

S.252 Section 14 Blueprint for Health
Testimony House Health Care Committee
April 4, 2014

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Thank you for the opportunity to speak before the committee on behalf of the Vermont Education Health Initiative, VEHI. VSBIT and VT-NEA have co-managed the health trust for the past two decades. Every Vermont public school, many private schools and the Vermont State Teacher's Retirement System (VSTRS) are currently members of our health program. VEHI collects annual contributions from these members to pay health claims and administrative costs to run the program, and invests in a state-of-the-art wellness program to reduce health care costs.

VEHI also contracts with BCBSVT on a cost-plus basis to administer our claims. Therefore, all assessments, fees, taxes and administrative costs paid by BCBSVT on our behalf are passed on to VEHI. This means any increase in assessments for the Blueprint for Health or other reform initiatives is borne in part by Vermont schools and their employees, and by retirees in VSTRS and the state itself, which contributes to the cost of retiree health benefits.

VEHI requested that BCBSVT provide an analysis of the increase for the Blueprint that was proposed earlier in the session and its prospective impact on VEHI. According to that analysis, if the Blueprint assessment is enacted, the collective cost to VEHI's members is estimated to be \$3.2 million annually. That will equate, approximately, to a 1.2% increase in VEHI's rates in FY 15 (a breakout of this estimate is included below).

Bear in mind that this increase would be in addition to whatever VEHI must charge each year by virtue of its claims' experience and administrative expenses.

In respect to school districts, this new assessment will clearly have an adverse impact on local budgets and employee take-home pay. How much for each will vary, because the employer-employee cost share of health benefits is determined, typically, through collective bargaining. It's estimated that what school districts pay now, on average, for employee health rates ranges between 82-85%.

As for VSTRS, the state now contributes 80% of the retiree's only insurance rate, about \$32 million in total. So, a 1.2% rise in VEHI's FY 15 rates generated by a new health assessment would cost the state an additional \$384,000 next year. It would also, of course, add to what retirees are paying for their benefits from their pensions.

As you consider increasing assessments on health plans and insurers, VEHI urges you, respectfully, to be aware of the significant impact any such increase will have on VSTRS, on school employees, retired and active, and on school budgets. The budgetary consequences for school districts are a particularly sensitive issue now given the pressure on schools to keep budget increases to a minimum and the larger number of school budgets defeated this year than normal.

VEHI Only

CHT [Community Health Teams]

Q4 2013	146639
increase factor	2
Est Qtrly	293,278
Qtrly increase	146,639
Annualized	\$587,000

BP [Primary Care Physicians]

Q4 2013 Average per patient per month payment	2.02
Increase per patient per month	2.50
Total per patient per month	4.52
Percentage increase	124%
Q4 payments	178,029
Quarterly Increase	220,430
Annualized	\$882,000

Outcomes

Per patient per month	5.00
Ratio to average pppm BP payment	248%
Q4 BP payments	178,029
Est quarterly Outcomes payment	440,860
Annualized	\$1,763,000

Annual Total Increase

\$3,232,000