

Status of Statewide Healthcare Bargaining for Educational Employees

As of December 1, 2021
following Arbitration Panel Decision

Status of Statewide Healthcare Bargaining

Logistics

1. Bargaining began in April
2. Neither an intense 3-day facilitated negotiation nor a 2-day mediation resulted in an agreement, but helped frame key issues
3. Three days of Fact Finding presentations and witness testimony ended on August 12
4. The Fact Finder's report was issued September 15
5. Second mediation occurred September 29
6. Last/Best Offer Arbitration Hearing occurred November 1–5
7. Arbitration Panel's Decision issued December 1

Status of Statewide Healthcare Bargaining

Goals

1. Collectively, schools are in the business of providing an equitable public education to K–12 students in Vermont at a cost the community will support.
2. Benefits should be competitive (attraction and retention purposes), comparative (to other private and public employers in Vermont), and fair and practicable for all parties
3. We seek equitable cost-sharing of this high-quality benefit which represents a significant portion of total compensation. This benefit represents an insurance risk pool and employers (aka taxpayers) should not be expected to cover the vast majority of the risk
4. Benefits should be easy to administer, have suitable coverage, and be sustainable within the state
5. Employees should have access to information so that they can make informed decisions regarding plan choice and cost-effective use of these benefits

Status of Statewide Healthcare Bargaining

Bargaining Issues

1. Premium share between employers and employees (school employees except Superintendent) – both parties agreed to fact-finding recommendation prior to LBO
2. Out-of-Pocket (OOP) share for same
3. Eligibility (part-time/full-time status) – ER conceded at LBO
4. Statewide grievance procedure
5. Cash-in-lieu (CIL) standardization – ER conceded at LBO

Status of Statewide Healthcare Bargaining

Considerations in Local Bargaining

1. Terms of a Statewide arbitration panel award on healthcare benefits go into effect January 1, 2023–December 31, 2025
2. First and now second Arbitration award has resulted in increased expense to most Districts/SU's with plan AV values up to 97–98%
3. Current benefits are second to none in state and country and represent increasing operating costs to local budgets
4. Wage increases have outpaced employee premium and OOP growth?
 - Up until 2021, employees are basically paying the same amount for healthcare benefits as they did, on average, in 2017
 - [Campaign for Vermont Wage Report](#)
5. Impact of labor availability on full and part-time employment?

VEHI Monthly Premium History

Fiscal Year	Health Plan	Monthly Premium		
		Single	2-Person	Family
2017	2017 VHP	\$ 752.41	\$ 1,478.99	\$ 1,982.66
2018	2018 Gold CDHP	\$ 523.29	\$ 982.75	\$ 1,449.51
2019	2019 Gold CDHP	\$ 576.11	\$ 1,081.95	\$ 1,595.82
2020	2020 Gold CDHP	\$ 643.86	\$ 1,209.20	\$ 1,783.50
2021	2021 Gold CDHP	\$ 726.60	\$ 1,364.59	\$ 2,012.69
2022	2022 Gold CDHP	\$ 796.32	\$ 1,495.54	\$ 2,205.83
2022	VHP Trended 5.5%/year	\$ 983.37	\$ 1,932.98	\$ 2,591.26

Status of Statewide Healthcare Bargaining

Current (through December, 2022)

Employee Premium % Contribution

Licensed:

Y1 (CY 21): 80/20

Y2 (CY 22): 80/20

Non-licensed:

CY 21 Freeze (Average 84/16)

CY 22 2% increase not to exceed 20%

Employee Last Dollar Out of Pocket Liability

Licensed \$400 single tier/\$800 all others

(Employer \$2,100 single/ \$4,200 all others)

Non-licensed: \$300 single tier/\$600 all others

(Employer \$2,200/\$4,400)

Eligibility: 17.5 hours is minimum threshold, Full Time status defined locally

Grievance: Statewide process through full Commission and Arbitration if necessary; Union and/or School districts can have issues addressed on interpretation or implementation of terms

Cash in Lieu: Follow legislative guidance prohibiting an employee who is enrolled as a dependent on another VEHI plan from receiving CIL; otherwise negotiated locally

Arbitration Award (effective 1/23-12/25)

Employee Premium % Contribution

Licensed:

CY 23 80/20

CY 24 80/20

CY 25 80/20

Non-licensed:

CY 23 1% EE increase not to exceed 20%

CY 24 1% EE increase not to exceed 20%

CY 25 1% EE increase not to exceed 20%

Employee Last Dollar Out of Pocket

Licensed: \$600 single tier/\$1,000 all others

(Employer \$1,900/\$4,000)

Non-licensed: \$300 single tier/\$600 all others

(Employer \$2,200/\$4,400)

HSA Option

- ▶ With employee selection of Silver CDHP plan option only:

Employer contribution is...

