

May 2024

CUSTOMER CARE

Benefits Committee Meeting



**Teacher Retirement System of
Texas**

1000 Red River Street
Austin, Texas
78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES
AND
BENEFITS COMMITTEE**

*(Committee Chair and Members: Mr. Williams, Chair;
Ms. Allred, Mr. Ball, Ms. Sissney, and Mr. Walls, Jr.)*

*All or part of the May 2, 2024, meeting of the TRS Benefits Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer of the meeting physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5th Floor, Boardroom.***

The open portions of the May 2, 2024, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

**AGENDA
May 2, 2024 – 9:00 a.m.**

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the December 2023 committee meeting – Committee Chair.
3. Receive an overview of the Benefits Committee’s Calendar Year 2024 Work Plan – Barbie Pearson and Katrina Daniel.
4. Receive an update and consider the following regarding TRS pension benefits program – Barbie Pearson:
 - A. Consider recommending to the Board acceptance of the Medical Board Meeting minutes of November 2023 and January 2024;
 - B. Consider recommending to the Board approval of Benefit Payments for December 2023 – February 2024; and
 - C. Benefit Services Operations update including an overview of the Benefit Services Point in Time Complaint Process.
5. Receive updates and consider the following regarding the TRS health benefit programs:
 - A. Receive an update on the semi-annual TRS-Care Retiree Advisory Committee (RAC) meeting – Nancy Byler, RAC Chair.
 - B. Receive updates on TRS-Care and TRS-ActiveCare health plans, including an update on actuarial enhancements– Katrina Daniel and Melanie Ingleby

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Benefits Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

- C. Consider recommending to the Board FY 2025 Rates and Benefits for the Self-Funded TRS-ActiveCare Plans – Melanie Ingleby and Kirsten Schatten from Segal Consulting
- D. Consider recommending to the Board FY 2025 Rates and Benefits for the Fully-Insured TRS-ActiveCare HMO plans – Jeff Bain, Melanie Ingleby, and Kristen Schatten from Segal Consulting

Minutes of the Benefits Committee December 7, 2023

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on December 7, 2023, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

Committee members who participated:

Mr. Elvis Williams, Chair
Ms. Brittny Allred
Mr. Michael Ball
Ms. Nanette Sissney
Mr. Robert H. Walls, Jr.

Other TRS Board Members who participated:

Mr. David Corpus
Mr. John Elliott
Mr. James D. Nance
Mr. Jarvis V. Hollingsworth

Others who participated:

Brian Guthrie, TRS	Grace Mueller, RAC
Andrew Roth, TRS	Joanna Coccoaro, HMS
Heather Traeger, TRS	Allison Roberts HMS
Amanda Jenami, TRS	Adam Morris, HMS
Don Green, TRS	Bonnie Vaughn, HMS
Barbie Pearson, TRS	
Katrina Daniel, TRS	
Yimei Zhao, TRS	
Jeff Bain, TRS	
Katherine Farrell, TRS	
Suzanne Dugan, Cohen Milstein	

Mr. Elvis Williams, called the meeting to order at 10:45 a.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present.

2. Consider the approval of the proposed minutes of the September 2023 committee meeting – Committee Chair.

On a motion by Mr. Ball, seconded by Ms. Allred, the committee unanimously voted unanimously to approve the proposed minutes for the September 2023 Benefits Committee meeting as presented.

3. **Receive an update and consider the following regarding TRS pension benefits program:**
 - A. **Consider recommending to the Board a Resolution directing staff to prepare for and issue a cost-of-living adjustment consistent with the provisions of Senate Bill 10 as passed by the 88th Texas Legislature and authorized by the passage of the constitutional amendment (HJR 2) - Barbie Pearson.**
 - B. **Consider recommending to the Board acceptance of the Medical Board Meeting minutes for July and September 2023 meetings;**

Ms. Barbie Pearson recommended to the Committee acceptance of the medical board meeting minutes for July and September 2023.

On a motion by Ms. Sissney, seconded by Mr. Ball, the committee unanimously voted to recommend to the Board acceptance of the medical board meeting minutes for July and September 2023.

