

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
September 10, 2020 – 3:30 p.m.

Members present:

JON HARRIS, Chairperson, VRTA representative, term expiring July 1, 2024 – via telephone
ERIN CARTER, Active Member Representative, term expiring July 1, 2023 – via telephone
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2024 – via telephone
BETH PEARCE, VT State Treasurer
DANIEL RADDOCK, Financial Regulation Representative – via telephone

Members absent:

JUSTIN NORRIS, Vice-Chair, Active Member Representative, term expiring July 1, 2021
EMILY SIMMONS, representing Secretary of Agency of Education
Vacant, Active Member Alternate Representative, term expiring July 1, 2021

Also attending:

Tim Duggan, Assistant Attorney General – via telephone
Erika Wolffing, Director Retirement Operations – via telephone
Lesley Campbell, Retirement Administrative Coordinator – via telephone
Steve May, Hickok and Boardman – via telephone
Maribeth Spellman, Hickok and Boardman – via telephone
Barry Blixt, Hickok and Boardman – via telephone

The Chair, Jon Harris, called the Thursday, September 10, 2020 Board meeting to order at 3:32 p.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Raddock, seconded by Ms. Pearce, the Board voted unanimously to approve the agenda.

ITEM 2: Approve the Minutes of:

- August 11, 2020

On a motion made by Mr. Raddock, seconded by Ms. Pearce, the Board voted unanimously to approve the minutes of August 11, 2020 as presented.

ITEM 3: VSTRS Health Insurance Post FY21

Mr. Duggan updated the Board on work surrounding the VSTRS health insurance contract post FY21. Staff was informed in the spring that Medicare Advantage is newly available to the market in New England. Medicare Advantage is a fully insured product offered to cover the over 65 population.

The current contract expires June 30, 2021, and staff will need to issue an RFP in the fall for coverage post FY21. The VSTRS Board will conduct vendor interviews in February. Mr. Duggan stated that BCBS provided additional information about Medicare Advantage and potential savings. BCBS has stated that the plan can be structured in a way to maintain the current level of benefits, and provided a side by side of the current plans compared to Medicare Advantage which will be sent to the Board for review and further consideration. Mr. Duggan explained that the Board will also need to take into consideration the cross subsidy between the two groups. This subsidization would go away if the Board were to implement a Medicare Advantage Plan.

Mr. May explained that any cost savings achieved by moving to a Medicare Advantage plan will be offset by the current EGWP subsidy. Because Medicare Advantage includes prescription drug coverage, the EGWP subsidy would no longer exist. Depending on the offset from EGWP and the elimination of the cross subsidy between the over and under 65 populations, the resulting potential savings is approximately \$3-\$7 million dollars.

Mr. Harris inquired as to what the guarantee is for these types of plans beyond the two-year cost savings projection provided. Mr. May explained that this is a new product to Vermont as of January 1 and it will be regulated by CMS. It has existed in other states for many years, including Michigan, who has seen relatively stable rates over the past few years. Mr. Harris asked if VEHI could provide their own Medicare Advantage plan. Mr. May stated that staff will be asking VEHI to provide a pricing on a plan, but its Medicare Advantage plan will likely be the BCBS product.

Ms. Pearce asked how to make sure the RFP is a fair process since BCBS has already presented a lot of information. Mr. May explained that the RFP will contain the same questions for all vendors. Mr. May stated that staff could also reach out to MVP and request similar information. Ms. Pearce also requested that the RFP contain detailed demographic projections.

Ms. Doyon joined the meeting at 4:03 p.m.

Ms. Pearce left the meeting at 4:32 p.m. and designated Ms. Doyon as her designee on the Board for the remainder of the meeting.

Mr. Harris asked if any action was needed by the Board at this time to begin work on an RFP. Mr. Duggan explained that action was not needed at this time and that staff will provide additional updates on the status of the RFP at the October meeting.

ITEM 4: Other Business

None.

ITEM 5: Adjournment

On a motion made by Mr. Raddock, seconded by Ms. Carter, the Board voted unanimously to adjourn at 4:45 p.m.

Next Meeting Date:

The next VSTRS Board meeting is on September 24, 2020 at 2:00 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Erika Wolfing". The signature is written in a cursive style with a large, looping initial "E".

Erika Wolfing
Director of Retirement Operations