- Licensed \$1,900/\$4,000
- Unlicensed \$2,200/\$4,400

Maximum Potential Employee Last Dollar OOP Exposure for Full Calendar year

Annual Potential Cost	Teachers and Administrators Single/All Other Tiers	All Other Employees Single/All Other Tiers
2023	\$600/\$1000	\$300/\$600
2024	\$600/\$1000	\$300/\$600
2025	\$600/\$1000	\$300/\$600

As testified in Arbitration, more than 70% of employees will not incur any OOP costs based on most recent claims history

Maximum Potential Employee Last Dollar OOP Exposure for Full Calendar year with Pre-tax Dollars

Employees can utilize an FSA to put aside, on a monthly basis, pre-tax dollars for their potential OOP responsibilities. Employees have the full FSA value available on the first day of the year. The pre-tax savings averages 30%.

Annual Potential Cost w/ FSA	Teachers and Administrators Single/All Other Tiers	All Other Employees Single/All Other Tiers
2023	\$420/\$700	\$210/\$420
2024	\$420/\$700	\$210/\$420
2025	\$420/\$700	\$210/\$420

Future Key Dates

- 2022 – 2023 Legislative Discussion?
- Spring, 2024 – Bargaining Commences for 2026 and beyond
- Fall, 2024 – Settled Agreement or Award no later than December

Gold CDHP Calendar Year Costs

	Single Tier	Family/Other Tiers
Total Maximum Out of Pocket Medical and Rx Combined	\$2,500	\$5,000

An employee can utilize an FSA to set aside pretax their share of OOP, allowing the full amount available to spend on January 1, but have the amount taken out of their paychecks throughout the year. The average tax savings is 30% (<https://www.fsafeds.com/explore>).

OOP and Claims “Deep Dive”

Who Pays What When

- ▶ Licensed Single
- ▶ Licensed All other
- ▶ Non-Licensed

Licensed Professional Employees (Teachers and Administrators)

Who Pays What When

SINGLE

HRA Value \$1,900

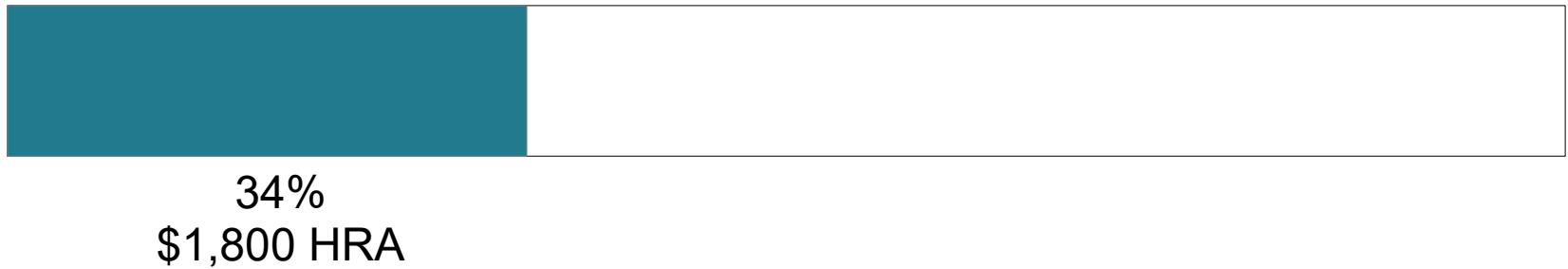
An Employee needs to incur a minimum of \$5,300 in claims* in order to reach the OOP maximum of \$2,500 and draw down their full \$600 OOP exposure.

