



WHAT'S THE COST?



**TRS-ActiveCare
Takes on the Market**

Dec. 12, 2022

TRS offers school districts a competitive choice for health care coverage and administration services.



BELOW MARKET COSTS, EVEN BEFORE FEDERAL FUNDS

- Total costs for the most affordable plan is **18% lower than similar plans offered by non-par districts**
- In the past decade, cost per person grew 3x more for Texas employers with self-funded plans than TRS



HIGHLY EFFICIENT

- 97% of funding goes directly to health care costs
- \$20 billion saved last year through programs that avoid waste, improve care, & limit charges to the best price available



PLAN OF CHOICE

- 90% of education employers chose to stay in TRS' health plan
- 1 in 67 Texans are enrolled in TRS-ActiveCare
- Provides health care to nearly 1,000 districts

We know the state of TRS-ActiveCare and we want you to know too! Then we asked: How do we compare to others?



WHY?

To empower you to make the most informed choice about your employees' health care coverage.

The following data benchmarks where TRS-ActiveCare stands after moving to regional rating. **We chose regional rating to keep our costs competitive with your local plans – we wanted to make sure that regional competitiveness remains.**

TRS contracted the Milliman Group to do a statewide study on how TRS-ActiveCare compares to non-participating districts and city and county employers.

WHO

- 71% of employees in non-participating districts captured
- Every ESC region covered
- 235 plans across 120 public employers in Texas

WHAT

All TRS-ActiveCare plans except AC2 compared to all available plans offered by other employers. This was averaged across all coverage tiers.

HOW

Milliman compared the **total cost of care per month, including** premiums:

How much employee pays +
How much employer contributes +
How much average employee pays for care *after* premium
= Total Cost 

To standardize costs in plans that excluded specialty drugs, 10% was added to the total costs.

Why we're confident in the data...



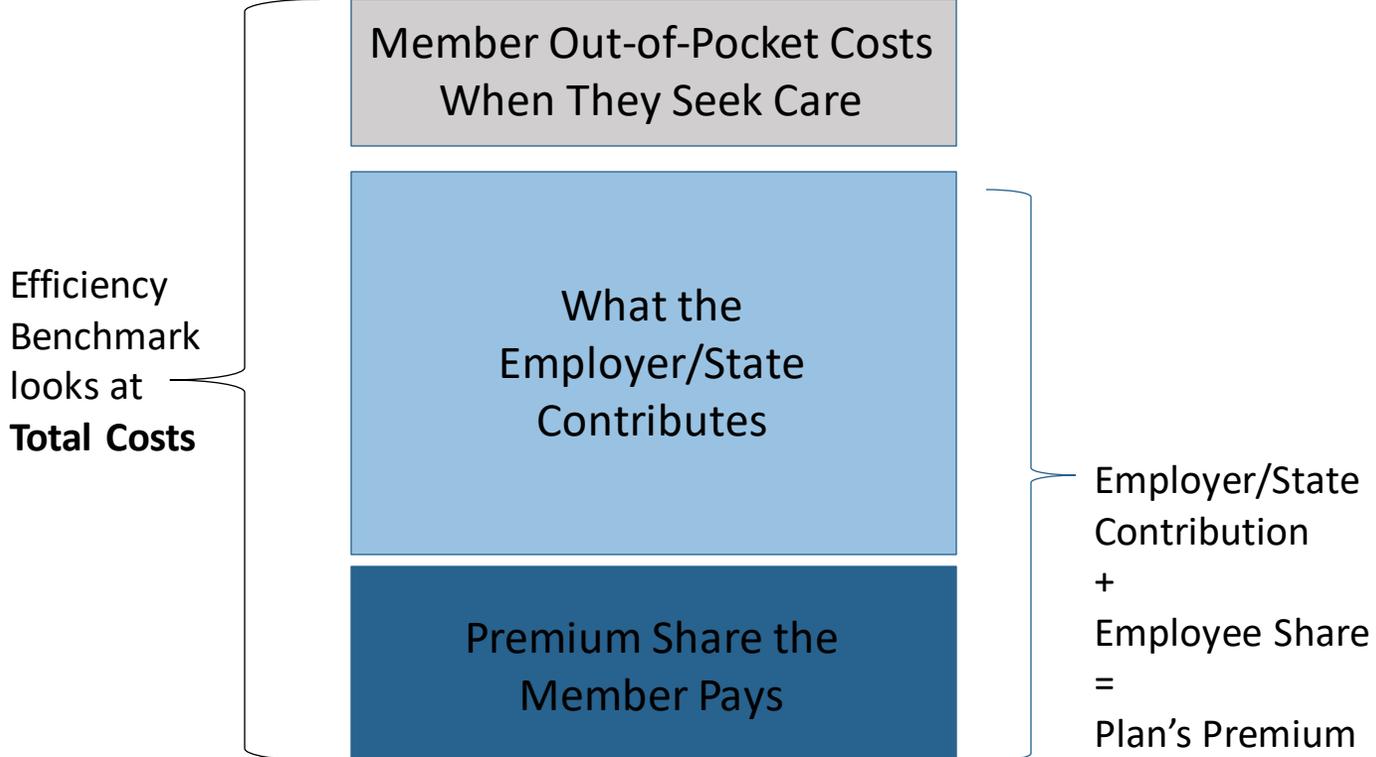
SAMPLE SIZES

- Collected data from more than 100 public employers in Texas
- Collected all plan information for each plan at each employer
 - Coinsurance, deductible, copays, member contribution, district contribution, etc.
- Enrollment weighting was applied to each tier to estimate an overall total cost

EXPERTISE

- Estimates of actuarial value conducted using Centers for Medicare and Medicaid Services calculator
- Estimates of actuarial value and contributions peer reviewed multiple times:
 - Checked by peer against current year data
 - Checked against prior year value to flag major changes for further review
 - TRS conducted random samples of data and compared against source data a second time
- Comparison summaries also reviewed by multiple TRS actuaries

