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A fair deal for Vermonters

Vermont's school districts provide very generous health insurance benefits to their employees — among the most generous health insurance benefits available to any Vermonter. The current cost of these benefits is contributing to rapidly rising property taxes, limiting the ability of schools to invest in the education of our students.

In 2015, school districts will spend an estimated \$202 million in health insurance premiums for their employees, about 86 percent of the total premiums paid. Total salaries are expected to be about \$920 million, meaning that health insurance costs will be 22 percent of payroll in Vermont school districts. Bringing these health benefits in line with those available to the majority of Vermonters will result in substantial savings. These savings could be available to provide relief for property taxpayers and to invest in our students' education.

The Vermont School Boards Association recently conducted a study to determine what the magnitude of those savings might be.

If the state transitions to Green Mountain Care, health insurance premium payments will end. The system is likely to be financed through a combination of a payroll tax and income tax. School districts will spend less on health benefits through a payroll tax. VSBA's analysis shows that property tax savings could be as high as \$120 million a year. Employees would save \$35 million without their share of premium payments. Like all Vermonters, their contribution to health care would be based on their ability to pay.

Should Green Mountain Care not come to pass, school districts could still save close to \$39 million per year if all district employees moved to a Gold Plan on Vermont Health Connect. Employees would also save \$6.3 million in premium costs, assuming a continued average employer/employee premium share of 86 percent/14 percent.

Under either scenario, public school employees would continue to have access to comprehensive health coverage and a wide range of health care providers. They would also have access to new benefits, including pediatric

dental and vision and preventive care without out-of-pocket costs.

A new plan will require more out-of-pocket costs than school district employees are accustomed to. Current health insurance plans offered to public school employees through the Vermont Education Health Initiative, or VEHI, cover 95 percent of health care costs in the premium.

With school districts paying the lion's share of the premium, school employees are insulated from out-of-pocket costs in a way that is out of step with the plans on Vermont Health Connect or any plan likely to be offered through Green Mountain Care.

While rich health plans such as those still available to school employees were common a generation ago, private sector employers and municipalities moved to plans with greater employee cost-sharing both to engage employees more actively in managing their own health care and to ensure the rapidly rising increases in health care costs were more fairly shared between employers and employees.

Employers have accommodated higher employee out-of-pocket health care costs through health reimbursement arrangements and health savings accounts, which can be accessed by employees to be reimbursed for some of their out-of-pocket costs. School districts have these same options to provide peace of mind to their employees.

School employees have been largely insulated from the health care costs and challenges that other Vermonters have been experiencing for over a decade. It's time for educators' health care benefits to be brought more in line with other Vermonters as we make changes to our overall health care system. In doing so, it is possible to achieve substantial property tax savings while at the same time ensuring our teachers and staff have high-quality health care coverage.

Stephen Dale is executive director of the Vermont School Boards Association.
