



**To:** House Health Care Committee

**From:** Sue Ceglowski, Executive Director and General Counsel, VSBA

**Re:** S.190 As Passed By the Senate

**Date:** April 30, 2026

Thank you for the invitation to testify on S.190. For the record, my name is Sue Ceglowski and I am the Executive Director and General Counsel for the Vermont School Boards Association.

Before we start discussing this bill, I want to take a moment to provide information on the governance of the Vermont Education Health Initiative (VEHI) because VEHI is affected by S.190.

VEHI is a non-profit organization that provides health benefit plans to public school employees throughout the state. VEHI is a self-insured inter-municipal health pool, responsible for the design and rating of the health plan. When setting premium rates, VEHI takes into account expected claims expenses, administrative costs and maintaining adequate reserves for the times that claims exceed premiums. The organization is governed by a six person Board of Directors with three Board members appointed by the Vermont School Boards Association and three Board members appointed by the Vermont-NEA.

Due to the split nature of its Board of Directors, VEHI does not have an official position on S.190. I am here today to provide you with the VSBA's perspective on the bill given that the VSBA appoints half of the VEHI Board of Directors. My testimony is focused on sections 4 and 10 of the bill.

In addition to this written testimony, I have attached our requested changes to the language in sections 4 and 10 as a mark-up to S.190 as passed by the Senate.

Before covering sections 4 and 10 specifically, I would like to express agreement with the comments of Department of Financial Regulation Commissioner Samsom that the benefits of reference based pricing for the Qualified Health Plans should be spread across all commercially insured groups. With that approach, we believe that section 10 of the bill should be removed entirely as all groups would already be receiving the highest savings.

#### Section 4

Section 4 of S.190 requires the Green Mountain Care Board to determine the opportunities available through implementing reference based pricing for the State Employees Health Benefit Plan and the health benefit plans offered by VEHI.

The current language of the bill requires VEHI (along with the Green Mountain Care Board, the Department of Financial Regulation and the Department of Human Resources) to analyze claims for inpatient and outpatient hospital items provided and services delivered to determine the opportunities available and the projected impact on Vermont's hospitals. This requirement goes beyond the role of a non-profit organization and places a significant financial burden on VEHI which is not covered in its fiscal year 2027 budget. Therefore, we request that VEHI be removed from the responsibility of conducting the analysis and that its role in the process is limited to providing the Green Mountain Care Board with access to and an explanation of the claims data necessary to perform the analysis.

#### Section 10

Section 10 of S.190 creates a Public Employee Health Benefit Authority Study Committee. The duties of the Study Committee are expansive and it is expected to fulfill those duties within a short timeframe. The Treasurer's Office noted that it did not request this addition to the bill, that the timeframe is too short and that the proposed appropriation is insufficient.

The Senate Health and Welfare Committee added section 10 without asking VEHI to testify on the topic.

If this committee decides to retain section 10, we strongly recommend revisions to the membership of the Study Committee, changing it from various unions and employers, who would be eventual participants, to state level decision makers who have the financial expertise in insurance to perform a meaningful analysis that focuses on capturing the costs and benefits to the State and taxpayers. Our additional recommendations regarding the Study Committee are set out in the attached mark-up to S.190 as passed by the Senate.

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Sec. 4. IMPLEMENTATION OF REFERENCE-BASED PRICING FOR CERTAIN PUBLIC EMPLOYEE HEALTH PLANS; REPORT

(a) The Green Mountain Care Board, in consultation with the Departments of Financial Regulation and of Human Resources ~~and the Vermont Education Health Initiative (VEHI)~~, shall analyze commercial health insurance claims for inpatient and outpatient hospital items provided and services delivered to active and retired members and their dependents enrolled in the State Employees' Health Benefit Plan (SEHBP) and in the health benefit plans offered to teachers and other school employees through Vermont Education Health Initiative (VEHI) ~~VEHI~~ to determine the opportunities available through the use of reference-based pricing and the projected impact on Vermont's hospitals. VEHI, the Department of Human Resources, and the administrator of the ~~SEHBP State Employees' Health Benefit Plan~~ shall provide the Board with access to and explanation of the claims data necessary to perform the analysis.

(b) On or before January 15, 2027, the Green Mountain Care Board shall provide to the House Committee on Health Care and the Senate Committee on Health and Welfare the Board's findings and any recommendations with respect to scope, timing, financial impacts (including financial impacts on Vermont residents not covered by either the SEHBP or VEHI plans), and other considerations in implementing reference-based pricing for items provided and services delivered to enrollees in the ~~SEHBP State Employees' Health Benefit Plan~~ or and in the health benefit plans offered by VEHI.

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Sec. 10. PUBLIC EMPLOYEE HEALTH BENEFIT AUTHORITY STUDY COMMITTEE; STATE TREASURER; REPORT

(a) Creation. There is created the Public Employee Health Benefit Authority Study Committee to evaluate opportunities to establish a State authority to develop and administer comprehensive and affordable health benefits for all public-sector employees in Vermont.

(b) Membership. The Study Committee shall be composed of the following members, who shall each be appointed by the entities they represent:

- (1) the State Treasurer or designee;
- ~~(2) the Commissioner of the Department of Financial Regulation or designee;~~
- ~~(3) one current member of the House of Representatives;~~
- ~~(4) one current member of the Senate;~~
- ~~(5) the Executive Director of the Green Mountain Care Board or designee;~~
- ~~(6) the Executive Director of the Labor Relations Board or designee;~~
- ~~(7) the Commissioner of the Department of Vermont Health Access or designee;~~
- ~~(8) the Commissioner of the Department of Human Resources or designee; and,~~
- ~~(9) the Director of the Office of Vermont Healthcare Reform or designee (*under agency of human services*).~~
- ~~(2) one member representing the Vermont State Employees' Association;~~
- ~~(3) one member representing the Vermont National Education Association;~~
- ~~(4) one member representing the American Federation of Teachers;~~
- ~~(5) one member representing the United Electrical Workers;~~
- ~~(6) one member representing the American Federation of State, County and Municipal Employees;~~
- ~~(7) one member representing the Vermont School Boards Association;~~
- ~~(8) one member representing the Vermont League of Cities and Towns;~~
- ~~(9) one member representing the Vermont State College system;~~
- ~~(10) one member representing the University of Vermont; and~~
- ~~(11) one member representing the Department of Human Resources.~~

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(c) Powers and duties; report.

