

Vermont Education Health Initiative (VEHI)

Board of Director's Meeting Minutes

April 9, 2018

Present: Tracy Wrend, Elizabeth Fitzgerald, Jeff Fannon, Martha Gagner, Mark Hage, Laura Soares

Members of the Public: Martha Allen

The meeting was called to order at 1:15 p.m., by Chair Tracy Wrend.

Tracy Wrend requested two items be added to the agenda: under item 3 an update on her conversation with the VSBIT Board Chair on the selection process of the audit firm and under item 5 notice of a Code of Ethics complaint. A motion was made by Martha Gagner, seconded by Jeff Fannon, to amend the agenda to include these items. The motion passed.

Public Comment: None

Approve Minutes of March 12, 2018 Meeting

Martha Gagner made a motion, seconded by Elizabeth Fitzgerald, to approve the meeting minutes as presented. Motion passed.

Review February 28, 2018 Financials

The Board reviewed the February 29, 2018 monthly financial statement. As of February 28, 2018 the net gain of the health program stands at 1.9 million. On December 30, 2017 financials, the net gain of the health program was 3.4 million. This decline in net position is in line with BCBSVT estimates in the fall of 2017 that the new plans are underpriced and the program could end the fiscal year with a net loss of 3.4 million.

Audit Firm Selection Process Update

Tracy Wrend discussed with VSBIT Board Chair Stuart Wepler the process VSBIT uses to select the audit firm that is then used to audit both VSBIT and VEHI. The VSBIT Board annually reviews the audit firm recommended by management and requires the rotation of partners within the firm at least every three years to avoid over-familiarity and identification. In addition, Sullivan and Powers change their approach and processes from year to year, so that VSBIT staff do not know what the audit firm will review in any given year. VEHI is the less complex organization to audit, with accounts payable and accounts receivable and a limited number of vendors. VSBIT reviews the SAS-70/SOC-1 of third party vendors to verify they have proper controls in place. The VSBIT Board feels the benefit of the depth of experience of Sullivan and Powers with the two organizations provides both organizations with a more robust

audit than a new firm might be able to provide. The VSBIT Board is open to discussion on the FY 19 audit firm selection.

The VEHI Board requested Laura Soares set up a joint meeting of both boards in September to discuss the selection process for the FY 19 audit firm. The Board understands that in order to ensure the DFR audit deadlines can be met, a firm must be secured no later than April 2019 for the FY 19 audit.

Revised Draft Conflict of Interest Policy for Adoption

A motion was made by Martha Gagner, seconded by Jeff Fannon, to adopt draft 3 of the Conflict of Interest Policy. Adoption of this policy and the Code of Ethics Policy are two of the recommendations of the DFR Audit. The motion passed. DFR will be notified the policy was adopted. Policies will be posted on the VEHI website.

Evaluation of VSBIT and VT-NEA Service Agreements

VSBIT provided a summary and documentation of work done to fulfill the VEHI Service Agreement in FY 18. VSBIT noted in the areas of development of trainings, materials and employee education there is more work to be done and the current VSBIT capacity is limited. VSBIT will propose in the FY 19 budget a full-time VEHI Trust Administrator position to address this area more fully. The VEHI Board concurred with this assessment by VSBIT and appreciated the proactive approach to address the issue.

A motion was made by Martha Gagner, seconded by Jeff Fannon, that the information provided for the evaluation of VSBIT was inclusive and the performance satisfactory. Motion passed.

The Vermont NEA was not aware that this was the meeting to provide documentation of their work to fulfill their Service Agreement with VEHI to assist in the annual evaluation process. They will provide information at the May meeting for evaluation by the VEHI Board.

The Board asked the minutes reflect that annually in the month of April all Service Agreement performance will be evaluated and that Service Agents provide documentation and summary evidence ahead of the April meeting.

Code of Ethics Complaint

Tracy Wrend made the Board aware she received a code of ethics complaint regarding Jeff Fannon from board member Nicole Mace. The complaint is in regards to comments made in Vermont Digger by Vermont NEA staff and in Mark Hage's recent testimony to the House Education Committee, since all Vermont NEA staff are under the direction of the Vermont NEA Executive Director. Tracy will review the process outlined in the Code of Ethics Policy and follow up with parties and the Board as appropriate.

