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On January 1, 2018, VEHI's new array of **non-grandfathered, ACA-compliant health benefit plans** will go into effect for school districts that retain membership in VEHI. These new plans will supplant VEHI's current, grandfathered plan offerings, which will close on December 31, 2017.

As our transition from grandfathered to non-grandfathered health plans is effected, VEHI desires to continue serving all school districts, small and large, as it does now, as an inter-municipal insurance association under the regulatory authority of the Vermont Department of Financial Regulation. For the reasons listed below, we believe this regulatory and all-inclusive membership arrangement is in the best interests of school districts, employees, local unions, the Vermont State Teachers Retirement System, and the state as a whole.

- Our new plans will be **cost competitive** with plans offered by Vermont Health Connect. They will have lower actuarial values and, thus, cost less. This means savings for taxpayers and lower premium cost-sharing for employees. Plus, these new plans can be integrated with HRAs, HSAs, and FSAs.
- Lower premiums mean premium savings for taxpayers and employees, and school districts will have greater ability to protect themselves from the impact of the **federal excise tax**, which is slated to begin in 2020.
- VEHI is uniquely positioned to assist in the transition to lower AV plans and educate school employees and school business officials in this area.
- **Act 46 mergers** will change the size of some districts over the next several years. Until this process is completed, permitting small and large districts to

voluntarily remain in VEHI reduces disruption and distraction from pursuing the goals of Act 46.

- VEHI plans are **not** subject to the ACA's **federal health insurer fee**. In 2015, that saved the state an estimated \$7.9 million, and this figure is projected to increase annually.
- Since large employers are not eligible for VHC plans until 2018, at the earliest, VEHI is the best option for helping supervisory unions with small and large school districts to provide the same health plans to **all** employees, which, in turn, supports SU-level bargaining and streamlines administrative services.
- **Small schools** often benefit the most from membership in VEHI, as many do not have the resources or expertise to address the administrative and compliance issues associated with employer-sponsored health care.
- Membership in VEHI allows school districts to reap the benefits of our 25-year focus on promoting **workplace wellness**, which helps to control the cost of health care.
- VEHI's **rate setting process** is based on a fiscal-year calendar and, thus, is aligned with school budget planning. This eliminates budgetary speculation when it comes to health benefits.
- All funds collected by VEHI are devoted exclusively to serving member schools and their employees.
- **VSTRS** is able to provide more cost-effective health coverage to thousands of retirees by virtue of VEHI's size; this has saved the state millions of dollars over the past decade.
- Maintaining VEHI's collective size provides a strong voice on behalf of members in the area of **health care reform**:
 - Active engagement in payment reform pilots
 - Efficiencies in administrative costs and services
 - Increased engagement of school employees in effective use of health care
 - Support for the development of price comparison tools.



In addition to our health, dental, long-term disability and life insurance programs, VEHI provides a variety of support and compliance services to member school districts and VSTRS. Key issues or products include:

1. Guidance on **COBRA** regulations
2. Writing and disseminating **Benefit Plan Booklets** to business officers and school employees
3. Preparing a comprehensive, **comparative guide on VEHI and VHC** health plans
4. Assistance with understanding **Open Enrollment** Requirements
5. Working with BCBSVT to resolve **member or subscriber claims' problems**
6. Assistance with *CMS Reporting*
7. **EGWP** Pharmacy Benefit assistance for VSTRS staff, and for retirees eligible for Medicare Carve-Out coverage
8. Understanding the **Vermont Employer Assessment** and, most significantly,
9. Compliance with the **Affordable Care Act**. This support is absolutely vital, and particularly beneficial to small schools, many of which do not have the internal expertise and capacity to address the myriad issues raised by the ACA without substantial additional investment of time and money. Not long after the passage of the ACA, VEHI voluntarily assumed responsibility for helping all its schools, and VSTRS as needed, to meet their ACA compliance obligations. The trust has devoted significant resources, both financial and staff time, to this work.

Attached is a list of compliance materials developed by VEHI in conjunction with our partners and at the request of our membership.

In addition, in collaboration with BCBSVT and Gallagher Benefit Services in Chicago, VEHI has been providing in-depth support to schools over the last several months to meet **the IRS's ACA reporting requirements**, which districts are now fully engaged with. Among other services, VEHI provided access this fall to six live webinars on the IRS requirements, and established a VEHI 'hotline' where school business offices can get answers to their specific concerns and questions.

Here are two recent comments from business officials in the northern and southern part of the state that indicate the value of VEHI's role in this area, and that we are confident are shared by many others we serve:

I just wanted to say that I appreciate you, your dedication, and your hard work on behalf of all of us. YOU are a "rock star" in my book and we would be lost without your guidance.

I can't imagine how other employers are navigating the ACA and IRS reporting requirements without you.