- C. **Consider recommending to the Board approval of Benefit Payments for September – November 2023; and**

Ms. Pearson recommended to the Committee the approval of benefit payments for September through November 2023.

On a motion by Mr. Ball, seconded by Ms. Sissney, the committee voted unanimously to recommend to the Board approval of the Benefit Payments for September through November 2023, as presented by staff.

- D. **Benefit Services Fiscal Year 2023 Operations update, including annual inactive accounts report and the El Paso Regional Office one-year report – Barbie Pearson, Tony Pena, Deanna DeGraw and Adam Fambrough.**

Ms. Pearson provided an overview as to how her team would give specific information on the departments they oversee and the tremendous progress that Benefit Services has made from fiscal year 2022 to 2023. She stated none of this would have been possible without the additional positions the Board authorized for Benefit Services. She reported the leadership has aggressively hired and trained the new hires to be ready to do their jobs. She noted the counselors received high marks, 4.8 average rating by the members surveyed after visiting with one of the counselors.

Mr. Adam Fambrough reported on the inactive accounts outreach efforts. He defined an inactive account is when a person has less than five years of service and they have not worked in five years. He said these accounts no longer earn interest but some members do decide to leave their accounts with TRS because they may return to service and want to remain in the same membership tier. Previously, TRS would send a letter and a refund application to a member right before the account would go inactive. After Sunset legislation requiring TRS to enhance outreach efforts by using locator services to find best addresses for members, use certified mail to send notification letters and encourage members to look at rolling over their funds to another eligible retirement account.

He said they used a locator service to find addresses of members that no longer had addresses for, purchased a certified mail software due to volume of mailing and modified letter to encourage members to roll over inactive accounts and included a modified annual statement. He reported 172,000 letters were mailed to inactive members, almost \$70 million was refunded to close to 28,000 members and 15 percent of those members chose to roll over their accounts.

Mr. Mark Chi reviewed the pension benefit enhancements. He reported in September, TRS issued over 282,000 one-time stipend payments, totaling over \$1.56 billion and through November issued almost 285,000 one time stipend payments, totaling over \$1.58 million. He said while Benefit Accounting was responsible for the issuance of the stipend payments, it was truly an inter-divisional as well as interagency effort. He said as the one-time stipend payment winds down, the cost-of-living adjustment (COLA) is ramping up with the passage of House Joint Resolution 2. He reported nearly 400,000 annuitants will be impacted, increasing the monthly payroll to about \$30 million per month.

Mr. Tony Pena provided an update for the Regional Office, having completed the first full year of operation. He reported the office is being very well-received. He said the office handled over 3,300 in person appointments, 1,800 of which were scheduled office visits. He said the El Paso Office also handled over 900 members via telephone appointments, and 1,400 members virtually through video appointments. When not conducting appointments, he said, the team was answering close to 10,000 calls.

4. Receive an update and consider the following regarding TRS health insurance benefits program:

A. Receive an update on the TRS-Care Retirees Advisory Committee (RAC) meeting held on November 2, 2023 – Grace Mueller.

Ms. Grace Mueller informed the Committee that the RAC met on November 1, 2022. She said Ms. Sherry Miller the latest member of the committee attended, and they look forward to using her 37 years of teaching experience and leadership. She said Mr. Guthrie provided his Executive Director's Update and Ms. Daniel informed the Committee on the efforts to modernize TRS' health data and analytics. She noted the Retiree Health Fairs over the past six weeks were well attended and that retirees were happy to be back in person.

B. Receive an update on administration and performance by TRS-Care and TRS-ActiveCare – Katrina Daniel.

Ms. Katrina Daniel reported on ActiveCare's recent open enrollment noting 90 percent of employers remained retaining about 97 percent of membership. She noted there was a lot of migration toward primary plans, with new members selecting primary plans more than high deductible plans. Ms. Daniel reviewed the benchmark survey, which included cities and counties this year in addition to non-participating districts. She reported ActiveCare provides significant value for similar benefits. She said cities and counties are offering rich benefits and the employer contribution was significant. She said on a State and regional basis, ActiveCare has competitive

plans and in most cases lower cost. She said they are sharing this information with employers and are tapping into existing meetings that are happening like TASBO.