Elizabeth Fitzgerald expressed concerns that the tone and language of recent Vermont NEA newsletter and website communications regarding VEHI and our health program are not consistent with VEHI's goals for the collective membership, who are looking for confident leadership during the transition. She is concerned that there appears to be a pattern of the Vermont NEA undermining VEHI's health program and would like to see the two service agents work collaboratively with the VEHI Board to address any issues arising from the new VEHI plans in a proactive manner.

Initial FY 19 Budget Discussion

Laura Soares reviewed the FY 19 initial budget memo with the Board. Highlights include a five percent increase in wellness programming to address the increased participation and the tech support needed to keep the website operational. In addition, VSBIT will budget a reduction in the time the VSBIT President devotes to VEHI from 60% to 50% and add a full-time VEHI Trust Administrator to meet the needs of the VEHI Service Agreement. It is envisioned that the shared BCBSVT dedicated consultant position, which was created to support the new plan transition, will end in FY 19. The savings from the change in the President's time, the shared BCBSVT position and the employee education funds will be used toward the new position for an overall neutral cost to VEHI. VSBIT does not add any profit margin in meeting the needs of the VEHI Service Agreement. The Board approved of these recommendations and will be provided a line item budget in May.

Update Health Plan Transition

Mark Hage and Laura Soares provided an update to the Board on the transition. Highlights:

- BCBSVT is continuing to process new plan claims in an accurate and timely manner.
- All school districts who contracted with Future Planning Associates (FPA) decided to move to DataPath on May 1st. VEHI is working closely with DataPath to assist in a smooth transition and to develop communications for impacted employees and employers.
- It will take months in some instances to address all of the problems stemming from the failure of FPA to properly administer the HRAs and FSAs.
- Some of the challenges FPA had were due to the lack of capacity and systems within FPA, however other issues are related to the HRA plan designs and the challenges different designs pose when certain features are desired such as debit cards, auto-substantiation and auto-pay provider.
- DataPath will articulate the design challenges, options and implications so that local parties can decide whether to modify HRA plan design going forward.
- Mark and Laura met with BCBSVT to discuss potential plan design changes in the new plans – which were first developed in 2015 and for which we will be filing FY 20 rates this fall.
 - Plan design changes would need to be finalized and communicated to BCBVT by May 21, 2018 to be incorporated for FY 20.

- BCBSVT recommends VEHI develop a five year vision for health plans to guide plan change decisions, and that at least one year of data in the plans be available to inform any changes.
- Mark and Laura have been discussing potential changes to pharmacy formulary with BCBSVT for the past year, and may have recommendations for January 1, 2020.
- VEHI will provide BCBSVT information on the OOP cost sharing negotiated by members to inform the FY 20 rate filing.

Concerns were raised about the misperception in the field and legislature that the challenges related to FPA administration of HRA and FSAs, which were local determinations, are problems with the VEHI plans.

Elizabeth Fitzgerald requested a future agenda item on the process for collecting feedback on the new plans, emerging trends, and opportunities to address issues that are directly related to VEHI plan design or education efforts.

Update Status of Contracts

Laura Soares updated the Board on the status of the four contracts:

- a. **BCBSVT** – There are no material changes identified by either party to be addressed. VEHI Trust Administrators conducted a review of the BCBSVT Admin fee, which is agreed upon formally each year during the rate setting process. The FY 20 admin fee will be finalized in the September 2018 filing with DFR.
- b. **Remedy Analytics** – discussions are underway on the scope of services for a new three-year contract.
- c. **Gallagher Benefits Services** – GBS recently provided a summary of work done on behalf of VEHI and its members in the past year. The Board will be provided a summary report at the next meeting, along with a proposed scope of services for FY 19.
- d. **VSTRS** - VSTRS will renew its contract for another year. No material issues have been identified that require change, however there are several clarifications and modifications VEHI will recommend. This contract will be in place prior to July 1, 2018.

Legislative Update

The House Education Committee is taking testimony on potential changes to education employee health benefits, including the recommendation of the VEHBC for a statewide health benefit approach. One concept that has been raised is to move education employees to the state employee plan, which would replace VEHI. Other considerations are predicated on the VEHI plans and focused on how premium and OOP cost sharing would be determined.

Jeff Fannon indicated, for full disclosure, that the VT-NEA Annual Member meeting was held April 7th and by unanimous vote of those in attendance, estimated at 100 members, support a statewide health benefit approach. When asked if the VT-NEA proposal was based upon VEHI's plans Jeff did not provide any indication, but replied that there was a press release available.

Adjournment

There being no further business, the meeting adjourned at 3:40 p.m.

Respectfully submitted by: Laura Soares