preventive Screening Rates

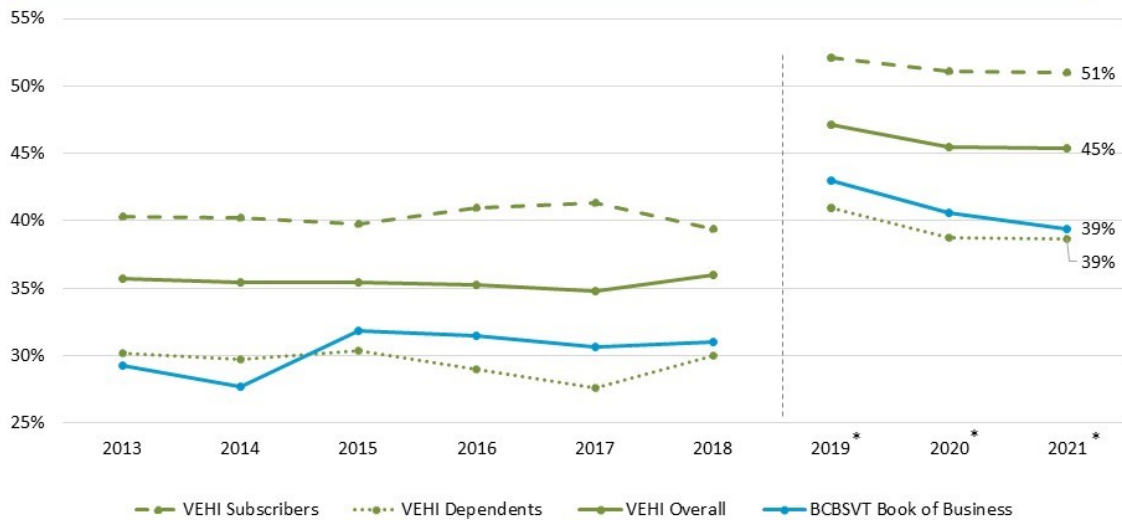


*Complete HEDIS measurement years

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



*2019 - 2021 preventive visits rates are based on an 18 month look to align with clinical guidelines

Dental Program

The VEHI Dental Program began on July 1, 2000, with approximately 3,550 employees and has since grown to include approximately 9,339 employees. The Program currently has 106 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 2020-2021 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