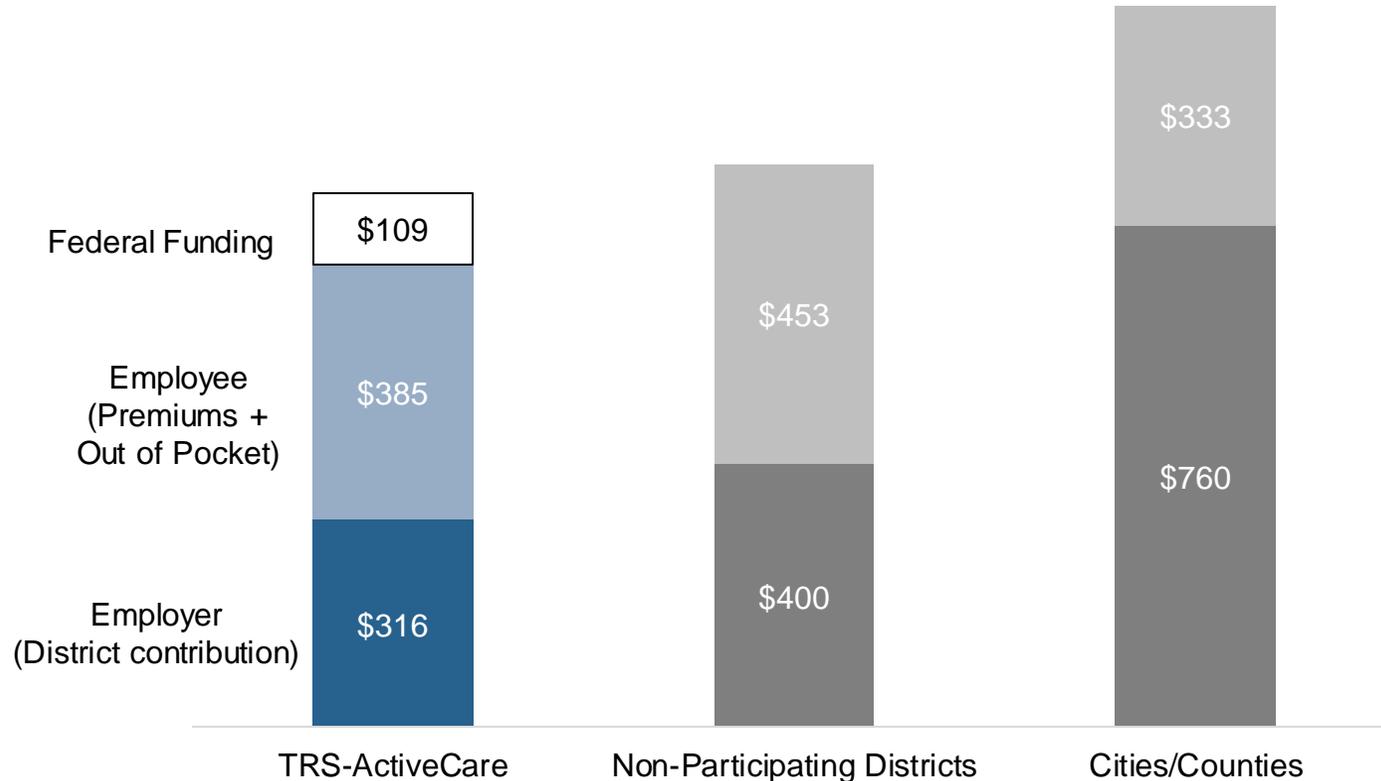
What benchmark did we use?



Plan Efficiency

- Measures how efficient plans are by **comparing total costs.**
- Captures the amount of health care each dollar buys.
- Allows for apples-to-apples comparisons across plans by controlling for differences in benefits.

The main takeaway: TRS total costs are lower.

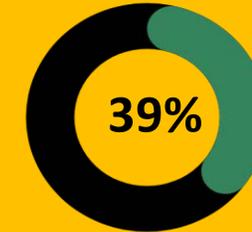


TRS-ActiveCare-2 is excluded from the total costs

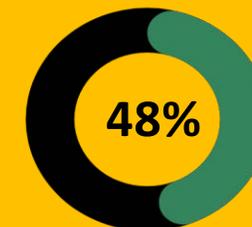
However, employees' costs are still higher.



Percentage **employers' in cities/counties contribute** to total costs (average \$760/month).



Percentage **employers' within TRS-ActiveCare contribute** to total costs (average \$316/month)



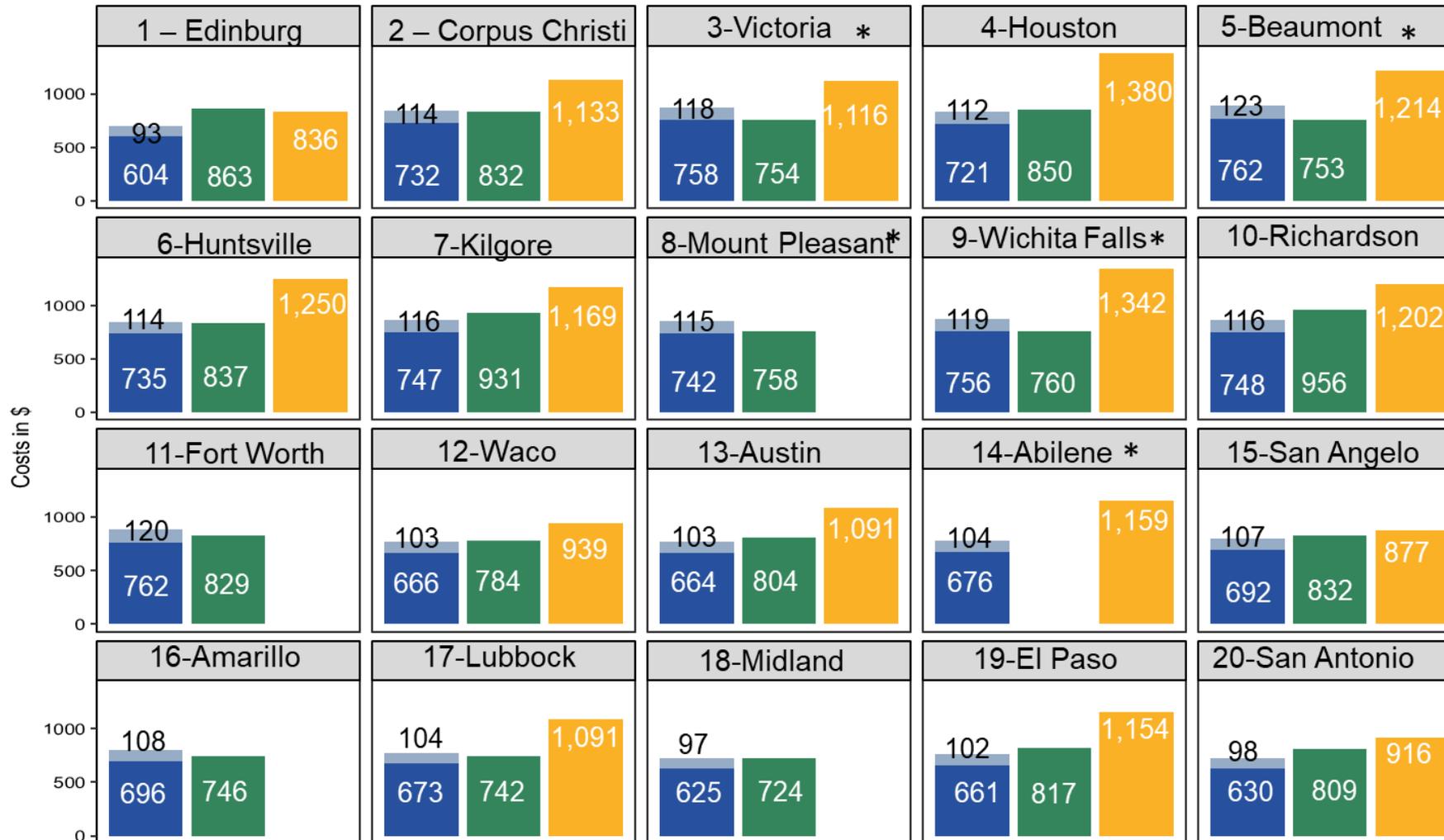
Percentage **employees' in TRS-ActiveCare contribute** to total cost, which is more than their employer. This is higher without federal funding.

