



The Vermont Education Health Initiative

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Vermont School Boards Insurance Trust / Vermont-National Education Association

May 9, 2018

Senate Education Committee

Following review of committee draft 8.2, VEHI has the following concerns and comments:

Prior to approval by the VEHI Board in January 2016, the January 1, 2018 VEHI health plans were designed by VEHI Trust Administrators over the course of a year of intensive discussion with BCBSVT and a series of forums across the state to gain input from school employees and employers.

BCBSVT has recommended to VEHI that we collect two years of utilization data in the current health plans before making changes to the plan designs – so any substantive plan modifications or entirely new health plans can be informed by actual subscriber utilization patterns. This was a point supported by the DFR Commissioner in his testimony of May 8th when he said that one of the advancements the regulators have seen in VEHI is the improvement in the actuarial understanding of utilization leading to more accurate and consistent rate projections. With the new plans just introduced this past January, these projections are temporarily set back because of a lack of data. We will have two years of data late spring 2020 – which allows discussion, input from all stakeholders and a Board decision on new plan designs by May 2021 for implementation July 1, 2022.

The current language in section 9 of draft 8.2 suggests that the current health plans would be reviewed at the end of the Commission's first agreement in 2020. We believe this does not allow enough time for review of the data and VEHI should not be implementing new plans prior to July 1, 2022.

DFR must review and approve both forms and rates of any new or modified plans prior to VEHI making those plans available to school employees and their families. BCBSVT needs notification from VEHI of any desired plan changes by the first of May of any year to implement the new plans 15 months later, on July 1. This allows VEHI/BCBSVT to file the forms and rates with DFR the September before they go into effect the next July. For example, VEHI must provide notification to BCBSVT on May 1, 2021 for plans to be offered for enrollment effective July 1, 2022.

Section 9 of draft 8.2 has the new bargaining unit beginning negotiations on July 1, 2018 and concluding those negotiations on July 1, 2019. This timetable would not allow for any changes to the filed VEHI plans because there is simply not enough time to get through the required and prudent process. However, if the new bargaining unit is negotiating the cost share of the four current VEHI plans, the FY 19 (July 1, 2018 – June 30, 2019) rates are already approved by DFR and VEHI will have final FY 20 (July 1, 2019 – June 30, 2020) rates approved for these plans in January of 2019.

VEHI could move to a calendar year plan implementation and rate setting approach – but that would mean that rates would not be available before school budgets are set and voted upon.

BCBSVT has also recommended that VEHI think about health plan changes in five year increments, using several years of utilization data and seeking input from the plan subscribers (school employees and their families) once they are familiar



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with the plans. Together, VEHI, along with the member employers and school employees, would envision health plans to best meet the various needs of school employees, their families, and the school districts providing coverage for the next five years. Once this visioning process was complete, VEHI would then work with BCBSVT to take steps to move toward those plans rather than undergo another large transition similar to the one just completed.

Given BCBSVT's recommendations, the VEHI Board has already discussed taking this approach: undergoing a visioning process with all stakeholders to determine what our subscribers, their families, and our member school districts would like to see for modifications to networks, covered benefits, out of pocket cost sharing structures, and even the number of health plans VEHI offers to meet the different needs of school employees and their families in July 2022. VEHI believes such a data-informed participatory process is important and necessary to ensure not only quality plans that meet the needs of consumers and the employer providing the health coverage, but to allow time to include additional well thought-out cost containment strategies. VEHI does not believe that the language, as written, would allow for this process.

Finally, it should be noted that although an insurance pool such as VEHI is not large enough to move the healthcare system on its own, VEHI has engaged very thoughtfully with BCBSVT and others on new initiatives designed to contain costs where feasible and based upon sound data, including in the areas of specialty prescription drug costs, telemedicine, bundled and value-based payments, promotion of generic drugs and use of urgent care centers. In addition, VEHI has been evaluating the potential for participation in the accountable care organization (ACO). Based on discussions with BCBSVT, VEHI is awaiting data from the ACO pilot projects to help inform any future decisions around participation in the ACO. There are many healthcare reform initiatives occurring at the state level. VEHI is actively engaged in assessing the feasibility of participation consistent with both its fiduciary obligations to maintain the fiscal integrity of the organization and its mission to offer cost-effective, affordable, and high-quality health plans to its members.

Thank you for the opportunity to provide comments and share concerns with the current draft bill.

Laura Soares
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