

Vermont Education Health Initiative
Board of Director's Meeting

February 25, 2015

Present: Tracy Wrend, Mark Hage, Joel Cook, Martha Gagner, Elizabeth Fitzgerald, Laura Soares, Joe Zimmerman and Chris Roberts (present for quarterly financials and preliminary budget discussion)

The meeting was called to order at 9:01 a.m., by Chair, Tracy Wrend

Approve Minutes of November 12, 2014 and December 8, 2014

Mark Hage made a motion, seconded by Martha Gagner to approve the minutes of the November 12, 2014 and December 8, 2014 Meetings. The board approved the minutes as written.

Enter into Agreement with Auditor for FY 15 audit

Chris Roberts summarized her memorandum of February 25, 2015 covering the agreement with Sullivan Powers to perform an audit of VEHI's financial procedures and records. The Board did discuss its options to use a different auditing firm, but agreed to continue VEHI's practice of using Sullivan Powers for their expertise with respect to "pooling" entities like VEHI. Martha Gagner made a motion, seconded by Mark Hage to approve the agreement with Sullivan Powers. The Board approved the motion.

Review and Accept Quarterly Financials as of 12-31-14

Chris Roberts summarized her February 25, 2015 memorandum concerning VEHI's financial status. Chris indicated that all financial targets are being met as planned. Chris did highlight the end of the UNUM retention payments as VEHI is no longer endorsing the UNUM Long Term Disability and Life products. The accumulated amount (\$4,009.38) will be allocated to VSBIT administrative expense, resulting in a small reduction in the funding from the health and dental programs to offset. Mark Hage made a motion, seconded by Martha Gagner to accept the quarterly financial report as summarized by Chris Roberts. The Board accepted the report.

Review and Accept 2015 Business Plan prior to submission to DFR

Laura Soares summarized the 2015 Business Plan. DFR requested an updated Business Plan as a result of the state not going forward with Green Mountain Care at this time. Mark Hage made a motion, seconded by Martha Gagner to accept the revised 2015 Business plan. The Board voted to accept the Business plan and forward a copy to the DFR as requested.

Discuss Job Description of VEHI President for potential adoption

The job description for the VEHI President was discussed for potential adoption at a future meeting.

Initial discussion FY 16 Service Agreement with Vermont-NEA

VEHI and the Vermont-NEA are reviewing the Service Agreement that describes the services the Vermont-NEA annually provides VEHI. Mark Hage reported that the Vermont-NEA will add indemnification language to their agreement as VSBIT did last year. Both VEHI and the Vermont-NEA will want to be sure the agreement outlines the services VEHI requires from VT-NEA, with an appropriate expense reimbursement. Mark Hage will provide the current formula for determining reimbursement at the next meeting. All Board members will consider what services are needed going forward. The Agreement will be revised as needed and finalized at a future meeting.

Discuss future of VEHI's Health Program and Legislative Updates and Discussions on Potential Positions (agenda items 7 and 9)

Laura Soares summarized the Trust Administrator's memorandum of February 20, 2015 concerning the future of VEHI's Health Program. While GMC will not move forward as planned by the Shumlin Administration, VEHI's Health Program continues to face serious challenges in order to continue to serve member school districts, as current health plans still face the restrictions of the ACA with respect to grandfathered status due to state law. The Board discussed the challenges and options available and unanimously agreed with the following concepts:

1. Grandfathered limitations prevent VEHI from 'reconceptualizing' health plans to respond to the changing context in which we operate. In the post-GMC world, VEHI can provide value in offering affordable, competitive and cost-effective health plans if not limited by the restrictions of grandfathered status.
2. The preference of the Board is to secure as soon as possible the authority to serve all size school districts without grandfathered limitations, but if that is not allowed the Board is interested in serving large districts and the VSTRS without grandfathered limitations.
3. Plan 'reconceptualization' should get underway this spring, even without the broader authority, to allow for new plans to be available in FY18 for eligible members.

Further, the Board authorized the Trust Administrators to take the following actions:

1. Intensification of ongoing discussions with BCBSVT and DFR to explore the viability of converting VEHI into an ASO;
2. Pursue legislative actions to allow VEHI to serve all member schools without grandfathered limitations;
3. Formally explore ways to restructure the delivery and to lower the costs of our pharmaceutical benefits;
4. Go out to bid on stop-loss coverage no later than for FY 18;
5. Examine, with assistance from BCBSVT, whether VEHI can remain viable financially if it served only large employers and VSTRS;

6. Evaluate the impact on members and the benefits' program as a whole of closing the JY, \$0 and \$100 Comp Plans prior to implementation of the excise tax.

The Board will be kept apprised of activities in these areas ahead of the next meeting of the Board. Martha Gagner made a motion, seconded by Joel Cook to proceed with the above as discussed. The Board approved the motion unanimously.

Initial FY 16 Budget Discussion Memorandum (agenda item 8)

Laura Soares summarized her February 25, 2015 memorandum covering the FY 16 Budget. In regards to increased investment in Wellness, the Board expressed reservations. Given the uncertain future of the health program and the need for a strong financial position as discussions proceed, the Board is hesitant to increase investment in this area at this time. In addition, staff will be working with BCBSVT data system to analyze the impact of the program on claims; this data will better allow VEHI to target any additional investments. No decisions were made, however, and a draft budget will be provided at the April meeting.

Pharmacy Benefit Management Contract Discussion

The Trust Administrators are pursuing a relationship with a company that could possibly save BCBSVT and VEHI Prescription drug claims cost. The company would help BCBSVT achieve the best possible Rx contract terms, resulting in savings. The Trust Administrators will keep the Board up-to-date at a future meeting.

Update Scope of work for Invest EAP

Laura Soares and members of the wellness team will be meeting with Invest EAP to confirm service expectations in the area of Management and Workplace Services. The goal is to ensure the scope of the program is working as intended to benefit both employers and employees without compromising roles and responsibilities.

Updates on Dental and Life/LTD Programs

Laura Soares updated the Board with respect to the Dental and Life/LTD programs. These programs are performing as anticipated. The Dental Program with Northeast Delta Dental is financially sound and as of this reporting period is increasing the Program's net position. The previous program with UNUM was replaced with Lincoln Financial. This new program has already exceeded the membership of the UNUM program and is priced to save members money. Gallagher Benefit Services helped VEHI develop this program.

Next Meeting: April 27, 2015

Adjournment

There being no further business, the meeting adjourned at 12:04 p.m.

Respectfully submitted by: Joseph Zimmerman