

Sec. 1 Findings

1. Vermont's school employees receive health insurance through the Vermont Education Health Initiative (VEHI). Actuarial analysis of current VEHI plans indicates they have among the highest actuarial values of any health insurance plan offered in the State of Vermont. Premiums for VEHI plans are up to 9% higher than the BCBS platinum plan offered through Vermont Health Connect.
2. In response, the Vermont Education Health Initiative (VEHI) is replacing existing school employee health insurance plans with plans designed to be competitive with Vermont Health Connect.
3. This change means that, as of January 1, 2018, all school employees will be on new health care plans.
4. The new health plans cover the same health services and networks, but they have lower premium costs. The savings associated with lower premiums is estimated at \$75 million.
5. The new plans also have higher out-of-pocket costs through deductibles and co-pays. However, because the premiums for these plans are markedly lower, there are opportunities to keep employees' out-of-pocket costs at current levels while also realizing up to \$26 million in savings.
6. These new plans mean health insurance negotiations have become more complex. In at least 12 supervisory unions, the parties have declared impasse over the inability to negotiate the transition to new health insurance plans.
7. The State of Vermont is uniquely positioned to bargain health insurance benefits with school employees in a manner that ensures fairness and equity for school employees, delivers savings for property taxpayers, and contributes to the sustainability of the Vermont Teachers Retirement system.

Sec. 2 16 V.S.A. § 2004. Agenda

- a) The school board, through its negotiations council, shall, upon request, negotiate with representatives of the teachers' or administrators' organization negotiations council on matters of salary, related economic conditions of employment, the manner in which it will enforce an employee's obligation to pay the agency service fee, procedures for processing complaints and grievances relating to employment, and any mutually agreed upon matters not in conflict with the statutes and laws of the State of Vermont.
- b) The State Secretary of Administration, on behalf of all school boards Statewide, shall negotiate health insurance benefits, including Health Reimbursement and Health Savings Accounts, with representatives of the teachers' or administrators' organization negotiations council. The school board, through its negotiations council shall not negotiate health insurance benefits, including Health Reimbursement and Health Savings Accounts, with representatives of the teachers' or administrators' organization negotiations council. Solely for

purposes of representation in, and prevention of, unfair labor practices in connection with these negotiations, teachers and administrators shall be deemed to be state employees, the representatives of the teachers' or administrators' organization negotiations council shall be deemed to be an employee organization and the provisions of SubChapter 2 and Subchapter 4 of Chapter 27 of Title 3 shall apply. Ratification of an agreement reached in accordance with this section shall require a vote of all teachers and administrators.

Sec. 3 21 V.S.A. § 1725. Collective bargaining procedure

- (a) For the purpose of collective bargaining, the representatives of the municipal employer and the bargaining unit shall meet at any reasonable time and shall bargain in good faith with respect to wages, hours, and conditions of employment, and shall execute a written contract incorporating any agreement reached; provided, however, neither party shall be compelled to agree to a proposal nor to make a concession, nor to bargain over any issue of managerial prerogative.
- (b) The municipal employer shall be represented in the bargaining by its legislative body or its designated representative or representatives. If the municipal employer is a supervisory district or supervisory union, it shall be represented by the school board negotiations council, and the bargaining unit shall be represented by the school employees' negotiations council.
- (c) The State Secretary of Administration, on behalf of all school boards Statewide, shall negotiate health insurance benefits, including Health Reimbursement and Health Savings Accounts, with representatives of the school employees' negotiations council. The school board, through its negotiations council, shall not negotiate health insurance benefits, including Health Reimbursement and Health Savings Accounts, with representatives of the school employees' negotiations council. Solely for purposes of representation in, and prevention of, unfair labor practices in connection with these negotiations, school employees shall be deemed to be state employees, the school employees' negotiations council shall be deemed to be an employee organization and the provisions of SubChapter 2 and Subchapter 4 of Chapter 27 of Title 3 shall apply. Ratification of an agreement reached in accordance with this section shall require a vote of all school employees.

Sec. 4 16 V.S.A. § 2029. Group health insurance for education personnel

(a)(1) Beginning with the 2018 plan year the Secretary of Administration shall contract on behalf of State school boards with any insurance company or nonprofit association doing business in this State to secure the benefits of franchise or group health insurance. The terms of coverage under the policy may include:

(A) health insurance benefits for education employees;

(B) hospital, surgical, and medical benefits for education employees or for those education employees and any class or classes of their dependents; and

(C) Health Reimbursement and Health Savings Accounts for education employees.

(2)(A) The term "education employee" as used in this section shall include all teachers [and administrators] as defined in this Chapter and all other certified employees of school districts.

(2) The term "dependents" shall include only an education employee's spouse, or an education employee's unmarried child. However, no person may be covered both as an education employee and as a dependent, and no person may be considered as a dependent of more than one education employee. The term "child" shall in addition to an education employee's own or lawfully adopted children, include such stepchildren, foster children, children under adoptive supervisory placement, and other children as depend upon the education employee for support and maintenance.

(3) The provisions of this Section shall include all education employees in any or all school districts in the State.

(b) The Commissioner of Finance and Management shall offset against the next State payment to the school district the amount certified by the school district to be necessary to pay the school district's share of the cost of assessments for health insurance benefits for education employees and any class or classes of their dependents.

(c) At least every five years, the Secretary of Administration shall advertise for bids on the insurance contracts and shall award the contract to the person whose bid or quotation is in the best interest of the State. The Secretary of Administration may reject any bids or quotations and may request additional bids. Upon publication of the request for proposals, health care professional and trade associations may register with the Secretary of Administration to be provided a list of bidders. Such associations may then submit information about the business practices of the bidders for the Secretary of Administration to consider in the course of evaluating bids.

Sec. 5. Savings from health care transition

- a) After negotiations between the State and the school employees' representatives establish a statewide health insurance benefit for school employees, the State shall notify school districts of the required employer contributions for single, two-person, parent-child, and family plans.
- b) School districts shall document calendar year 2016, 2017, and 2018 health insurance costs to the Secretary of Education and the Commissioner of Finance and Management no later than December 30, 2017. This report shall be on a form prescribed by the Commissioner of Finance and Management and shall specify the employee contribution and employer contribution totals for each calendar year.

- c) School districts shall not use savings associated with the health care transition to increase salary or related employee compensation or to otherwise increase school district expenditures.
- d) For FY 2018 only, the State shall offset the amount of savings between budgeted and actual costs for health insurance against the FY 2018 payment to the school district; provided, however, the State shall withhold any such payment until it has received the reporting required in subsection (b) above.
 - i. One third shall be allocated to the Vermont State Teachers Retirement Health Insurance Program
 - ii. One third shall be allocated to the General Fund
 - iii. One third shall be allocated to reduce residential and non-residential property tax rates
- e) Beginning in FY 2019, the State shall document health insurance savings that have been achieved through negotiations with school employees. Any statewide savings realized through negotiations between the State and the school employees representatives shall be allocated as set forth in subsection (d) above.

Sec. 6 Negotiations for FY 2018 contracts

The Secretary of Administration and school employees' representatives shall commence health insurance negotiations immediately upon passage of this Act.