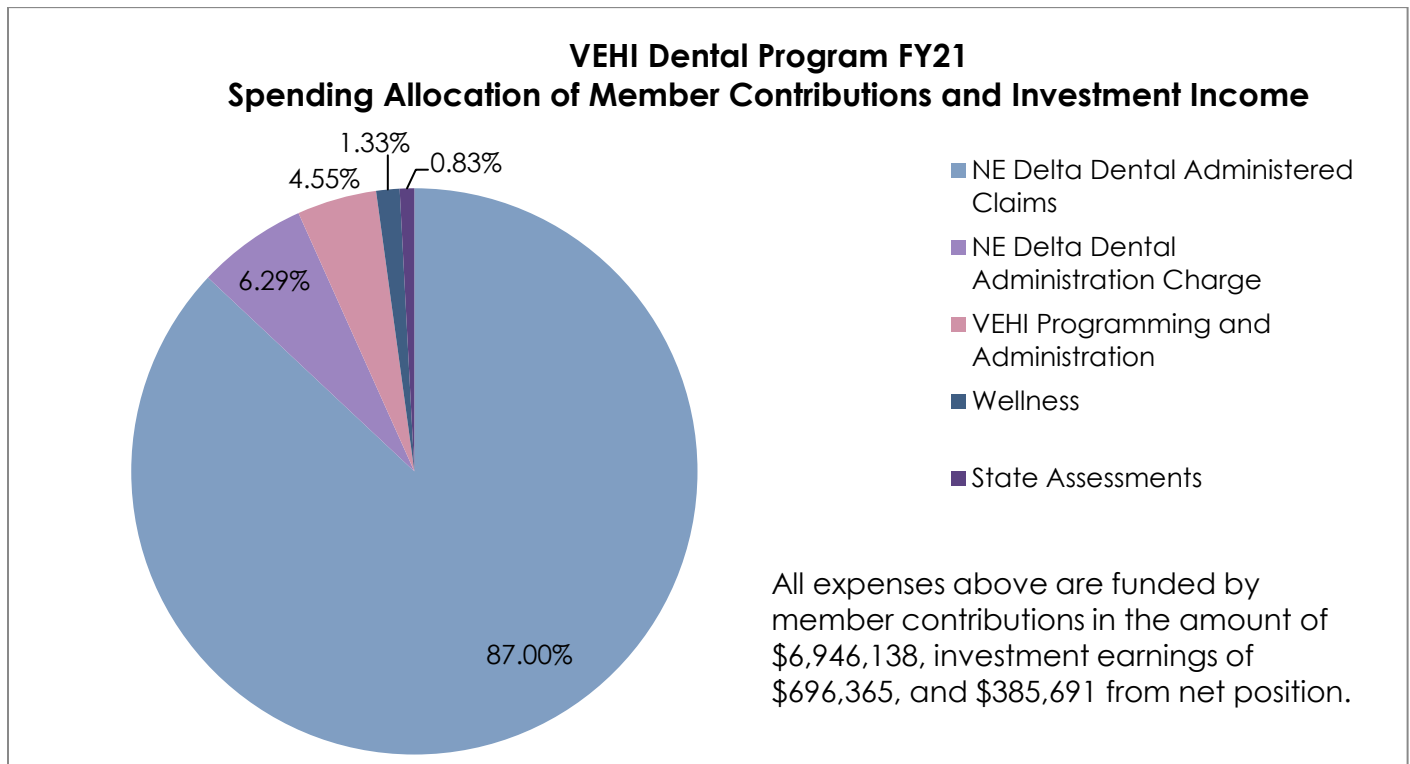
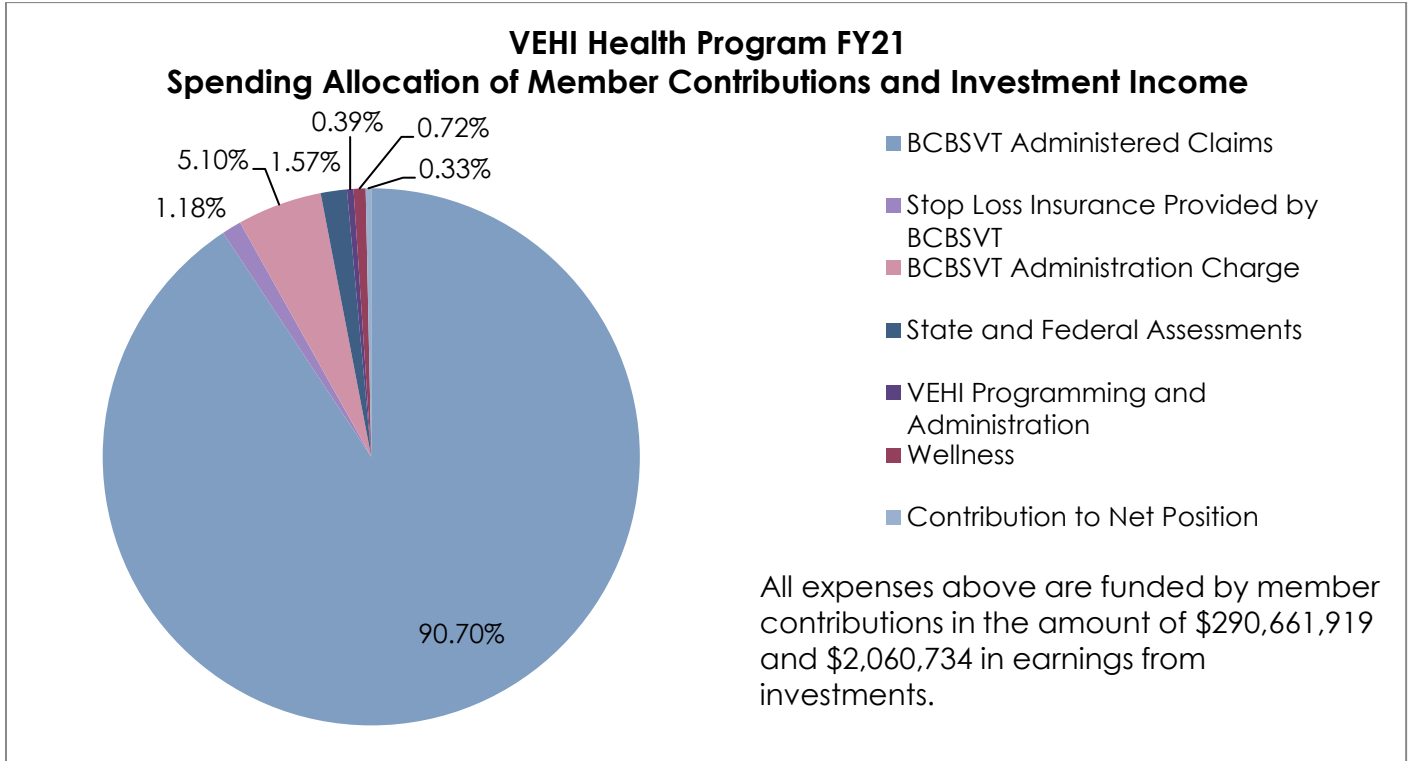
Monthly Rates Effective July 1, 2021, for groups without prior coverage*