100%

*Excludes preventive care and Wellness Rx always covered 100% by VEHI

Who Pays What When SINGLE

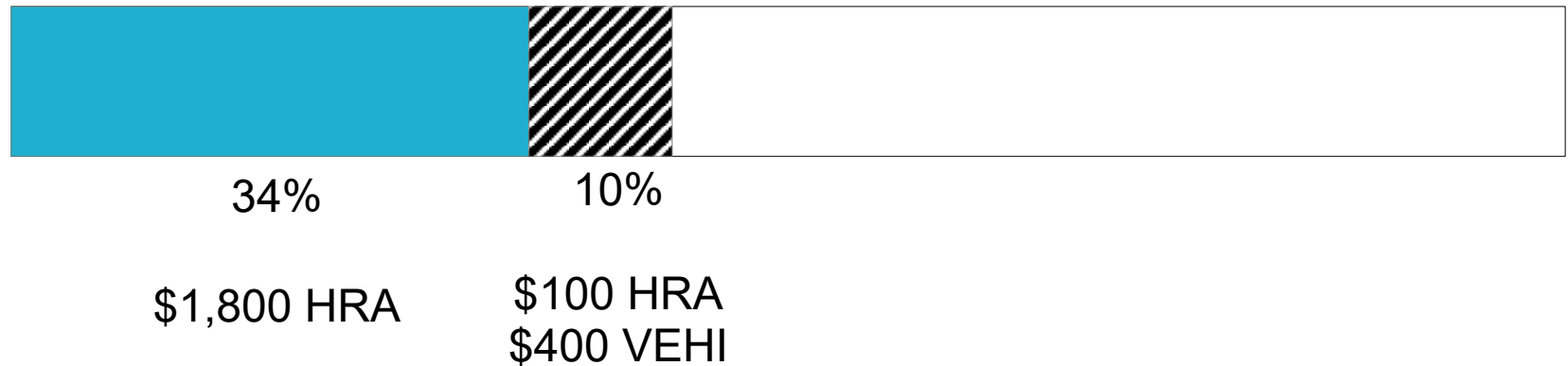
First Dollar Deductible Covered by Employer-Funded HRA



For every \$10 incurred, the HRA covers \$10

Who Pays What When SINGLE

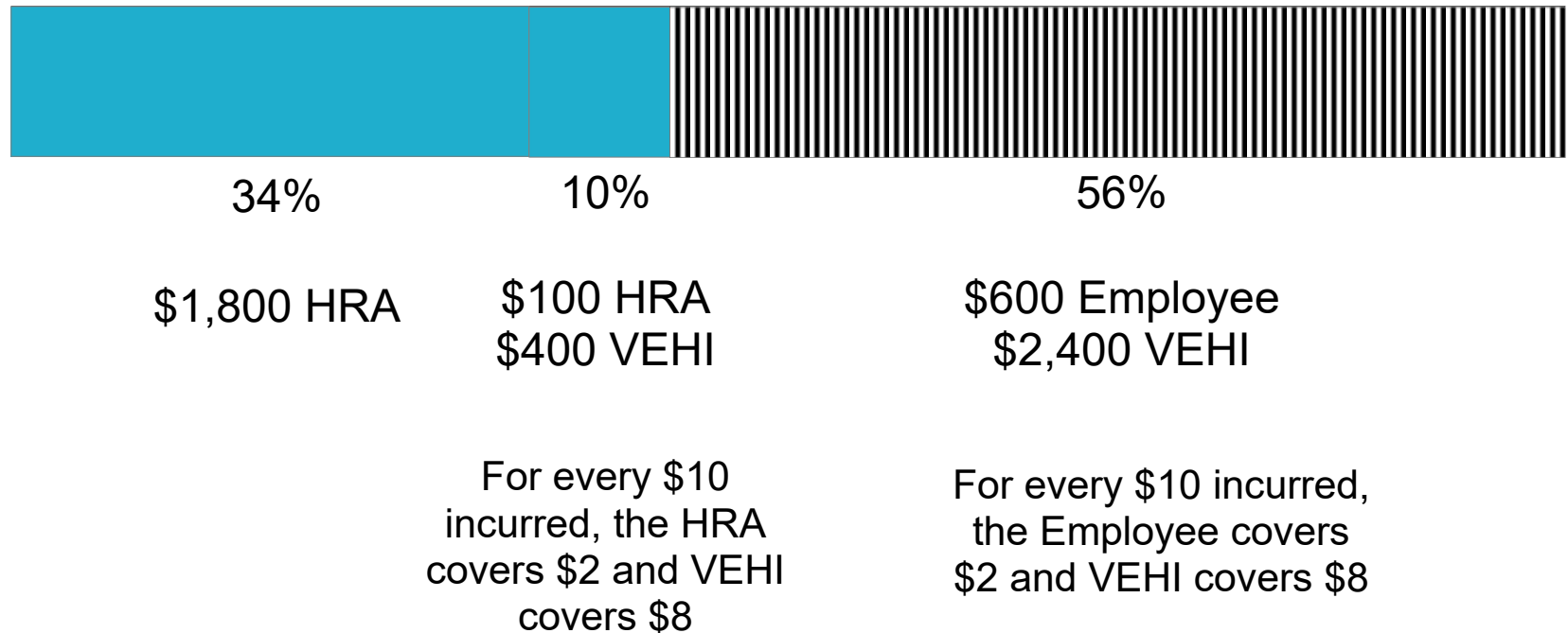
Combined VEHI / HRA Coinsurance Coverage 80/20



