

To Sen. Barruth and Senate Education Committee

Thank you for inviting me. You have asked for perspective and comment from stakeholders in the current public education system in regards to the Health Insurance proposal put forth by the VTNEA.

I am a long serving member of my local school board. I have participated in negotiating multiple master agreements and have served as our chief negotiator in the last 4. Our district has merged 4 town elementary districts and 1 union high school district into a single high functioning system with master agreements for both our teachers and support staff. Our last 3 contracts involved the new health plans that went into effect Jan 1. This was not a simple process. The focus on increasing user responsibility for the overall cost of health care was and is the biggest hurdle. Change is difficult.

The VTNEA Proposal is welcome in that we are finally, openly discussing a statewide plan that will cover all school employees with the same level of health care benefits. This will greatly simplify both plan administration and the local bargaining scene.

Some of the details of their proposal are troubling, but I believe there are positive ways to address each issue. **Identifying and developing workable, sensible, and fair solutions will take both time and expertise.**

Questions:

Disband VEHI? Why? VEHI is comprised of competent people with a strong sense of fiduciary responsibility to both school employees and taxpayers who foot the bill. To disband the trust without any kind of concrete understanding of what to replace it with is beyond foolhardy. VEHI has an extraordinary track record of holding costs down while providing comprehensive, well thought out plans for our teachers, administrators and support personnel. The claim that VEHI is responsible for the confusion in OOP coverage involving HRA's and HSA's is just not correct. During our negotiations the VTNEA Uniserve rep, firmly held for utilizing HRA's, only, as well as the debit card option which was only available from Future Planning. VEHI cautioned boards about complicated HRA agreements, but to be honest we did not listen as well as we should have since Future Planning assured everyone they could do it all. Employees with HSA's have had a seamless and trouble free experience with the new health care plans. Our negotiating team is meeting with both teachers and support staff to work out how to proceed with Data Path.

Creation of a new "independent" health care commission sounds simple enough, is it? VEHI's formation was a multi-year effort involving the creation of a large reserve to enable the trust to safely operate without putting municipal taxpayers at risk for large spending years or extreme spikes in premiums. How will this new entity provide that safety net? Where will the reserves go? Schoolboard members wonder whether the money will be returned to their local taxpayers who initially filled the reserve fund.

Most importantly, who will hold the risk? Without carefully addressing this question, are we putting our taxpayers at extreme risk?

Who will serve on the new commission? The last proposal I read has VTNEA representation and Governor's appointees in a 50/50 split. I believe after speaking with many other board members, that we support a split that more realistically reflects \$ risk. If taxpayers are paying a great proportion of the premiums, then they should have greater representation. There are so many players in this system that are not represented in the current outline. What about school board members, the VSBA, and non-union and/or administrative staff members? **Everyone deserves a voice, but with the majority representation being held by those with the greatest financial responsibility.**

What will the responsibilities of the commission be? Will they have total control over health care for all education employees? Will they set premiums, co-pays, and OOP expenses? Who will have responsibility for shortfalls? Will there be a reserve fund? Who will control it? These are huge questions that must be answered fully and with attention to detail. Will the commission be held responsible as fiduciaries? Who will have oversight of the commission?

What is the plan for bargaining? Will there be bargaining? Will the commission be expected to fill both the employer and employee roles? This seems like a dangerous combination. Can those responsible for bargaining benefits be impartial in setting both premium and plan costs?

Closing

What I want to stress most is that this would be a huge change in how we provide health care benefits to ten's of thousands of people in this state and you are talking about heading into it with very few actual details of how it will function.

Take more time, please.

Do not disband VEHI. It has provided excellent service for 20 years and continues to do so. Develop a commission structure with equitable employer/employee representation from all groups to negotiate a state wide health care benefit with ground rules that provide for a timely result and includes procedures for what happens at possible impasse. **Again, take the time to do it carefully and responsibly.**