

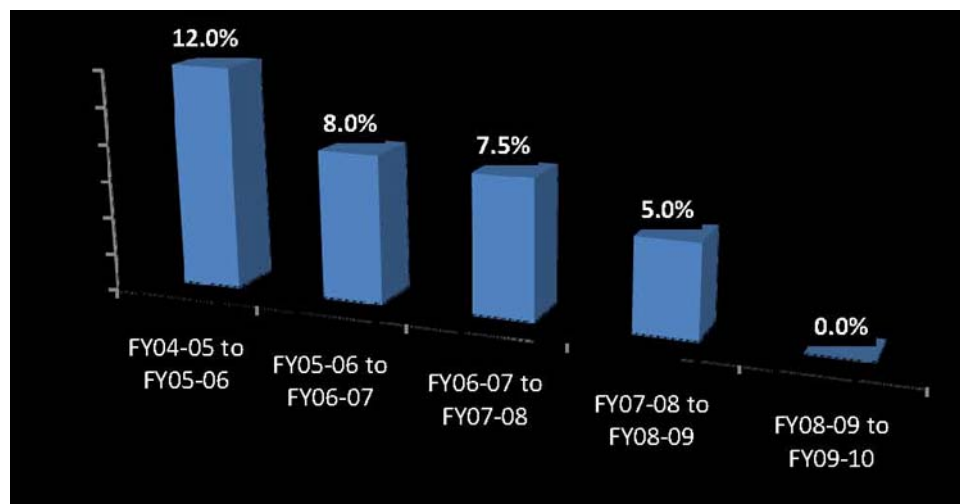
THE VSBIT PURPOSE

The Vermont School Boards Insurance Trust (VSBIT) was formed in 1978. Since that time VSBIT has been providing insurance and management services for Vermont School Districts. VSBIT is a non-profit corporation owned by member school districts and is under the supervision of a Board of Directors consisting of a School Board Member, one Superintendent, one School Business Official and two Directors at Large, elected by the Trust's members at its Annual Meeting.

Vermont Education Health Initiative

The Vermont Education Health Initiative (VEHI) has completed its twelfth year as an organization. VEHI, which operates health, dental, and long term disability insurance programs for school districts, **is managed jointly by VSBIT and the Vermont-NEA.**

With the rising cost of health care, VEHI carefully reviewed health insurance claims data and trend information in order to determine the new rates effective July 1, 2008. Because this is an important part of a school's budget, notifying districts as soon as possible concerning any pending rate adjustment continues to be a key objective at VEHI. In line with that, VEHI announced for the sixth consecutive year a "number" that effectively became the "cap" which the actual rate adjustment for the coming year would not exceed. It is VEHI's plan to announce the "cap" this year, during the first week of November, with additional information to help schools in their budget process as soon as possible. The actual rate adjustment was announced, as in the past, during the first week of January. The new rates continue to be the result of high utilization of expensive diagnostic equipment, increased utilization of health care services due to the chronic nature of many illnesses, the high cost of prescription drugs, and the cost shift from Medicare, Medicaid and uncompensated care.



Developing a strategy to control the rising cost of prescription drugs is a priority. VEHI continues to focus on two areas that effect cost, namely plan design and utilization. Currently VEHI offers prescription drug coverage through a three-tier co-pay (\$6 for generic drugs, \$12 for preferred brand name drugs and \$24 for nonpreferred brand name drugs) program. During the coming year, VEHI will further its discussions with respect to plan design changes which will encourage covered members to be more aware of the cost of prescription drugs and encourage the use of generic alternatives.

VEHI, in cooperation with Blue Cross Blue Shield made available to its members, effective July 1, 2005, a care management program to help those affected by the growing number of chronic illnesses, such as asthma, diabetes and pulmonary disease. Some of the care management components include: individual case management, a nurse call-line, pharmaceutical assistance and educational materials. The majority of VEHI's costs are

related in some way to chronic illness. Programs such as these are very important, as they help to slow the growth of health care cost.