TRS-ActiveCare is competitive in all regions.

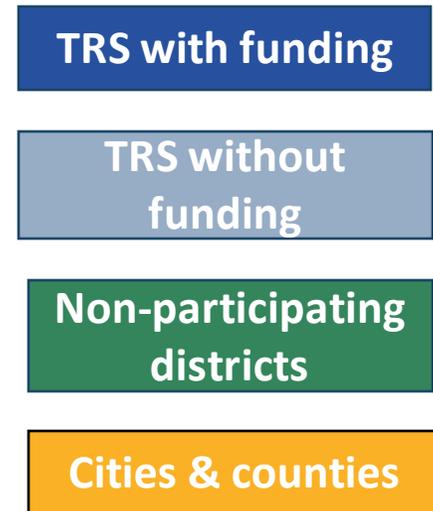


No public information was available for plans offered by non-participating districts in ESC 14 (Abilene). Number of non-par participating districts is lower than average in ESC regions 3, 5, 8, 9.

Total costs vary by region, and additional federal funding impact varies depending on how much health care services cost in the area.



ESC dollar amounts of total monthly costs for employees



TRS amounts reflect with or without additional federal funding received for FY22-23 premiums.

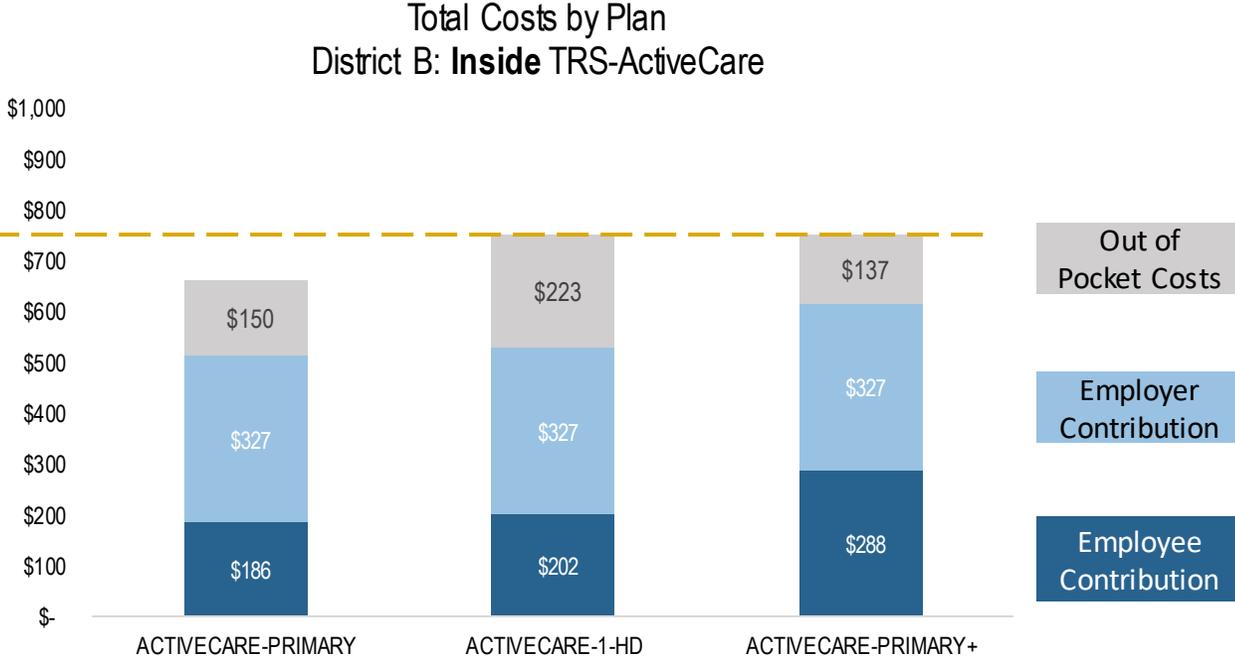
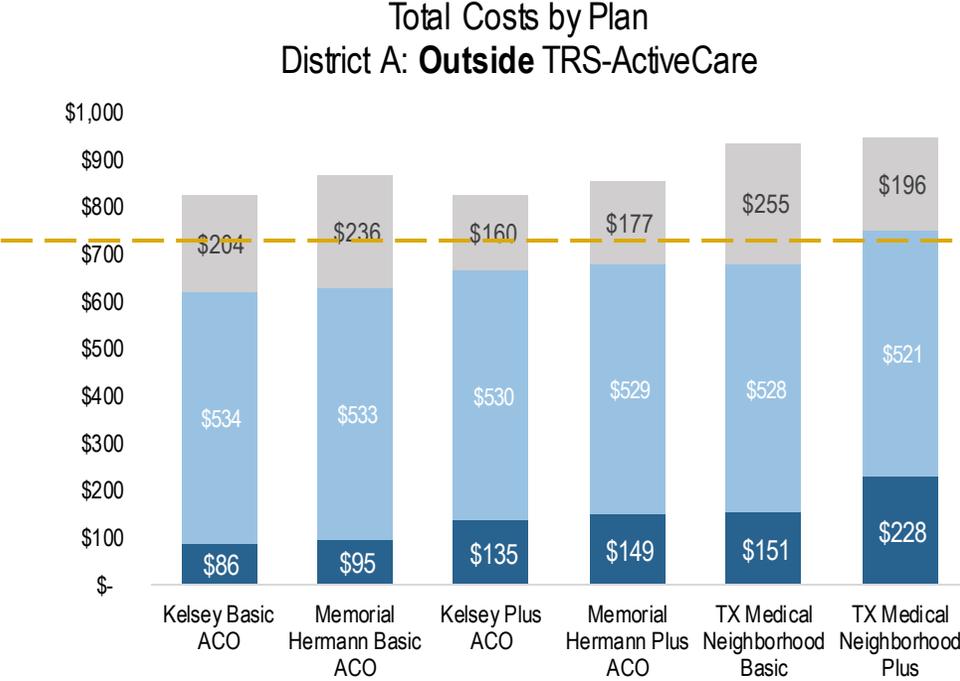
*Number of non-participating districts is lower than average in ESC regions 3, 5, 8, 9.