Ms. Daniel reported on TRS-Care reporting on the series of meetings around the state called health fairs since there were no major changes in the Care plans, more than 2,700 attended. She also reported on customer service being above 90 percent. She said the pharmacy benefit services procurement was underway and they are evaluating best and final offers from the bidders to bring back to the Board at the February meeting. She then reviewed efforts to lower cost barriers to Care and ActiveCare such as lowering copays for certain services that are critical like mental health and piloting maximum physical therapy around musculoskeletal conditions. Ms. Daniel concluded with a fund balance chart showing both funds as healthy.

There being no more business before the Benefits Committee, the committee adjourned at 12:00 p.m.

Approved by the Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas on May ____, 2024.

Katherine H. Farrell
Secretary to Board of Trustees

Date

TAB 3

Benefits Committee – CY 2024

Committee Workplan

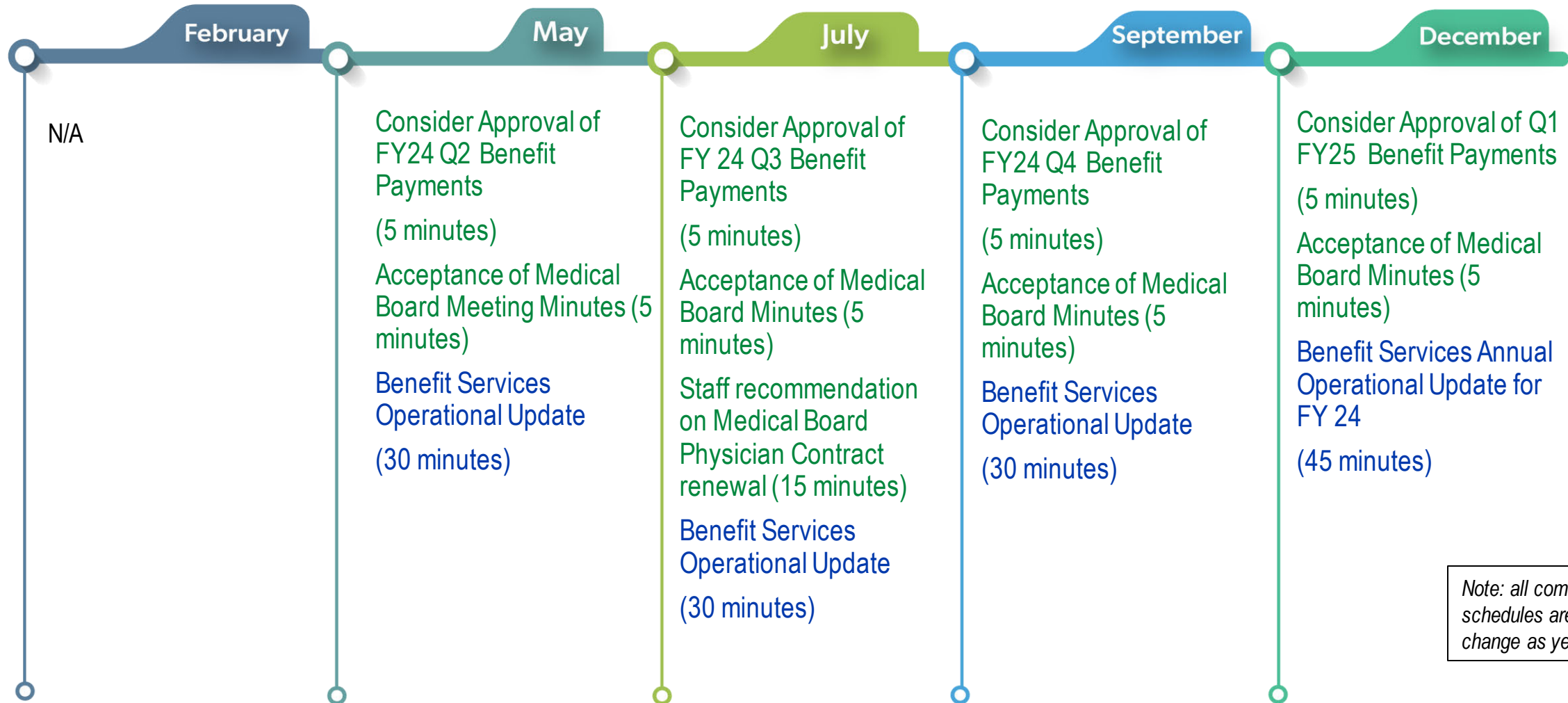
Schedule as of April 2024

Informative (Receive)

