

Vermont Education Health Initiative (VEHI)
Board of Directors
Teleconference Meeting Minutes
October 20, 2020

Present:

VEHI Board Members: Joel Cook - Chair, Tracy Wrend – Vice Chair, Peggy Maxfield, Lisa Grout and Zack McLaughlin

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

VSBIT Staff: Chris Roberts and Jonathan Steiner

Members of the Public: Chad Hewitt, CPA, Sullivan & Powers

The meeting was called to order at 3:14 p.m., by Chair Joel Cook.

Review and Adoption of Agenda:

The agenda was adopted as presented.

Public Comment:

No public comment.

Approval of Board Minutes: August 18, 2020

Laura Soares noted a typo in the minutes regarding the Express Scripts audit: was noted as \$612,162 and should have been \$618,162.

Zack McLaughlin made a motion, seconded by Tracy Wrend, to approve the meeting minutes of August 18, 2020 as presented, with correction of the typo. The motion passed.

Review and Accept 6-30 Financials (C. Roberts)

Chris Roberts reviewed the FY 20 year-end financials; overall there was a gain of approximately \$2.8 million, \$2 million in the health program and \$860,000 in the dental program. The dental plan had favorable market position and a reduction in claims due to COVID-19. There was a dental premium relief month for July 2020. We were expecting a break-even year when the health plan FY 20 rates were initially filed, and when updated in 2019 we were expecting a loss of about \$4.1 million. When COVID-19 hit in the spring of 2020 there was a significant decrease in services and very few COVID cases. Those elective services were deferred and Chris is already seeing those claims increase in FY 21. FY 20 also saw an investment gain of \$1.2

million, generating an overall gain of about \$9.4 million. However, there was a negative claims run out for FY 19 of \$7.4 million in unexpected IBNR (incurred but not reported) claims. This ended the year with a \$2 million gain in the health program. Chris answered questions and continued to review FY 20 financial specifics from the attachments she provided.

Tracy Wrend moved to accept the financials as presented by Chris Roberts. The motion was seconded by Peggy Maxfield. The motion passed.

Meet with Chad Hewitt, CPA of Sullivan & Powers on FY 20 Financial Audit, Audit Report and Management Letter (located in Dropbox)

After introductions, Chad Hewitt reviewed the FY 20 audit report, confirming Chris's information and congratulating Chris on her "clean" audit.

The Board thanked Chad and commended Chris Roberts. Tracy Wrend made a motion, seconded by Peggy Maxfield, to accept the financials and FY 20 audit report as presented. The motion passed.

Act on Management Recommendation FY 22 Health Rate Filing

Laura Soares presented the health plan renewal and provided a view of the net position based on the FY 19, 20 and 21 to-date information. While the pandemic did reduce costs in FY 20 the BCBSVT actuarial team is expecting a 3% increase in the claims for FY 21 in postponed services from FY 20 and COVID-19 related claims. The management team recommends an overall increase to the VEHI health plan rates, for FY 22, of 9.8%.

Tracy Wrend made the motion to file the rates for active school employee plans that are necessary, as determined by the BCBSVT's chief actuary, to cover the expected claims and expenses associated with each health plan for FY 22, plus an additional 2.1%, for a total overall increase of 9.8%, with the goal of rebuilding net position toward the target level as outlined in the Board's Net Position Policy. Peggy Maxfield seconded the motion. The motion passed.

Laura further explained that the BCBSVT actuarial team is reviewing their COVID-19 modeling and will have an updated model to the VEHI management team by November 11, 2020. Laura asked on behalf of the management team to have the ability to reduce the increase by up to 1% if the modeling changed materially and the entire management team agreed.

Tracy moved to allow management, if there is consensus, to amend the FY 22 rate filing to lower the rate by up to 1% if the November COVID claims projections by BCBSVT are materially more favorable than currently projected. This motion was seconded by Zach McLaughlin. The motion passed.

Laura continued with the health renewal and covered the Vermont State Teachers Retirement System portion of the renewal. The VSTRS segment continues to work through a subsidization issue between their pre-Medicare population and their Medicare-eligible population.

The management team seeks authorization to finalize the renewal in consultation with VSTRS to mitigate the subsidization issue and have no intentional use of reserves.

Tracy Wrend moved to file the rates for VSTRS plans to mitigate the subsidization dynamic between the pre-Medicare and Medicare primary retirees. This will be done in consultation with VSTRS. The rates to be filed will have no impact on the active plans nor any intended impact on net position. The motion was seconded by Lisa Grout. The motion passed.

