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S.252 – House Ways and Means Committee

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I appreciate the opportunity to come before the committee to discuss the VSBA's views on S.252. I plan to speak to Section 29 of the bill as amended by the House Health Care Committee, but I would also like to take an opportunity to speak to this committee about how our association is working with school board members around the state to help them adapt to the changing health care landscape.

The VSBA has been actively working with our members over the past year and a half in order to help them understand and prepare for the changes that are coming with respect to health care reform. This fall, we held 11 regional meetings across the state, where we focused on providing information about the Affordable Care Act, Vermont's Health Care Exchange, and the state's goal to move to a single payer system in 2017. We also spent some time in those meetings discussing what these changes mean with respect to collective bargaining.

Since we do not know exactly what the single-payer plan and cost structure will be, our focus to date has been on getting information to our members about health care reform efforts generally and the options that are available to them on the Exchange. Our assumption is that the plans that are currently offered on the Exchange will form the basis for whatever plans are available through Green Mountain Care.

The following points are the messages we have been conveying to our members:

Health care reform is about providing universal access to affordable health coverage. Accomplishing this goal requires changing the paradigm for delivery and consumption of health care services.

VHC plans are – among other things - designed to ensure: out-of-pocket skin in the game for health care consumers and transparency regarding insurance coverage and cost. VEHI plans are designed to insulate employees from most of the cost of their health care services – 94% of costs are covered by the premium.

What this means is that school districts currently offer health plans that are more generous than any that are offered on Vermont Health Connect. *The majority of VEHI plans would be considered Platinum-Plus – that is, a greater percentage of benefits are covered in the VEHI premium than by the Platinum plan on the Exchange. This will have implications for districts that*

transition to the Exchange – or to a single-payer system - as employees may expect the district to cover any increased out-of-pocket costs that may occur as a result of the change.

Historically, health benefits were determined at the bargaining table as part of total compensation - current benefits were negotiated over time and any changes moving forward must be negotiated. As a community, we need to work with our employees over the coming years to determine **what is the appropriate cost share for appropriate health care coverage in the new world.**

The vast majority of school districts in Vermont are in grandfathered VEHI plans – so they are not currently purchasing insurance on the Exchange. Many are in the process of negotiating and none who currently retain grandfathered status have been able to successfully negotiate moving from VEHI and on to an Exchange plan. I believe this is for several reasons:

1. Employees are unwilling to give up the generous plans they currently have
2. The shaky roll-out of the ACA and the Exchange, as well as uncertainty regarding the launch date of single payer, make the parties unwilling to move forward with significant changes in this unpredictable environment
3. These are incredibly complex issues that require expertise and leadership – in the absence of a clear path forward for school district employees, and in the context of the many other issues school districts are contending with, moving away from VEHI has not been a priority.

Collective bargaining is inherently designed to maintain the status quo, and it will be extraordinarily difficult for school district negotiating councils to change the health care paradigm without being asked to pay for it.

These will be very complex, potentially expensive and contentious negotiations. If moving toward single payer – a statewide system where everyone has access to affordable health care - is the ultimate goal for Vermont, then putting districts and their employees through this ordeal 60+ times over without support from the state does not seem a particularly wise or constructive approach.

In order to help create conditions for more productive bargaining conversations, the state could help in the following ways:

1. Make a statement about the appropriate cost share for appropriate health care coverage for public employees – should public employees be insulated from sharing in the cost of their own health coverage or not?

2. As soon as possible, be clear about the commitment to move to single payer, the options that will be available in Green Mountain Care, how it will be paid for, and the timeline for doing so.

Section 29 of S.252 does not create a helpful backdrop for local negotiations. Section 29 creates a requirement for the state to work with stakeholders – including our association – to develop a plan to transition public employees to a single-payer or a common risk pool.

We welcome a plan for transitioning employees. However, the language that is employed in Section 29 presupposes an outcome – that the impact of transitioning public employees to a single payer system ought to be mitigated. The actual language of the bill requires the Secretary and Commissioner to “propose methods to mitigate the impact of the transition on employees’ health care coverage and on their total compensation.”

Changes to the health care system are going to impact every Vermonter. Should public employees be shielded from the effects of those changes in ways that every other Vermonter is not? The fact is, it is unlikely that the Green Mountain Care plan will be as generous as the plans that most public employees currently enjoy. The mitigation language in Section 29 appears designed to ensure that public employees will be able to retain the level of health benefits they currently have, which treats them differently from all other Vermonters. It also ensures that Vermont property taxpayers will be subsidizing this differential rather than realizing any opportunities that might exist to bend the health care cost curve.

We would prefer the final sentence in Section 29 to be replaced with this language: **“The Secretary and Commissioner shall address the role of collective bargaining on the transition process and shall propose methods to ensure a fair and timely transition of public employees from existing health insurance plans to Green Mountain Care.”**

We also have concerns about the composition of the group charged with developing the plan. It appears to pit labor against management, with labor represented by a “coalition”, and management represented by the VSBA and VLCT. The interests of school districts and other municipalities are not aligned in the same manner as the labor coalition. **We believe that, at a minimum, VSBIT should be added as a participant, due to their expertise on health care reform and its impact on school districts.**