<u>Plan</u>	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
1	\$49.12	\$94.48	\$158.45
2	\$41.23	\$79.27	\$134.39
3	\$38.44	\$73.88	\$127.00
4	\$52.03	\$100.12	\$173.97
5	\$39.98	\$76.68	\$153.12

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



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





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 is 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, 122 Supervisory Unions and Schools participate in the program, bringing a total of \$208,600 in estimated annual 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 review your current plans and customize a program to match or improve your program provisions.
- 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 voluntary supplemental Life Insurance buy-up options available, with an education and enrollment strategy tailored to members that offer to their employees.
- New! Voluntary benefits such as, Accident, Critical Illness, Hospital Indemnity and Vision are also available to new and current members in the plans.
- Additional benefits provided for all members enrolled in:
 - Life insurance includes: Travel Assistance and Will Preparation.
 - Disability insurance includes: EAP with 5 one on one counseling sessions.

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

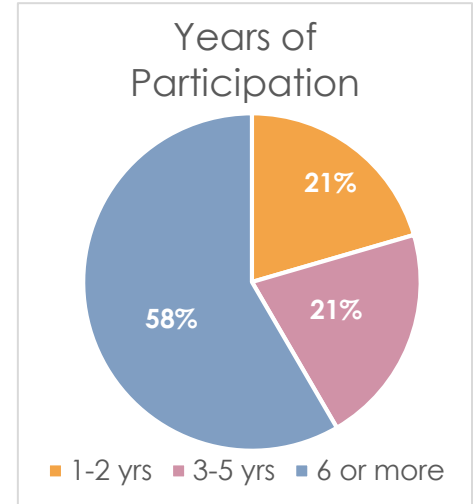
If you are interested in learning more about this enhanced program, or receiving a quote, please contact us at bobbyjo@vsbit.org.

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 that was accessed by over 12,000 employees. We designed and oversaw our renowned 10-week annual wellness challenge called the PATH Adventure, with the title theme “Tidal Wave: 30 Years of Awesome” wherein we encouraged everyone to take full advantage of powerful resiliency skills in the face of difficult changes. In so doing, they played a virtual game to help clean up the ocean. Tidal Wave also included our annual exercise video (shot in a COVID-safe manner) and new cooking segment filmed as a cook-off competition.



