

# VERMONT



## SCHOOL BOARDS ASSOCIATION

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*Great Governance, Excellent Education, Strong Communities*

August 2022

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Green Mountain Care Board:

All of Vermont should be concerned about the University of Vermont Medical Center's proposed 20% increase to its current rate structure. It serves as a wake up call for all of us in the medical benefits community to take a laser-like focus on reducing the growth of health care expenses in our state. Writing as an active participant in the discussion of health benefits for educational employees, we feel strongly that unless all of us in the health sector take a collaborative approach to this challenge now, growing medical costs will crowd out important investments for the future of our children.

The cost of medical benefits for Vermont public schools climbed dramatically in recent years. This statewide benefit covers over 14,000 employees and close to 35,000 lives when dependents are included. Despite a relative low increase of 5% in FY23, the compound rate in policy premiums paid by our school districts and teachers since FY19 averaged close to 10%. To put this in family dollar terms, the annual cost of insuring a family in our most popular plan rose from \$19,149.50 in FY19 to \$27,847.92 in the current FY23. When you add out-of-pocket expenses paid by school districts and employees, the figure can increase by up to \$5,000 per policy ... bringing the total family cost to nearly \$33,000.

A resumption of double digit annual rates of 10% in the future would raise the annual premium expense to \$33,696 in FY25. If the cost of medical care continued at this level through the end of the decade, the annual premium cost of insuring one Vermont family in FY30 reaches \$54,267. When we factor in annual added out-of-pocket expenses, the total medical expenditure for a family is close to \$60,000.

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We cannot let this happen.

Even before this latest proposal from the UVMMC, the growth in the cost of medical benefits has been crippling investments in education. In FY19, medical benefits consumed less than 10% of an average school district budget. By FY23, the share of annual education expenses allocated to employee health care rose to 13%. What this means is that local school districts were forced to limit direct spending on education to manage overall expenses.

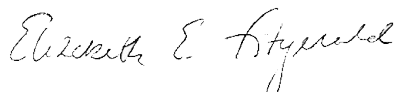
Continued double digit growth in medical expenses will create two choices for Vermont local school districts. One option is to continue to cut back on vital education investments to keep overall expenses growing at a reasonable rate. The other alternative is to simply pass along the added expenses to our Vermont friends and neighbors via higher tax rates.

We cannot let this happen.

All of us connected to healthcare in Vermont have a responsibility to step up to this challenge. The Vermont Employer Healthcare Commissioners look forward to working collaboratively with Vermont Education Healthcare Initiative and the Employee Commissioners starting this fall in an effort to uncover real steps to be taken that can lower the growth rate of medical expenses in our education community. We ask that UVMMC make a similar effort and reconsider what else they can do to minimize their proposed rate increase.

We must make this happen.

Respectively,



Vermont Employer Healthcare Commissioners

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Visit our web site at: [www.vtsba.org](http://www.vtsba.org)