For every \$10 incurred, the HRA covers \$2 and VEHI covers \$8

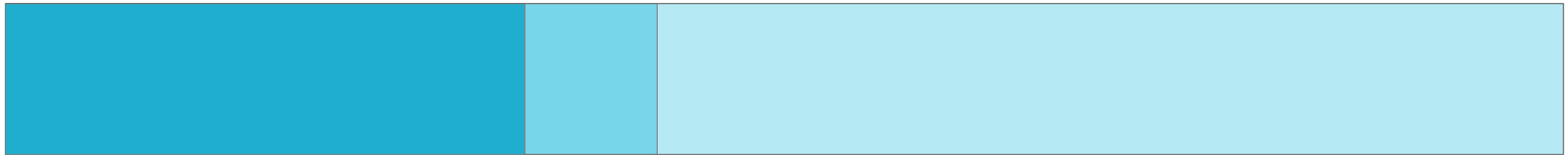
Who Pays What When SINGLE

Combined VEHI / Employee Coinsurance Coverage 80/20



Who Pays What When SINGLE

Beyond \$5,300 in claims – 100% VEHI Coverage



Once the annual \$2,500 OOP maximum is reached, VEHI covers 100% of any additional cost for the calendar year.

Who Pays What When ALL OTHER TIERS HRA VALUE \$4,000

An Employee needs to incur a minimum of \$10,600 in claims* in order to reach the OOP maximum of \$5,000 and draw down their full \$1,000 OOP exposure.