Other additions for 2020 included:

- *Rethinking and Breaking Free From Sugar* – two self-paced web courses to help reduce sugar intake.
- *Mindful Nonviolent Communication* – three self-paced web courses that support mental health by working to curb stress and anxiety and promoting quality conversations.
- *PATH Good News* – monthly video shows (born out of COVID-19 necessity) in which we highlight program elements, promote “Rockstars” (inspiring member employees) and feature a brain break (mental and physical breaks one can do anywhere in 3 minutes or less).
- *Healthy SU* – a partnership 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.
- *Incentive Increase* – we rewarded 5,668 gift cards to those who earned 200 PATHpoints (we continue to see a steady 7% average annual increase here).



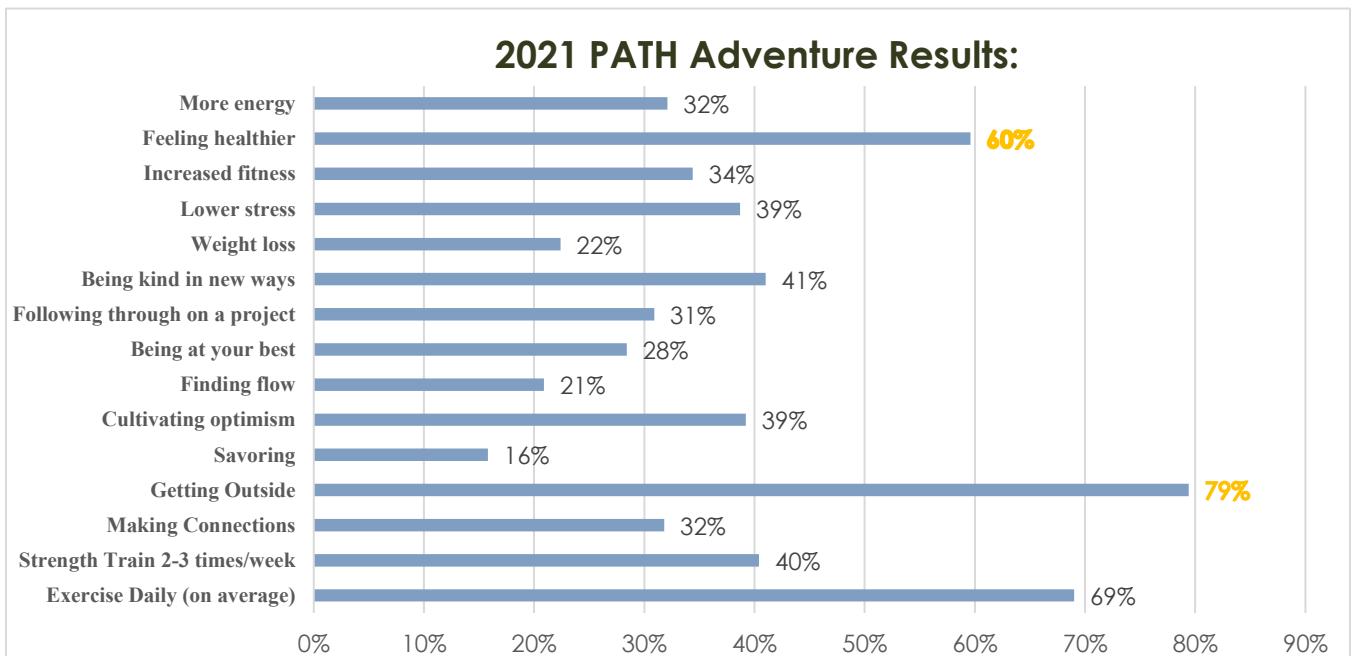
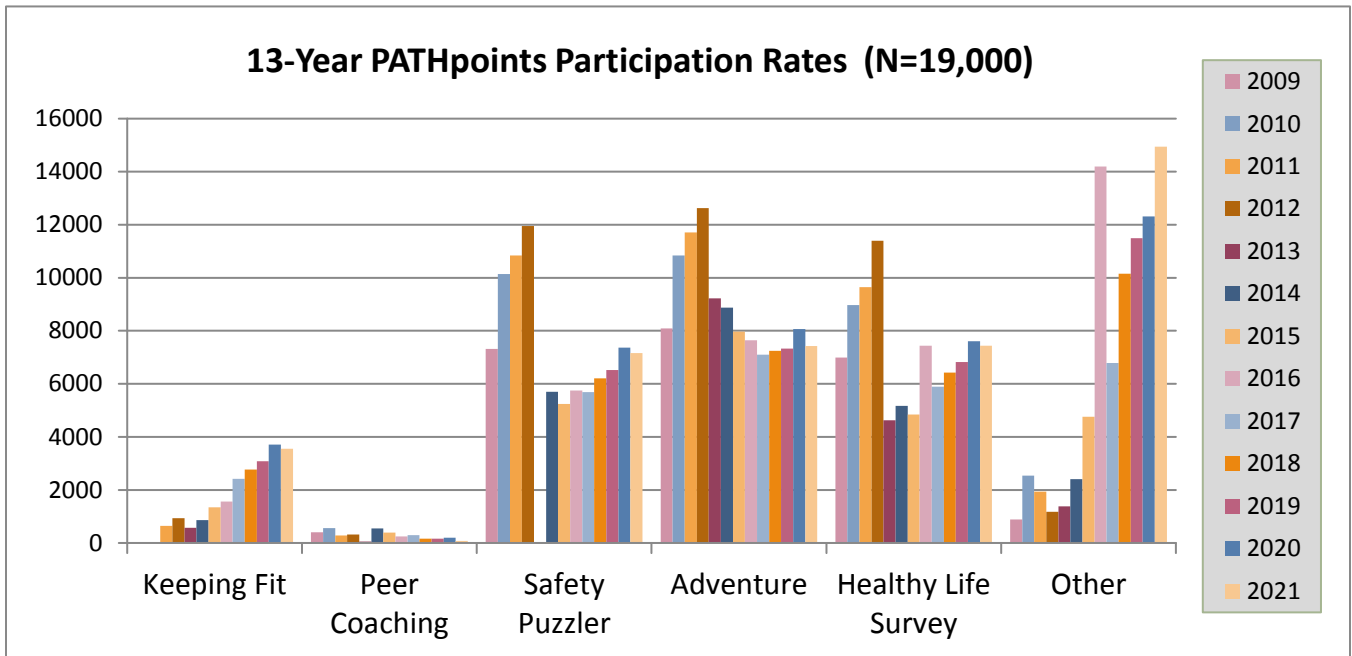
PATH program signature elements also continue to include the Healthy Life Survey; Progress Health Coaching (professional, telephonic coaching to help people discover more about their own best thinking); the Peer Coaching Course to help people practice skills of mutual support; Safety Puzzlers; an employee 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 continued to provide funding and training directly to member buildings to promote musculoskeletal health, reduce stress and anxiety, improve sleep, and increase healthy eating. Because of COVID-19, onsite workshops or trainings were not possible. Instead, we created kits for each employee that Wellness Leaders could order and distribute with instructions and virtual workshop follow-ups. All-in-all we sent out 3,519 kits.

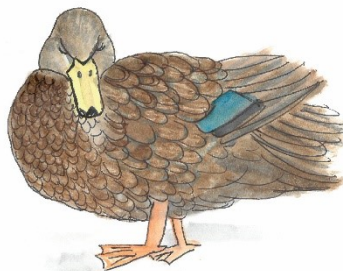
The 2020-2021 year was not without challenges. Participation in the program was down in some ways with people saying it was one more to-do list item they couldn't handle. Nevertheless, member stories told us that being there and offering extra mental health options as well as webinars and kits made a huge difference even if participation wasn't directly apparent.