Pre-Action (Review)

Action (Consider)

*Approved by committee only



Note: all committee schedules are subject to change as year progresses.

Fiscal Year 2024

Fiscal Year 2025

Benefits Committee – TRS Health CY 2024

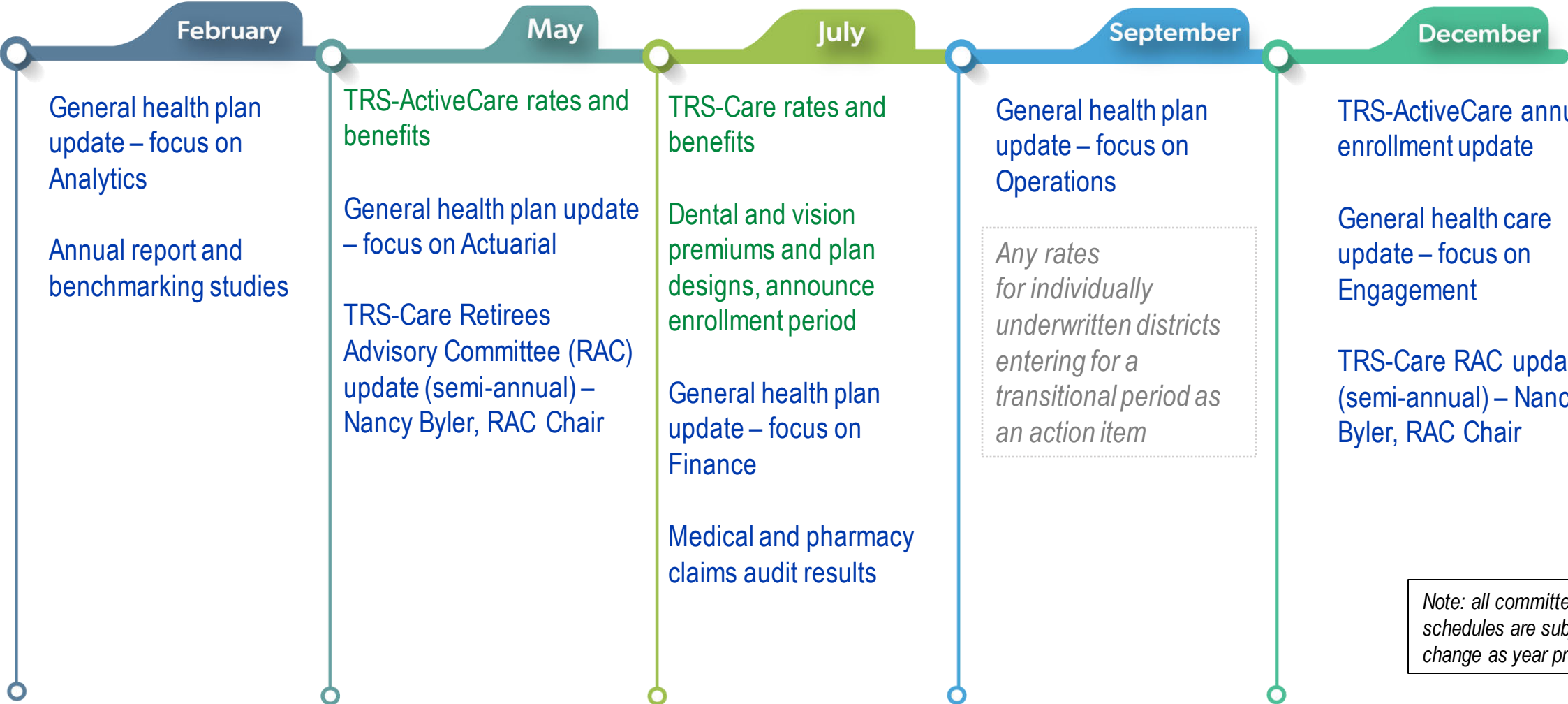
Committee Workplan

Schedule as of April 2024

Informative (Receive)

Pre-Action (Review)

Action (Consider)
*Approved by committee only



Note: all committee schedules are subject to change as year progresses.