(1) The Study Committee shall consider the topics set forth in this subsection and produce a report regarding the potential for establishing the Public Employee Health Benefit Authority to provide and administer health plans that would be affordable to Vermont taxpayers and meet the health care and wellness needs of Vermont's municipal, State, public school, and public college and university employees and their dependents. ~~This report shall, including addressing all the following:~~

(A) the ~~manners and structures by which~~ other states provide health benefits ~~are provided to public employees in other states, including Oregon and Washington;~~

(B) the similarities and differences in the level and scope of the cost of coverage, levels of coverage, cost sharing structures, actuarial values, and use of HRAs and/or HSAs provided by current health plans offered to public employees;

(C) the similarities and differences in the current service or contractual agreements negotiated by public-sector parties with commercial health insurers, third-party administrators, and independent clinical and analytical vendors;

(D) uniform design, coordination, and administration of medical and pharmaceutical health plans, care networks, wellness initiatives, and medical privacy protections;

(E) uniform standards and protocols for contract review and negotiations with hospital facilities, nonhospital health care providers, commercial health insurers, third-party administrators, independent clinical and analytical vendors, and pharmacy benefit managers;

(F) streamlined, auditable processes to confirm the integrity and accuracy of billing from and reimbursements to hospitals, nonhospital health care providers, and vendors;

(G) verifiable means by which ~~opportunities~~ to secure substantial and sustainable cost reductions for employees, employers, and taxpayers; and,

(H) monitoring and management of fiduciary risk;

~~(I) Public Employee Health Benefit Authority governance structures, deliberative processes, and equality of decision making by employer and organized labor representatives; staff positions; member and patient advocacy; and problem resolution on behalf of employees and employers;~~

~~(J) uniform standards and systems for collecting, analyzing, and securely transmitting data on clinical, utilization, quality of care, and other essential metrics to support health benefit plan management and vendor needs;~~

~~(K) opportunities to expand participant access to primary care, mental health, and community-based health care services; redirect care from hospitals and their emergency departments to less costly settings; and improve chronic disease management and medication therapy adherence; and~~

~~(L) alignment of Public Employee Health Benefit Authority operations and health benefit plans with the transition to reference-based pricing, global hospital budgets, and regional care transformations directed by acts of the General Assembly, including 2024 Acts and Resolves No. 134 and 2025 Acts and Resolves Nos. 55 and 68.~~

(2) The Study Committee shall provide recommendations regarding:

~~(A) a detailed blueprint, with timelines, to design, build, and launch the Public Employee Health Benefit Authority;~~

~~(AB) the need, if any, for independent consultants or advisory personnel for establishing the Public Employee Health Benefit Authority and, going forward, to support its mission, on a regular or intermittent basis; and~~

~~(B) the need for various analyses, including financial viability, funding mechanisms and administration, cost structure, premium deficits, and required reserves;~~

~~(C) the projected costs of creating and annually funding the Public Employee Health Benefit Authority; and~~

~~(D) the projected costs of annually funding the Public Employee Health Benefit Authority.~~

(3) On or before ~~December~~ ~~February~~-15, 2027, the Study Committee shall submit a report detailing the information set forth in subdivisions (1) and (2) of this subsection to the General Assembly and the Governor.

(d) Assistance. The Study Committee shall have the administrative, technical, and legal assistance of the ~~Department of Financial Regulation~~ ~~Office of the State Treasurer~~ and may engage the services of one or more consultants or firms to assist with facilitating meetings and public hearings and preparing its report.

(e) Meetings.

(1) The State Treasurer or designee shall call the first meeting of the Study Committee to occur on or before August 15, 2026.

(2) The State Treasurer or designee shall be the chair.

(3) A majority of the membership shall constitute a quorum.

(4) The Study Committee shall cease to exist on ~~January~~ ~~March~~ 1, 2028~~7~~.

(f) Public hearings. The Study Committee shall schedule at least four (4) public hearings, both remote and in person, to allow Vermont residents and tax payers to share their support or

concerns with the creation of a Public Employee Health Benefit Authority and public-sector employers and employees the opportunity to share their health care needs and concerns with the Study Committee before the issuance of the Study Committee's report.

(g) Access to information. Commercial health insurers, third-party administrators, ~~the Vermont Education Health Initiative (VEHI), UVM, Vermont State Colleges, Vermont League of Cities and Towns, the Department of Human Resources,~~ and clinical and analytical vendors that serve the public sector shall provide full and timely access to the Study Committee, with appropriate nondisclosure agreements in place as needed, to:

- (1) their service contracts or agreements with relevant public-sector entities; and
- (2) any data, ~~including claims, actuarial, financial, and other data,~~ that the Study Committee requests, including but not limited to enrollment, eligibility, claims, actuarial, and financial data.

(h) Compensation and reimbursement. Members of the Study Committee shall not receive per diem compensation and reimbursement of expenses for their participation on the Study Committee.

(i) Appropriation. The sum of \$50,000.00 is appropriated to the Department of Financial Regulation~~Office of the State Treasurer~~ from the General Fund in fiscal year 2027 to pay for the services of one or more consultants or firms.