Note: cities/counties data for ESC 11 is \$1,919. This was an outlier that was removed to preserve the scale of the chart.

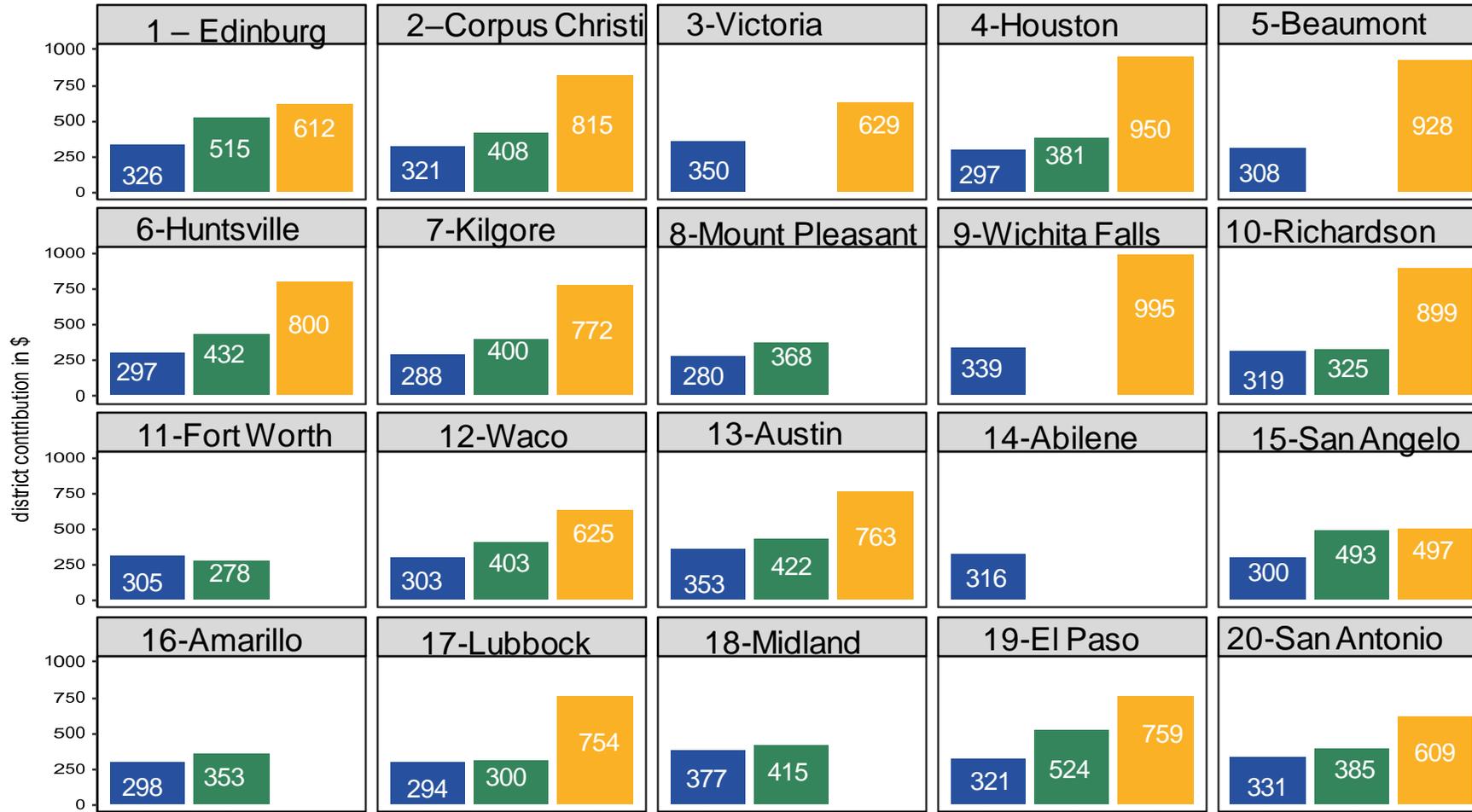
*No public information was available for plans offered by non-participating districts in ESC 14 (Abilene).

Regional example of cost-sharing dynamics: Region 4

TRS-ActiveCare offers **lower total premiums**. However, what employees pay per month is still higher than employees outside of TRS-ActiveCare because **districts outside contribute more per month**.



This cost-sharing dynamic applies to all regions of the state.