Fiscal Year 2024

Fiscal Year 2025

TAB 4



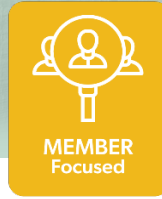
Pension Benefits

Presentation Date: May 2, 2024

Presented By:
Barbie Pearson and Jennifer Gasior



Agenda



MEMBER
Focused



1

Staffing

2

Workload

3

COLA

4

Objectives

5

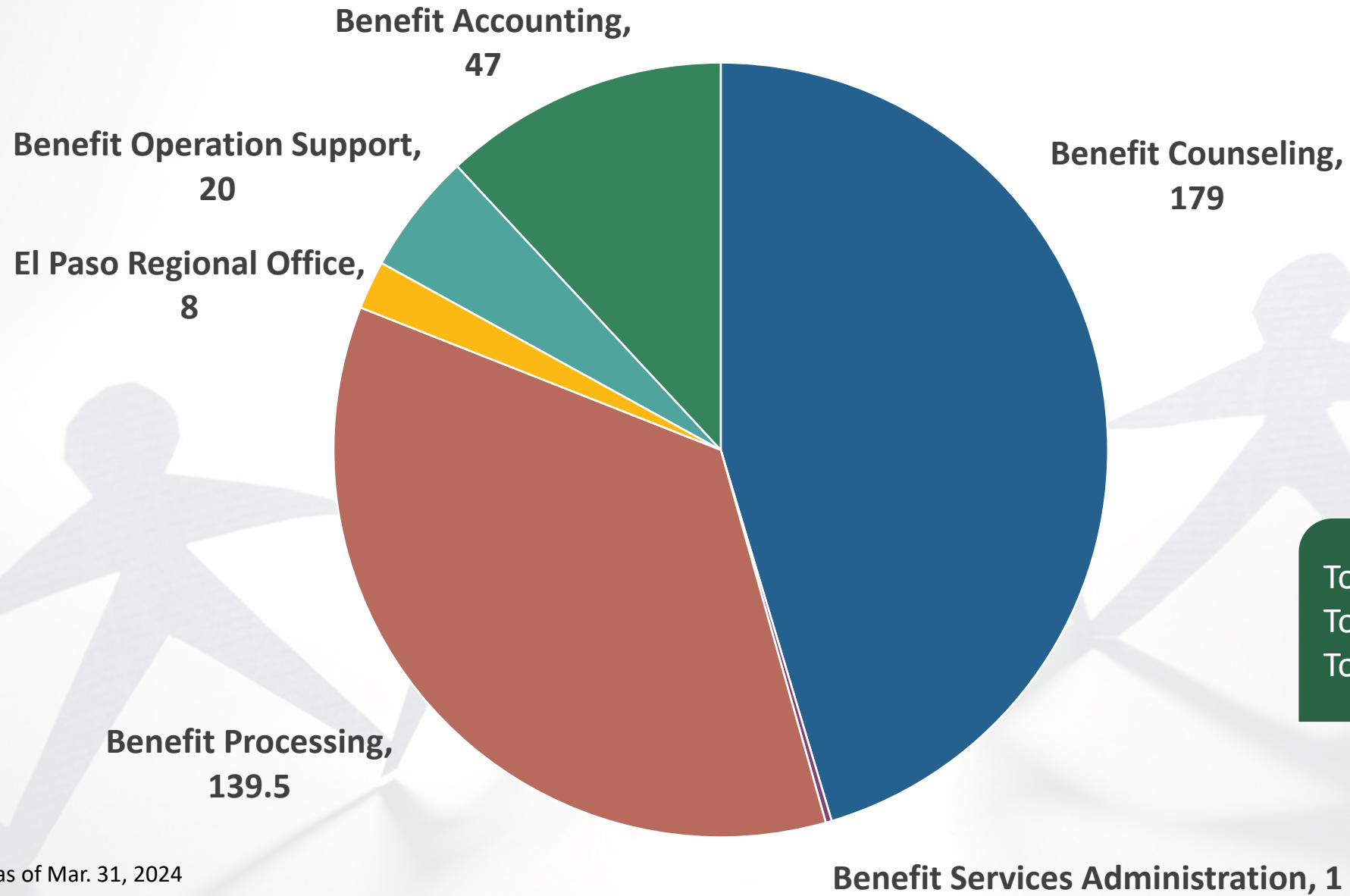
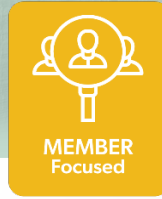
Upcoming Initiatives

