

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

April 12, 2018 – 3:00 p.m.

Members present:

JON HARRIS, Chairperson, Active Member Representative, term expiring– July 1, 2019
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2021
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020
PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2021 – via telephone
DEBORA PRICE, representing Secretary of Agency of Education
DANIEL RADDOCK, Financial Regulation Representative
MICHAEL CLASEN, Deputy Treasurer

Members absent:

BETH PEARCE, VT State Treasurer

Also attending:

Nancy Dimick, Retirement Specialist
Tim Duggan, Assistant Attorney General
Erika Wolffing, Retirement Office
Maribeth Spellman, Hickok and Boardman
Bob Crews, Hickok and Boardman

The Chairperson, Jon Harris called the Thursday, April 12, 2018 meeting to order at 3:00 p.m., which was held in the BGS-MTPL Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- March 8, 2018

On a motion by Mr. Mackey, seconded by Ms. Price, the Board voted unanimously to approve the minutes of March 8, 2018 as submitted.

ITEM 2: **VSTRS Health Insurance – Hickok and Boardman**

Mr. Crews presented the VSTRS Monthly Custom Financial Summary through January 2018 to the Board and suggested they focus on the status of the subsidy between non-Medicare eligible retirees versus Medicare eligible retirees and the current status of the plans in FY18. Mr. Crews explained that this report tracks real claims data that accounts for 92% of the cost, the remaining 8% is related to various administrative fees for the plans.

Mr. Crews presented the premiums paid in FY17 versus the costs charged against the plan leaving an estimated surplus of approximately \$3 million. Mr. Crews then presented the FY18

data for the year to date (through March) with all retirees combined giving an estimated surplus of approximately \$1 million. Mr. Crews stated that there would be nowhere near a \$4 million dollar subsidy between the over 65 versus under 65 population as in the past. In FY17, the under 65 population was at a 53% deficit and the over 65 was at a 25% surplus. For year to date FY18, those numbers have shifted to a 33% deficit for the under 65 population and a 13% surplus for the over 65 population. Mr. Crews then presented the premiums paid versus actual costs for rolling 12 months ending in March 2018, showing an estimated surplus of \$1.7 million.

Mr. Crews and Ms. Spellman left the meeting at this time.

ITEM 3: Acupuncture Rider

Mr. Clasen presented the acupuncture rider estimate prepared by VEHI and Blue Cross Blue Shield (BCBS) at the request of the Board. BCBS provided estimates for two plans, one with no limit on office visits, the other with a 12-visit limit per year. For the no limit plan, the cost per member per month for under 65 retirees would be \$1.59, for over 65 retirees it would be \$1.12 or a total annualized cost of \$111,639. For the 12-visit limit per year plan, the cost per member per month for under 65 retirees would be \$1.24, for over 65 retirees it would be \$0.85, or a total annualized cost of \$85,206. Mr. Clasen expressed the Treasurer's opposition to adding any cost to the plan in this funding environment.

Mr. Harris requested an analysis from BCBS to see if there is any underutilized area offered in the current plan that could be eliminated allowing the Board to offer acupuncture in its place. The Board discussed the potential benefits to acupuncture and how this treatment option could offset costs in other areas. The Board requested the analysis be completed for discussion next spring for a potential effective date of July 1, 2021. Ms. Deliduka requested the analysis include any research or data on a reduction in utilization of other treatments when acupuncture is available.

ITEM 4: Legislative Update

Mr. Clasen updated the Board on additional funding for teacher retirement included in the appropriations bill in the amount of \$10 million from the tobacco settlement. Ms. Price inquired on the status of H.911. Mr. Clasen stated the bill did not take into account the 240 teachers at independent schools and there was no analysis on how the bill would impact these teachers.

Mr. Duggan updated the Board on the status of the miscellaneous retirement bill. The bill is currently in the Senate Committee on Finance and staff does not anticipate any issues regarding the bill's passage this legislative session.

Ms. Price informed the Board of provisions contained in the miscellaneous education bill. The current draft contains a provision that would no longer require CTE teachers be licensed.

ITEM 5: Disability recommendation from the March 15, 2018 Meeting of the Medical Review Board for:

- Carol McHugh (Review)

On a motion made by Mr. Mackey, seconded by Mr. Norris, the Board voted unanimously to accept the recommendation of MRB for continued disability retirement for Carol McHugh without further review.

ITEM 6: Other Business

Ms. Price updated the Board on an ongoing discussion with Laurie Lanphear regarding teacher licensure and endorsement levels, and how these impact a teacher's membership in the VSTRS system. The Agency of Education discovered that three teachers were either not licensed or did not have the proper endorsement level for the class they were teaching at one supervisory union. The Retirement office only evaluates whether a teacher is licensed or not for membership in the system, endorsement level is not a consideration for membership in the system. Ms. Price requested this discussion be added as an action item at a future Board meeting.

ITEM 7: Adjournment

On motion by Ms. Price, seconded by Mr. Norris, the Board voted unanimously to adjourn at 3:59 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a Quarterly In-House Meeting on May 8th, 2018 at 9:00 a.m.

Respectfully submitted,



Erika Wolfing
Retirement Office