Tracy Wrend moved to authorize the Board Chair to sign the rate filing documents. Lisa Grout seconded this motion. The motion passed.

Tracy Wrend moved to authorize Bobby-Jo Salls to file the health rates on behalf of VEHI. Zach seconded the motion. The motion passed.

Act on Management Recommendation FY 22 Dental Rate Filing

Bobby-Jo Salls reviewed the FY 22 dental renewal referring back to Chris's mention in the financials of the net position of the dental program and how despite attempting to use \$860k in reserves in FY 20, the dental plan actually gained about that same amount in reserves, due to COVID-19 and the closure of dental offices for non-urgent services in the spring of 2020.

The management team asked to use \$1,430,111 in reserves to hold the rates flat again.

Tracy Wrend moved to authorize up to \$1,430,111 from net position and interest earnings to hold rates flat for FY 22 premium rates. This motion was seconded by Peggy Maxfield. The motion passed.

Lisa Grout made the motion, seconded by Zach McLaughlin, to authorize Bobby-Jo Salls to file the dental rates on behalf of VEHI. The motion passed.

Action on VSTRS Potential RFP

Mark Hage explained the expectations of VSTRS in the coming months. VSTR System is required by statute to go out to bid periodically. The VEHI management team (VMT) has been advised that the VSTRS team is intending to issue an RFP in the coming weeks. The VMT expects that bid to have all or some of the following components: 1) bid on existing benefits for Medicare and pre-Medicare populations, 2) bid on a Medicare Advantage plan and existing pre-Medicare plans, 3) bid on either portion of the business.

Since VEHI does not offer Medicare Advantage plans the VMT would be interested in exploring a joint bid with BCBSVT/Vermont Blue Advantage (VBA) [in affiliation with BCBS of Michigan] to offer the VSTRS Medicare Advantage Plans along with the current plans for the under 65 retirees. The VMT expects that a Memorandum of Understanding (MOU) will be needed to identify the roles and responsibilities between VEHI and VBA.

Tracy Wrend made the motion, seconded by Lisa Grout, to allow the VMT to authorize management to respond to an RFP from VSTRS, if one is issued in 2020, with this objective:

to continue to offer the current array of retiree health plans and support services, effective July 1, 2021, for both populations of retirees (the under - 65 and the Medicare eligible retirees) The motion passed.

Peggy Maxfield made the motion, seconded by Tracy Wrend to authorize Bobby-Jo Salls, with Mark Hage's support, to engage Jackson Lewis, a law firm in Albany, New York, to advise VEHI on the terms of a memorandum of understanding (MOU) between BCBSVT/VBA and VEHI that would allow the entities to jointly bid. The VMT will bring a recommendation to the November meeting, along with a MOU if appropriate, to allow the Board to formally decide whether to join with BCBSVT/VBA in a second bid. The motion passed.

Discuss Framework for taking positions on Legislation

Joel Cook presented his document dated November 14, 2019 regarding taking a position on legislation. After discussion, Zach McLaughlin made the motion, seconded by Peggy Maxfield to adopt the policy as presented in Joel's document. The motion passed. This framework will be formalized as a protocol for the board.

Discuss VT-NEA Quarterly Report

The board recognized receipt of the quarterly report and thanked Mark for providing it. Tracy suggested keeping future reports specific to the quarter in review and said that analysis of research was not needed in this format.

Discuss and Adopt FY 21 Budget (C. Roberts)

Chris Roberts presented the FY 21 budget to the Board for consideration. The overall increase to the budget was \$18,338 (0.43%) with the main driver of the increase the transition of work after the anticipated retirement of the VSBIT president and a health promotion specialist, and hiring of a new position. Zach McLaughlin made a motion, seconded by Tracy Wrend, to approve the FY 21 budget presented. The motion passed.

Investment Overview and Update (C. Roberts)

This item was not addressed.

Update on COVID-19 Cost Sharing Waivers

This will be reviewed at the November meeting.

Discuss Future Agenda Items

Items not addressed on this agenda, as well as the VSTRS RFP, COVID modeling update from BCBSVT, board reorganization and review of documents.

Set Date for Next Board Meeting

The next meeting of the VEHI Board will be on either November 9th or 16th, 2020. Confirmation of which date will be provided as soon as possible by the VEHI management team.

Adjournment

There being no further business, the meeting adjourned at 4:55 p.m.

Respectfully submitted by: Bobby-Jo Salls

Future Meeting Dates: November 16, 2020, 3:00 – 5:00 p.m.