6

Complaint Process



Staffing

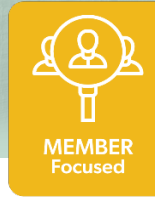


Total Positions: 399.5
Total Filled: 394.5
Total Vacant: 5

*Totals as of Mar. 31, 2024



Workload



15,065
Retirements



47,225
Benefit Estimates



7,858
Claims
Acknowledged



9,558
Claims Paid



35,312
Refunds Paid



\$6,351,251,144
Annuity
Payments Issued



Secure emails

- **24,661** member emails answered



Office Visits

- **8,618** office visits
- **1,935** walk-ins



Presentations

- **52** presentations
- **5,223** attendees



Telephone Calls

- **363,036** member calls answered



Group OV & Form Sessions

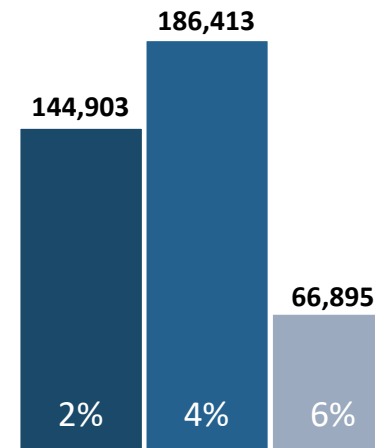
- **4** sessions
- **55** attendees



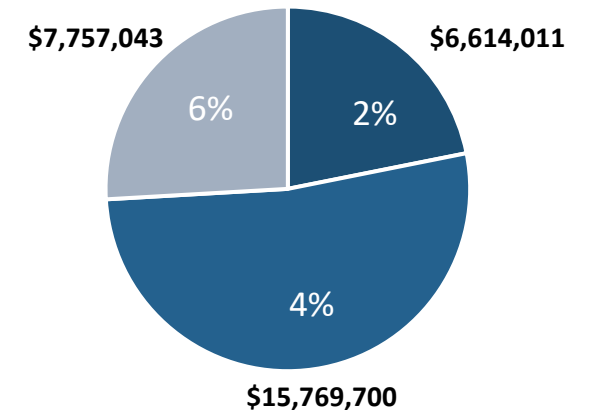
COLA

Monthly increase to payroll is \$30,140,754

Number of Retirees by Percent Increase

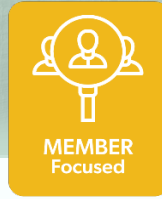


Monthly Dollars by Percent Increase





Objectives

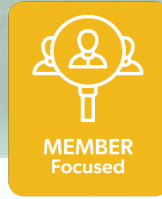


Business Activity	Objectives	FY Target	FY24 Q1	FY24 Q2	FYTD24 thru Q2
Refunds	Refunds validated within five business days of receiving final deposit and all paperwork	95%	100%	99%	100%
Benefit Estimates	Benefit estimates mailed within 31 days of request	90%	100%	100%	100%
Retirements	Retirees received first annuity payment on time	98%	67%	98%	82%
Death Claims (acknowledged)	Claims acknowledged within 14 days of receipt of death notification	90%	99%	99%	99%
Death Claims (payments)	Claims payments issued within 31 days of receipt of all required paperwork	95%	98%	98%	98%
Reporting Employer	Regular payroll reports completed by the end of each quarter (cumulative for fiscal year)	90%	97%	97%	99%
Foundational Training	Provided pension benefits foundational classroom training for all new hires (cumulative)	100%	100%	100%	100%