We continue to work toward our mission of 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.



Vermont Education Health Initiative, Inc.
Combining Statement of Net Position
For the Year ending June 30, 2021

<u>ASSETS</u>	Health Program	Dental Program	Total
Current Assets:			
Cash & Investments	\$ 49,141,379	\$ 8,632,081	\$ 57,773,460
Accrued Interest Receivable	675	39	714
Contribution Receivable	848,352	41,500	889,852
Working Fund Deposit	4,931,103	0	4,931,103
Other Receivables	1,689,592	0	1,689,592
Prepaid Expenses	<u>71,190</u>	<u>396</u>	<u>71,586</u>
 Total Current Assets	 <u>56,682,291</u>	 <u>8,674,016</u>	 <u>65,356,307</u>
 Total Assets	 <u>56,682,291</u>	 <u>8,674,016</u>	 <u>65,356,307</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Cash Overdraft	1,101,990	71,588	1,173,578
Accounts Payable	423,697	152,494	576,191
Assessments Payable	741,062	69,586	810,648
Unearned Revenue	1,061,058	4,120	1,065,178
Claims Payable	16,448,582	429,816	16,878,398
Reserve for ULAE	<u>15,073</u>	<u>0</u>	<u>15,073</u>
 Total Current Liabilities	 <u>19,791,462</u>	 <u>727,604</u>	 <u>20,519,066</u>
 Total Liabilities	 <u>19,791,462</u>	 <u>727,604</u>	 <u>20,519,066</u>
Net Position:			
Unrestricted Net Position	<u>36,890,829</u>	<u>7,946,412</u>	<u>44,837,241</u>
 Total Net Position	 <u>36,890,829</u>	 <u>7,946,412</u>	 <u>44,837,241</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 56,682,291</u>	 <u>\$ 8,674,016</u>	 <u>\$ 65,356,307</u>



**Vermont Education Health Initiative, Inc., Combining Statement of Revenue,
Expenses and Changes in Net Position
For the Year ending June 30, 2021**

	Health Program	Dental Program	Total
Revenue:			
Program Contributions	\$ 290,661,919	\$ 6,946,138	\$ 297,608,057
Administrative Performance Revenue	11,500	0	11,500
Investment Income - Interest and Dividends	282,674	93,015	375,689
Investment Income/(Loss) - Other	<u>1,778,060</u>	<u>603,350</u>	<u>2,381,410</u>
 Total Revenue	 <u>292,734,153</u>	 <u>7,642,503</u>	 <u>300,376,656</u>
Expenses:			
Net Change in Claims Paid and Reserved	264,978,309	6,984,349	271,962,658
Reinsurance Premiums	3,445,639	0	3,445,639
Administration Fees to Outside Administrator	14,941,428	504,997	15,446,425
Investment/Bank Fees	34,967	1,965	36,932
State and Federal Assessment Expense	4,602,357	66,536	4,668,893
General and Administrative and Wellness Expenses	<u>3,755,703</u>	<u>470,347</u>	<u>4,226,050</u>
 Total Expenses	 <u>291,758,403</u>	 <u>8,028,194</u>	 <u>299,786,597</u>
 Excess/(Deficiency) of Revenue Over Expenses	 <u>975,750</u>	 <u>(385,691)</u>	 <u>590,059</u>
 Net Position - July 1, 2020	 <u>35,915,079</u>	 <u>8,332,103</u>	 <u>44,247,182</u>
Net Position - June 30, 2021	<u>\$ 36,890,829</u>	<u>\$ 7,946,412</u>	<u>\$ 44,837,241</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

Art work by: Ashley Johnson, Wellness Program Coordinator