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*Agency of Administration*

**To: Vermont State Employees**  
**From: Beth Fastiggi – DHR Commissioner**  
**Date: April 4, 2018**  
**RE: Last Best Offer Overview**

Governor Scott and his Administration value our state workforce and I want to provide an overview of the State's Last Best Offer (LBO) and its impact on you.

The State, like VSEA, would have preferred to reach an agreement at the bargaining table. Unfortunately, the parties were unable to reach an agreement and proceeded through the statutory impasse process which ended with the LBO proceeding in front of the Vermont Labor Relations Board (Labor Board).

After reviewing all the information provided by the parties, the Labor Board concluded that the State proposals were more reasonable and more in the public interest than those advanced by the VSEA. We appreciate the civility and courtesy that has been the hallmark of this process.

The State Proposals, accepted by the Labor Board, are as follows:

Continuation of Step increases for the duration of the Agreement with an average annual value of:

- 1.9% for all bargaining units except State Police Lieutenants
- 2.5% for State Police Lieutenants

An across the board increase of 1.35% for all employees in the bargaining units except State Police Lieutenants (who will receive an 0.60% increase), effective with the first full payroll period in January 2019. This is an effective 0.675% increase for FY19 (0.30% for State Police Lieutenants) over FY18.

An across the board increase of 1.35% for all employees in the bargaining units except State Police Lieutenants (who will receive an 0.60% increase), effective with the first full payroll period in January 2020. This is an effective full 1.35% increase for FY20 (0.60% for State Police Lieutenants) over FY19.

An increase of the minimum annualized salary for classified employees from \$25,958 to \$29,120.

The State's LBO also made changes to the pharmacy deductible and increased certain co-pays, effective January 1, 2019, as indicated below. These changes are relatively modest and going forward, there should be a positive impact on future health care premium rates, realized by both employees and the

State. Additionally, the State’s health plans will, using the “metal” designation created by the Federal Government, continue to be “Platinum” level plans (among the best in the country).

Effective January 1, 2019, the prescription drug formulary will change to the standard, national formulary of the Pharmacy Benefits Manager and the State will have the ability to authorize the Pharmacy Benefits Manager to implement prior authorization and drug quantity management. Please note, employees will be able to get the medications they need, and transitioning to a standard, national drug formulary will have a positive impact on the future cost of the plan for both the State and employees. Also note that Vermont teachers, as well as state employees of Maine and New Hampshire, are already covered by plans that utilize standard, national formularies.

These modest modifications to the healthcare benefit were used as an offset to enable an average effective wage increase of 2.575% (1.9% average step value + 0.675% effective ABI) in the first fiscal year of the contract. In the second fiscal year, the full 1.35% ABI applies, along with the average value of steps, for an average wage increase of 3.25%.

Summary changes to the two state employee plans, in addition to the above, are as follows:

**SelectCare Plan (vast majority of employees):**

<b>CO-PAYS:</b>	<b>CURRENT CONTRACT</b>	<b>NEW CONTRACT</b>
PREVENTIVE CARE	\$0	\$0
BEHAVIORAL HEALTH	\$0	\$0
PRIMARY HEALTHCARE VISIT	\$20	\$25
SPECIALIST VISIT	\$20	\$40
MRI	\$0	\$50
EMERGENCY ROOM VISIT	\$50	\$100
<b>DEDUCTIBLES:</b>	<b>CURRENT CONTRACT</b>	<b>NEW CONTRACT</b>
PHARMACY	\$25	\$50
HEALTHCARE DEDUCTIBLE	\$0	\$0

**Total Choice Plan:**

<b>DEDUCTIBLES:</b>	<b>CURRENT CONTRACT</b>	<b>NEW CONTRACT</b>
PHARMACY	\$25	\$50

In summary, the State’s LBO provides employees with a fair and reasonable wage increase while maintaining one of the best benefit plans in the country. It also ensures that, in accordance with the Administration’s priorities, growth in the State budget does not grow faster than Vermonters’ ability to pay, while protecting investments in areas that will grow the economy, make Vermont more affordable for all, and protect our most vulnerable citizens. The State’s LBO also followed consistent and clear guidance the Administration provided, based upon the economic outlook regarding an acceptable rate of growth, to school boards and in crafting the State’s overall budget.