100%

*Excludes preventive care and Wellness Rx always covered 100% by VEHI

Who Pays What When ALL OTHER TIERS

First Dollar Deductible Covered by Employer-Funded HRA



34%

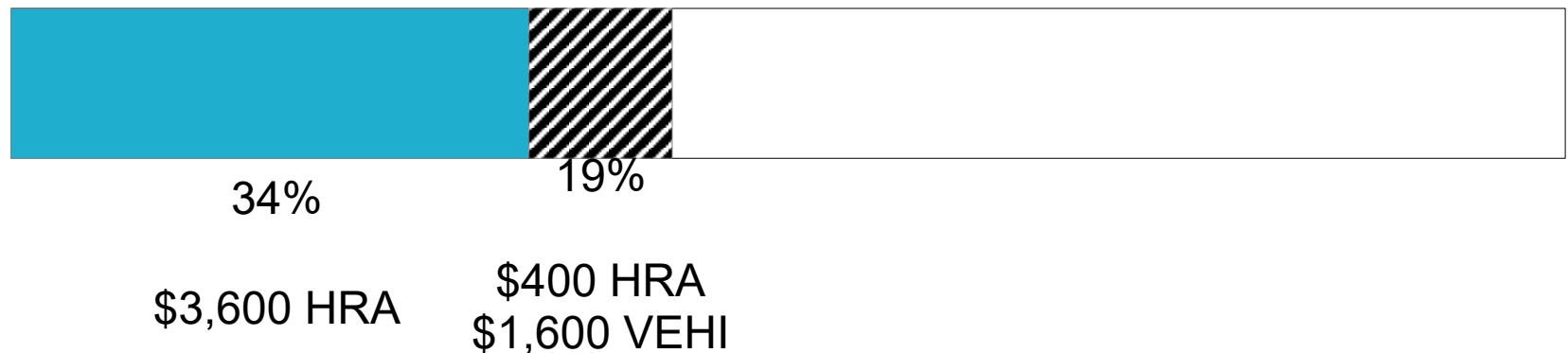
\$3,600 HRA

For every \$10 incurred,
the HRA covers \$10

Who Pays What When

ALL OTHER TIERS

Combined VEHI / HRA Coinsurance Coverage 80/20

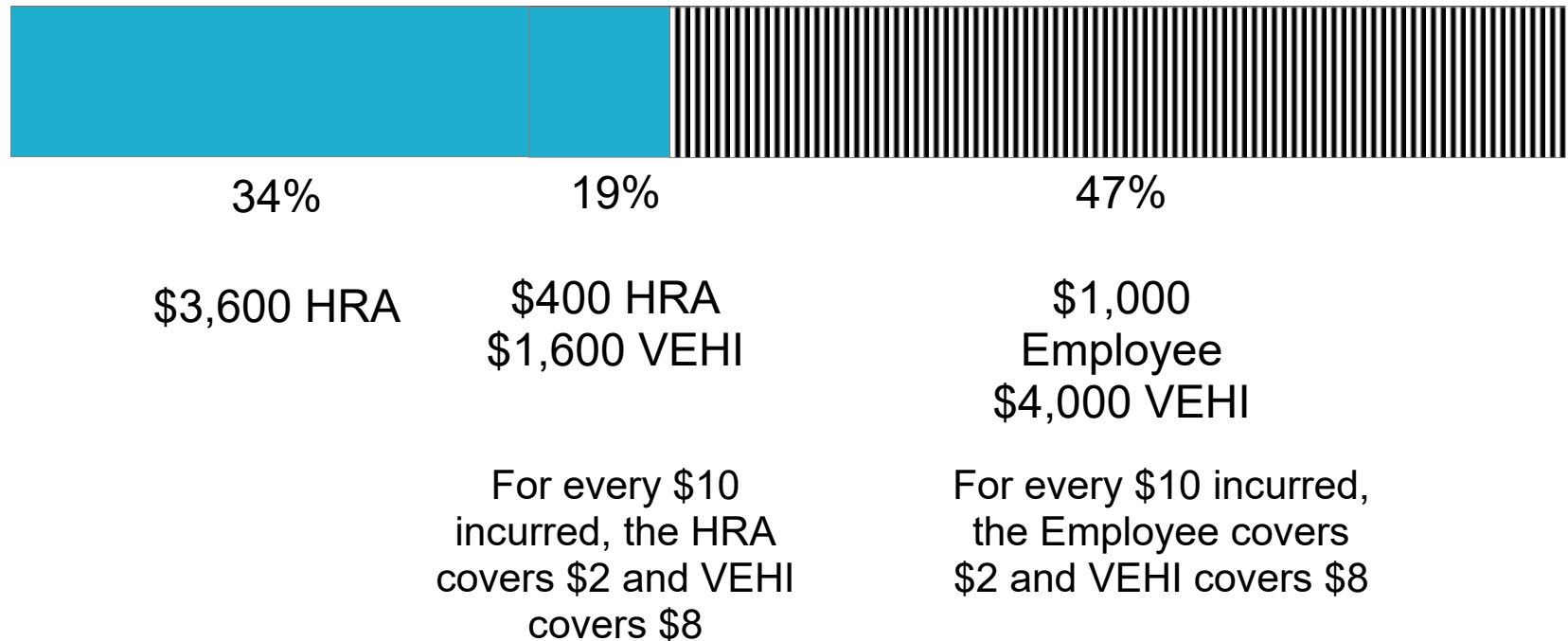


For every \$10 incurred, the HRA covers \$2 and VEHI covers \$8

Who Pays What When

ALL OTHER TIERS

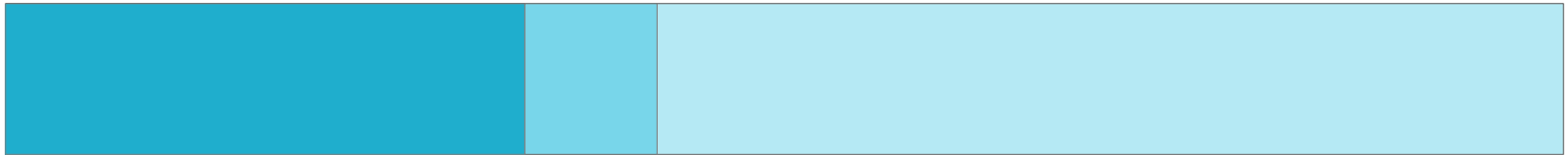
Combined VEHI / Employee Coinsurance Coverage 80/20



Who Pays What When

ALL OTHER TIERS

Beyond \$10,600 in claims – 100% VEHI Coverage



Once the annual \$5,000 OOP maximum is reached, VEHI covers 100% of any additional cost for the calendar year.