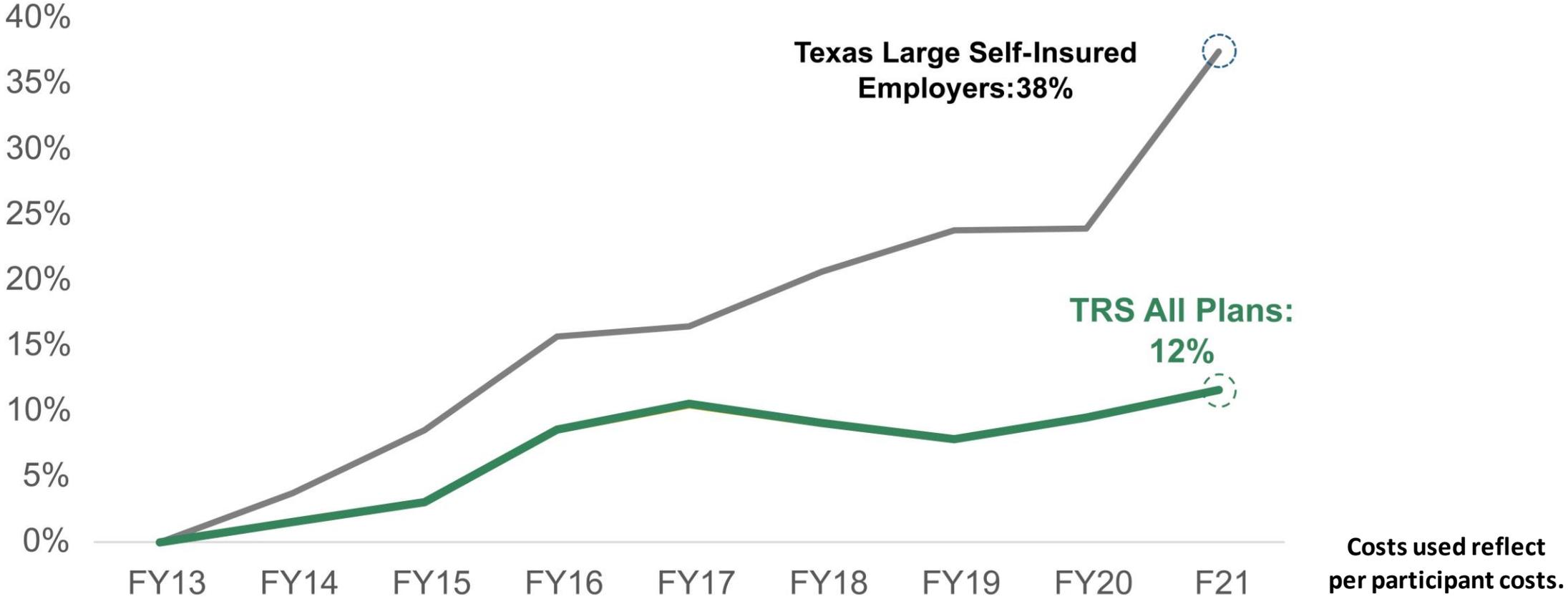


ESC dollar amounts of monthly employer contributions

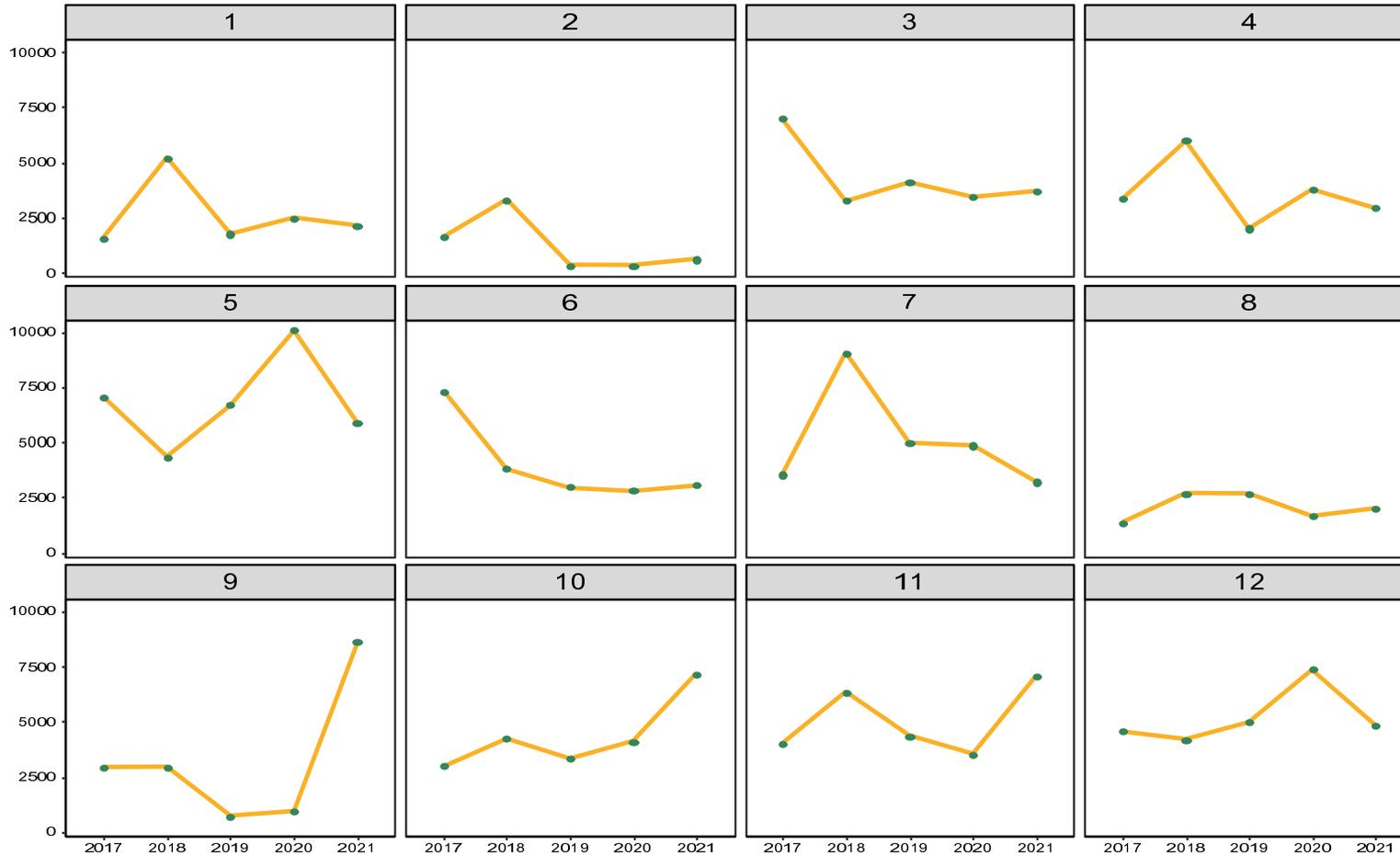


Note: Cities/Counties data for ESC 11 is \$1,472. This was an outlier that was removed to preserve the scale of the chart.
 No public information was available for plans offered by non-participating districts in ESC 14 (Abilene).
 Number of non-participating districts is lower than average in ESC regions 3, 5, 8, 9.

