



TO: Senate Education Committee

FROM: Jeff Fannon, Vermont-NEA Executive Director

DATE: May 4, 2018

RE: Educator Health Care – Draft 6.3

Draft bill version 6.3 moves in a good direction but we do have some suggestions to improve the bill. Some of these suggestions were discussed during your committee meeting on Thursday, May 3rd, but in order not to mistakenly leave them off, I'll be, perhaps, redundant.

As a threshold matter, the members of Vermont-NEA voted unanimously at their April 7 annual meeting to establish a statewide entity to design and administer a single, comprehensive health benefit plan for all school employees and their dependents, and provide the administrative functions and wellness services to Vermont schools, their employees, and Vermont retired teachers covered by the Vermont State Teachers Retirement System.

If a statewide entity, as described above, is not viable, we do have comments and suggestions to draft 6.3. We believe “health benefit association” governance structure should be reviewed as DFR develops rules for this entity, specifically the mechanism by which bylaw changes and other governance matters are voted on at an annual meeting. We believe that with this new regulatory structure it should be clear in rules that equality in governance goes beyond the board, and includes those with the ability to modify the underlying governing bylaws at any annual meeting.

We further believe that mediation needs to be a necessary part of the Commission’s “Dispute Resolution” section, 16 VSA § 2105, and, therefore, mediation needs to be explicitly included in the section. Likewise, the “health benefit association” needs to have a dispute resolution provision. While it is true that for two decades VEHI operated without any dispute resolution language and never needed anything of the sort, in an abundance of caution we believe there should be some dispute resolution language. We believe the plan design association, VEHI, should be required to use binding interest arbitration in a manner consistent with title 16, chapter 57, subchapter 4, if and only if the parties cannot reach agreement about educator health care plan design.

Tim Noonan of the Vermont Labor Relations Board (“VLRB”) and the Committee discussed possibly including language allowing for unfair labor practice (“ULP”) charges to be filed in the bargaining by and between the Commission members. This would, however, slow-down the process even further. Instead, if the bill would specifically allow the arbitrator to fashion a remedy to address unfair labor practices, especially failures to bargain in good faith, then the need to go to the VLRB would be unnecessary.

The restructured VEHI needs to have specifics on its plate so that it is required to review reforms. For example, we want to ensure that ensure all school employees have access to high-quality, affordable, comprehensive healthcare, built upon income sensitivity and access to all tiers of coverage and would like VEHI and the Commission to include this as part of their deliberations.

The “health benefit association” when they are designing the single health insurance plan should be directed to look at the important health care reform masseurs that Vermont-NEA outlined in our original proposal. These reform strategies, we believe, can improve health care quality, coordination, and affordability for public sector employees and potentially for all Vermonters. In doing so, the “health benefit association” shall examine such initiatives in the realm of health care and its costs as:

- value-based insurance design that prioritizes affordability of high-value care, including primary care and treatment of chronic conditions;
- reference pricing for targeted, high-cost procedures and treatments;
- episode-based payments for medical procedures;
- partnerships with organizations and medical providers, including centers of excellence, focused on improving the quality and affordability of health care and on reducing wasteful care; and
- the care coordination work and cost-effectiveness of OneCare Vermont;
- ways to reduce pharmaceutical costs, including where and how they are purchased, and aligning costs with clinical effectiveness, and periodic surveys of employees to measure the effectiveness and affordability of, and potential improvements to, VEHI's health care benefit plan.

Finally, the transition bargaining timeline, that is set to begin August 1, 2018, seems unworkable, as a practical matter. The re-balanced VEHI would be required to establish a new health plan effective July 1, 2019 at almost the same time the Commission would be trying to negotiate the cost-sharing arrangements. This seems like an impossible task. Instead, we recommend the current health plans be allowed to continue for another year, i.e., prohibit VEHI from making any plan design changes for two years, but the Commission would begin its work on or about September 1, 2018 for those plans effective January 1, 2020. This would allow for a phased-in transition of both the re-balanced VEHI and the new Commission.