VEHI also continues its efforts to encourage school district employees to lead healthy lifestyles and become sophisticated consumers of health care services. Listed below are some of the services already available to school district employees:

- Annual employee "PATH" wellness contest (attracts over 6,500 participants)
- The new "Healthy Life Survey"
- Health promotion related workshops
- Written resource materials
- "The Good Care Guide" helpful hints on navigating the health care system
- Self Care Handbook supported by an Internet based resource library

VEHI Health Program

VEHI currently offers a variety of traditional fee-for-service plans, as well as its "Dual Option Plan", which gives employees a choice between a managed care plan and a more traditional fee-for-service comprehensive plan with deductibles. All health benefit plans offered through VEHI are administered by Blue Cross Blue Shield of Vermont. As opposed to commercial health plans, any funds not needed to pay claims and other direct costs associated with the plan are returned to members.

Health Plans currently available through VEHI include:

- The Dual Option, which gives employees the choice between the Vermont Health Partnership (VHP), a point of service plan or a fee-for-service comprehensive plan with a \$250 deductible
- JV with Managed Benefits, a fee-for-service plan
- Comprehensive with no deductible, a fee-for-service plan
- Comprehensive with \$100 deductible, a fee-for-service plan
- Comprehensive Plus Plan with a \$1,000 deductible

All the plans offer virtually identical covered services. The variations occur in the plan's payment terms: each offers slightly different member out-of-pocket arrangements. Each group (school district) that purchases health benefit plans through VEHI chooses the plans offered to its employees.

Plan Name	*Managed Parity			**Unmanaged Parity		
	Single	2-Person	Family	Single	2-Person	Family
Dual Option	\$6,346	\$12,474	\$16,722	N/A	N/A	N/A
JY	\$7,124	\$14,047	\$18,890	\$7,266	\$14,324	\$19,263
\$0 Comp	\$6,686	\$13,529	\$18,192	\$7,002	\$13,799	\$18,554
\$250 Comp	N/A	N/A	N/A	\$6,390	\$12,572	\$16,896
\$1000 Comp	\$5,077	\$9,978	\$13,380	\$5,180	\$10,179	\$13,647

* Managed Parity may must select **mental** health provider from a list.

** Unmanaged parity may select from any **mental** health provider.

Details of health plan offerings can be found in the Benefits Guide of the Vermont Education Health Initiative available through the VSBIT Office.

VEHI Dental Program

The VEHI Dental Plan began on July 1, 2000. It is a self-funded program, administered by Northeast Delta Dental. Five basic plan options are available through the VEHI Program, however, districts currently obtaining coverage directly with Delta Dental may enroll in the

VEHI Program with their existing plan. While rates do depend on the size and claims history of each group, prices are generally 3-5% below existing Delta rates. Further savings will be realized as participation in the program increases.

Plans currently offered through the VEHI Dental Program are:

FY08 VEHI Dental Rates and Coverage

Plan	Preventative	Deductible	Basic	Major	Annual Max	FY08 Est. Monthly Premium		
						Single	2-Per	Family
1	100%	\$0	90%	60%	\$1,500	\$44	\$85	\$144
2	100%	\$0	80%	50%	\$1,500	\$37	\$71	\$119
3	100%	\$25	80%	50%	\$1,000	\$35	\$66	\$112
4	100%	\$50	100%	50%	\$1,000	\$47	\$89	\$150
5	100%	\$0	100%	NA	\$750	\$46	\$88	\$148

*This plan does not include orthodontics. Orthodontic coverage may be added to plans 1-4. This is available for children only or with both child and adult coverage. Detailed information on the Dental Program is available through the VSBIT Office.

IMPORTANT: Because individual school districts' dental plans are **experience rated**, premium increases will vary. Please ask your business manager to supply rates for your school district if your employees are already enjoying this benefit.

VEHI Long Term Disability and Life Program

Since July, 2002, VEHI has offered high-quality Long Term Disability and Life plans in partnership with Unum/Provident.

Key Features of the Program Include:

- **Affordable Premium Rates:** Plans are often priced below competing plans on the market. This is possible, in part, because there are no agent or broker fees built into our premium rates.
- **Flexible Design:** Groups with an existing L TD plan with another carrier, a plan can be designed that mirrors their present coverage. Groups with no current L TD plan can choose between the two plans currently offered by VEHI (60% monthly income benefit or 66.67% monthly income benefit).
- **Life Insurance Coverage:** Benefits are available to districts that purchase L TD through VEHI in \$10,000 increments up to 5 times an employee's salary or \$500,000, whichever is less
- **Advocacy:** VEHI stands behind its products and services. As with all VEHI programs we will do everything possible to see that the L TD programs run smoothly and efficiently.

To receive price quotes, please ask your business manager to call VSBIT at 802-223-5040.