We've stayed competitive in a highly inflated market. Other self-insured employers' costs have grown 3x more than TRS-ActiveCare.



We shield employers from the volatility of health care claims.



A random sample of 12 employers across Texas shows year-over-year cost volatility experienced across most employers. TRS-ActiveCare's size protects employers from the impact of this dynamic.

 Results from one catastrophic claimant at \$1.5 million per year

Plan Type	Premium Increase
Other self-funded plans	raise premiums by \$125 PER MONTH per employee
TRS-ActiveCare	raises premiums by \$0.41 PER MONTH per participant

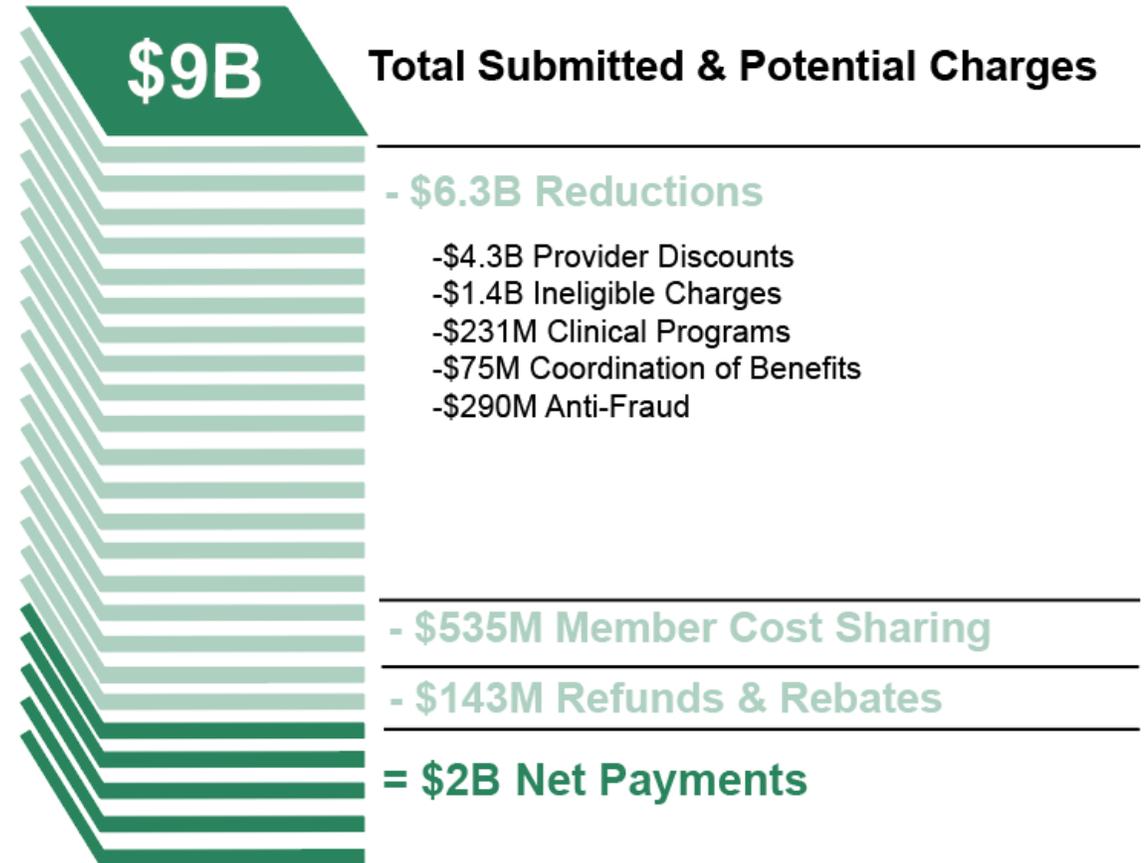
Medical only, excludes HMO enrollment, 12 districts randomly sampled among those with data for all five years. Based on allowed amounts.

How do we curb costs so efficiently?



Close Management

- Manage and monitor programs to detect fraud, avoid waste, improve care, and limit charges to best prices available.
- TRS-ActiveCare reduced plan costs by \$7B in FY21.



How do we curb costs so efficiently?



Pay Based on Where Care is Provided

Moving to regionally rated plans allowed us to set premiums that reflect the costs of health care in each region, which can vary drastically.

This data shows regional rating didn't jeopardize our plan's regional competitiveness.

No Regional Restrictions to Care

Participants are not limited to care within their region and can still access the entirety of BCBSTX's network.

How do we curb costs so efficiently?



Industry Experts

TRS employs industry experts dedicated to taking on the challenges of health care on your behalf. We continually evaluate claims data, contract for market-leading discounts, and identify outliers and trends for action.

We're also powered by information from top consulting companies in the U.S. When they work for us, they work for you.

District Ambassadors

Your white-glove concierge service. TRS and BCBSTX set up the District Ambassador (DA) program so districts can get ahead of cost driver concerns. DAs can work directly with district leadership to elevate programs and create plans to address their school's unique needs.

