



To: House Health Care Committee

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

Re: S.190 Draft 1.1

Date: May 7, 2026

Thank you for the invitation to testify on draft 1.1 of 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.

Following up on my testimony provided last week, VSBA appreciates the removal of the language in sections 4 and 10 of S.190 as passed by the Senate. With the addition of Vermont Education Health Initiative (VEHI) to the move toward reference based pricing, there is no need for the previous sections 4 and 10.

Additionally, I want to be clear that VSBA supports the changes in draft 1.1 that add VEHI to the entities that will benefit from the Green Mountain Care Board's limitations on hospitals' commercial reimbursement rates.

We greatly appreciate the newly reworked section 4 covering cost containment in health benefit plans for school employees. That section puts guardrails on the duties of the Commission on Public School Employees' Health Benefits by requiring that the actuarial value of any health benefit plan offered to school employees, inclusive of any out-of-pocket expenses for which the school employer is responsible, shall not exceed that of the qualified health benefit plan with the highest actuarial value offered through the Vermont Health Benefit Exchange.

During testimony last week, one of the Committee members had a question about the definition of actuarial value. Actuarial value is the **percentage of total average costs** for covered benefits that a plan will cover. For example, if a plan has an actuarial value of 70%, **on average**, a person could be responsible for 30% of the costs of all covered benefits. However, your responsibility could be higher or lower, depending on your actual health care usage and the terms of your insurance policy. <https://www.healthcare.gov/glossary/actuarial-value/>

The VEHI Gold CDHP Plan, including the HRA (which is paid for completely by taxpayers) has an actuarial value of 97.6-98.6% meaning, on average, school employees pay between 1.4-

2.4% of their claims costs. The actuarial value of the VEHI Gold CDHP Plan as designed is 88.3%, so the HRA adds 9.3-10.3% to that value.

We also appreciate the requirement in section 4 that participating employees shall bear first dollar responsibility. Currently, the employers (taxpayers) have first dollar responsibility which means that employees pay no deductible.

With the addition of the new language in section 4, the legislature is taking a meaningful step to address health benefits as a cost driver in property taxes. I'd like to take a moment to share information from one school district about the growing impact of health benefits on school budgets.

In March of this year, the voters of Champlain Valley School District approved a FY27 budget of \$107.9M. Of that \$107.9M, \$18.8M is for health benefits (including HRA funding) - that's 17% of their budget. For context, in FY21 actual health benefit expenses were 14% of their budget at a cost of \$11.6M. This is not an apples to apples comparison because the school board cut over 80 positions from the budget in the intervening years. There is nothing left in their budget to cut that would not impact current programming. This illustrates the enormity of this issue - the cost of health benefits is outpacing the level of cuts school boards are able to make and still provide students with the level of education Vermonters expect from their schools.

In conclusion, we urge you to support draft 1.1 of S.190. It is an important step in limiting the extraordinary growth in health benefits costs paid by Vermont taxpayers. As you will hear from Attorney Joe McNeil, such a decision is both legally permissible and a desirable guardrail the Legislature can establish in the public interest. Thank you for the opportunity to testify on this critical issue.