All Other School Employees

Who Pays What When

HRA VALUE \$2,200

An Employee needs to incur a minimum of \$5,300 in claims* in order to reach the OOP maximum of \$2,500 and down their full \$300 OOP exposure.



100%

*Excludes preventive care and Wellness Rx always covered 100% by VEHI

This example reflects an employee on a single plan. All numbers are doubled for an employee on 2-person, parent-child or a family plan.

Who Pays What When

First Dollar Deductible Covered by Employer-Funded HRA



34%*

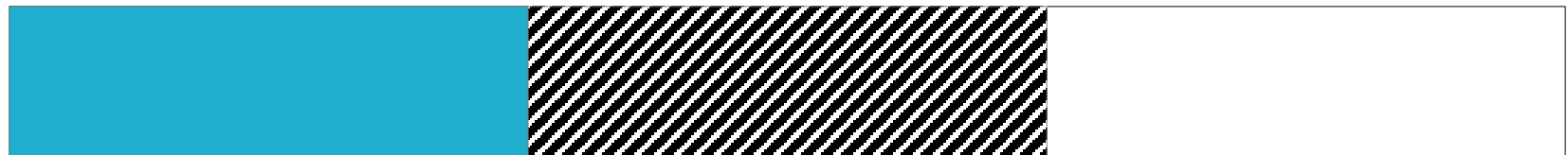
\$1,800 HRA

For every \$10 incurred, the HRA covers \$10

*This percentage covers 100% of the deductible and constitutes 86% of the HRA

Who Pays What When

Combined VEHI / HRA Coinsurance Coverage 80/20



34%

\$1,800 HRA

38%

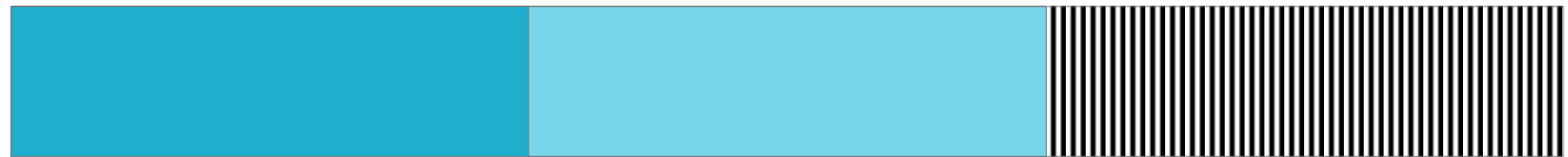
\$400 HRA
\$1,600 VEHI

For every \$10 incurred, the
HRA covers \$2 and VEHI
covers \$8

72% of the maximum is paid before the employee pays any OOP

Who Pays What When

Combined VEHI / Employee Coinsurance Coverage 80/20



34%

38%

28%

\$1,800 HRA

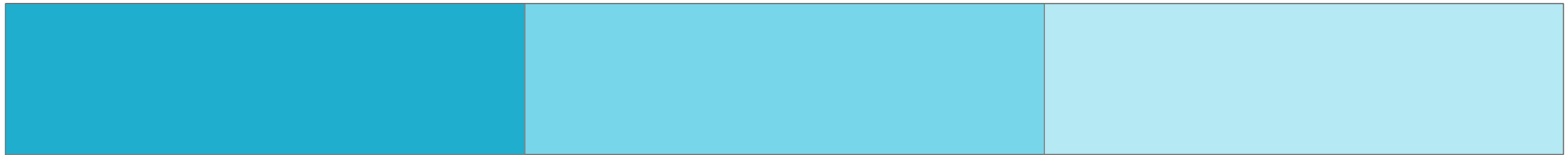
\$400 HRA
\$1,600 VEHI

\$300 Employee
\$1,200 VEHI

For every \$10
incurred, the
Employee covers \$2
and VEHI covers \$8

Who Pays What When

Beyond \$5,300 in claims – 100% VEHI Coverage



Once the annual \$2,500 OOP maximum is reached by HRA and Employee, VEHI covers 100% of any additional cost for the calendar year.