Scan to find your DA



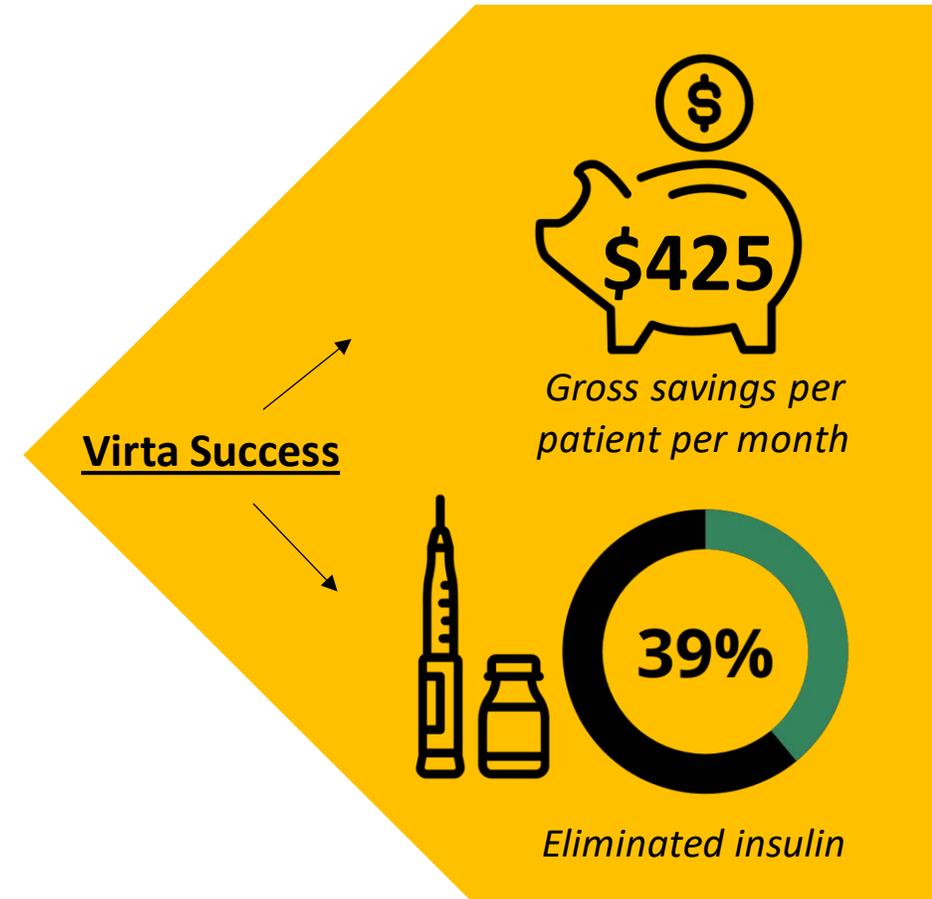
How do we curb costs so efficiently?

The Most Competitive Procurement

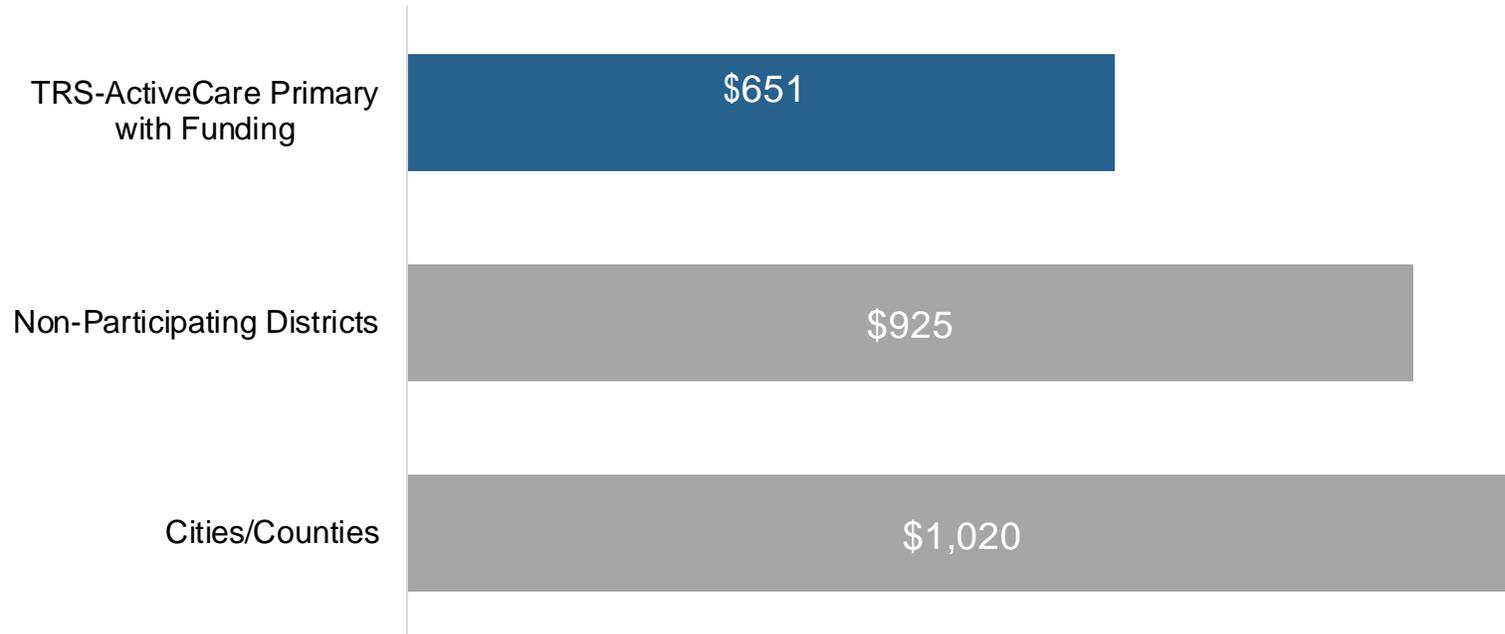
- Nationwide medical and pharmacy procurement assisted by top consulting firms to get to the lowest unit cost
- The best medical and pharmacy self-funding contract terms
- Extremely knowledgeable with the industry and about vendor performance

Programs to Optimize Utilization

- Virta for diabetes management. Diabetes is a main cost driver that keeps people on medication and seeking medical care.
- \$0 joint and back pain pilots in regions that have the highest occurrence of claims for related conditions/injuries.
- Prudent Rx, no cost specialty drug program for primary plans.
- Upcoming: site of care steerage to high-quality, cost-effective providers.



These cost-containment efforts have kept us competitive statewide, even without additional federal funding. The total costs of our most popular plan are ~\$300 less than outside districts.



Total costs per month for plans with a similar actuarial value

What happens next?



With the federal funding, TRS maintained or reduced premiums for nearly half a million public educators.

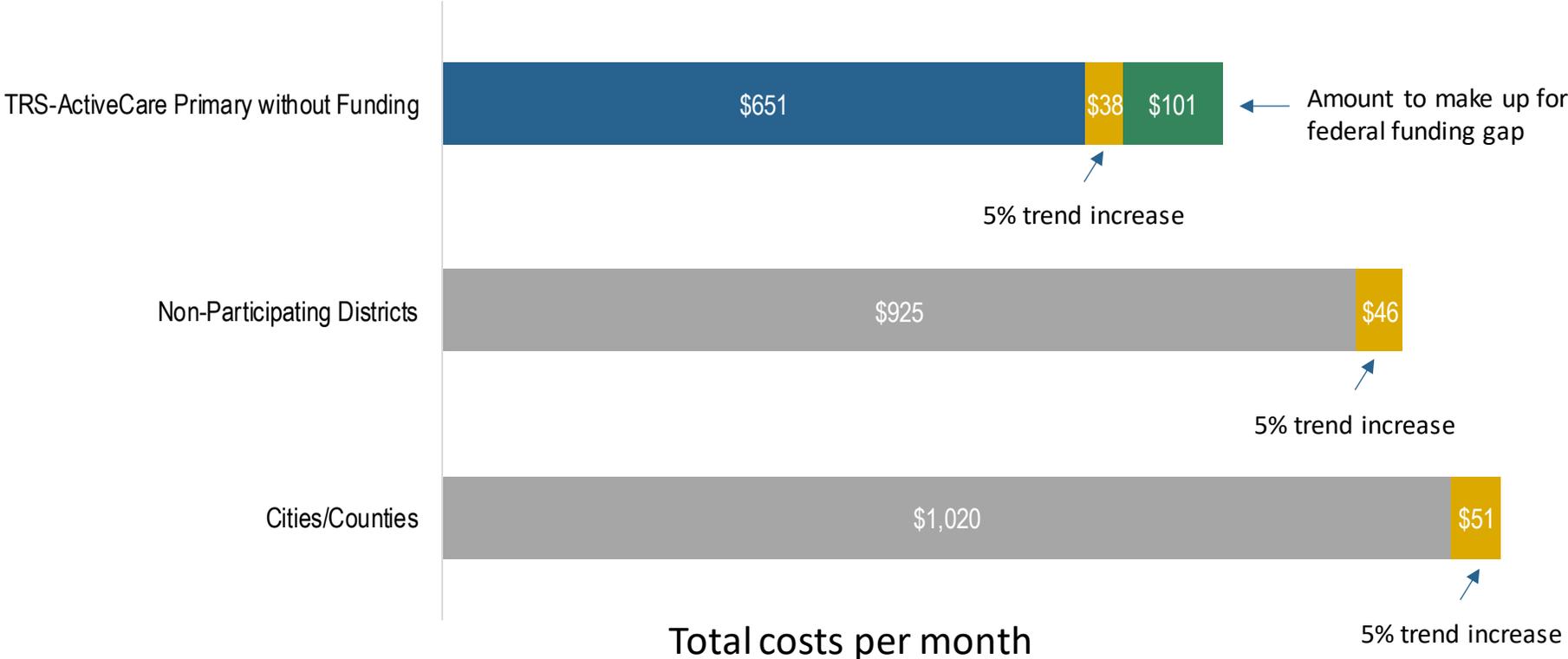
However, TRS premiums are now lower than what TRS spends on health care claims.

This means **the difference between TRS-ActiveCare suppressed premiums and claims costs must be made up** in subsequent years. This will either happen through additional supplemental funding from the legislature, or by returning our premiums to market rate.

Even if we need to bring premiums back to market rate, our total costs will still be lower (see next slide).

Bringing premiums back to what we spend...

Based on medical trends, health care costs grow an *average* of 5% annually. Premium amounts will need to increase if no additional funding is granted. Even without additional funding, data shows our **total costs will still be less.**



What's the cost?



Service Cost

X



Number of Services Consumed

=



Health Care Costs

How can we continue to contain costs?

There are no simple solutions left, but there are solutions. In the coming months, we'll be evaluating and discussing the following strategies:

Addressing the Services Cost

- ✓ Encourage Use of High-Value Providers
- ✓ Tiered Benefits
- ✓ Bundled Pricing
- ✓ Provider Negotiations
- ✓ Curated Networks
- ✓ Consumerism

Addressing the Services Consumed

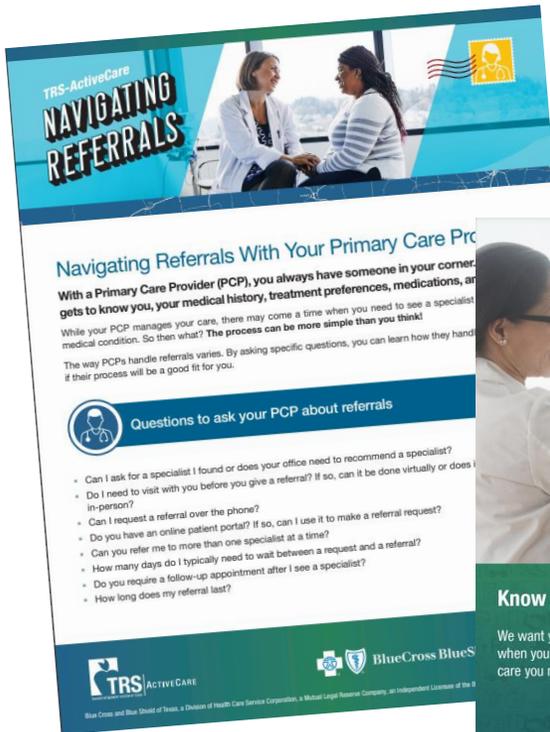
- ✓ Evidence-based Medicine
- ✓ Prior Authorization and Utilization Management
- ✓ Access to Preventive and Routine Care
- ✓ Health & Wellness Engagement
- ✓ Shopping for Services



Employee and member understanding and engagement are critical to the success of any of these – we'll need you to play a key role!

You're key to educating your employees – and we can help.

TRS is your full-service partner! Make sure your BAs are aware of the resources we provide to educate your employees on how to be a savvy health care consumer.



- ✓ Monthly emails to BAs letting them know everything BCBSTX will communicate to employees that month
- ✓ Fliers, posters, pamphlets, etc. on things like where to go for care, how to find a PCP, chronic conditions, etc.
- ✓ *The Pulse* monthly newsletter with consumer and benefits topics
- ✓ DAs available to do benefits presentations
- ✓ Upcoming: text campaigns to members

Your future, your way.



Any strategy we pursue will greatly impact how your employees utilize and access care. This is health care designed for your educators, and **we want your input!**

After this, **connect with your District Ambassador** if you want to become more involved as TRS-ActiveCare continues to innovate.



Q&A