*Date Range: September - February



Objectives

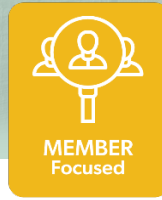


Business Activity	Objectives	FY Target	FY24 Q1	FY24 Q2	FYTD24 thru Q2
Telephone Calls	Calls answered within three minutes	80%	97%	90%	93%
	Average speed of answer (minutes/seconds)		0:18	0:49	0:33
Office Visits (Austin)	Number of office visits available annually	20,000	6,436	5,878	12,314
Conducted	In-Person		1,446	1,290	2,736
	Live Video		1,175	1,314	2,489
	Telephone		828	905	1,733
	Walk-Ins		398	341	739
Office Visits (El Paso)	Number of office visits available annually	5,000	1,560	1,533	3,093
Conducted	In-Person		454	347	801
	Live Video		247	270	517
	Telephone		197	145	342
	Walk-Ins		542	654	1,196
Quality Assurance	Number of telephone interactions evaluated	5,000	3,160	3,152	6,312

*Date Range: September - February



Upcoming Initiatives



Retirement Readiness Mid-Career



Solicitud de reembolso
TRSS (10-19)

1600 West Ross Street
Austin, TX 78791-0288
800.722.6776
www.trss.org

Sección 1 – Información del miembro

Nombre _____ Número del seguro social _____
Dirección _____ Ciudad _____ Estado _____ Código postal _____
Indicación postal o número de apartado postal _____
Número de teléfono _____ Fecha de nacimiento _____ Fecha de finalización del empleo _____

Llene esta sección si su reembolso será enviado a una dirección en el extranjero.
¿Es ciudadano de los Estados Unidos? ☐ Sí ☐ No
Si no es ciudadano de los Estados Unidos, ¿Es un extranjero residente de los Estados Unidos? ☐ Sí ☐ No

Si contestó no a las dos preguntas anteriores, consulte la página dos de las instrucciones para solicitar un reembolso (TRSSIN) para obtener información adicional con respecto a la retención del impuesto federal requerido.

Sección 2 – Elección de reembolso (seleccione una opción)

☐ **Reembolso** Elijo que se me pague directamente las contribuciones acumuladas de TRSS. Entiendo que el 20 por ciento del monto imponible de mi reembolso se retendrá para las impuestos federales sobre la renta siempre que la cantidad sea superior a \$200.00. Consulte la página dos de las instrucciones para solicitar un reembolso (TRSSIN) para obtener información sobre retención de impuestos si usted no es ciudadano de los Estados Unidos o es un extranjero no residente.

☐ **Transferencia directa** Elijo que toda o una parte de mis contribuciones acumuladas de TRSS se transfieran a un plan de jubilación elegible. Entiendo que TRSS me proporcionará un formulario adicional si elijo esta opción. Se debe llenar un formulario de Elección de transferencia de reembolso (TRSSA) y devuelto a TRSS.

Sección 3 – Método de pago para la porción que no será transferida (seleccione el cheque o depósito directo)

☐ **Cheque** Elijo que la parte de mi reembolso no me pague a mi directamente enviado a mi dirección postal como una garantía de depósito en papel.

☐ **Depósito directo** Elijo que la parte de mi reembolso no me pague directamente a la institución financiera que se otorga a continuación. Se emitirá una orden de transferencia en papel a falta de información.

Nombre de la institución financiera _____
Código de identificación bancaria _____
Tipo de cuenta (debe seleccionar una) ☐ Cheques ☐ Ahorros
Número de cuenta _____

La siguiente declaración DEBE completarse si está solicitando un depósito directo. (seleccione a, b, o c)
(a) ☐ Estas pagas NO SE enviarán a un país fuera de los Estados Unidos.
(b) ☐ Estas pagas SE enviarán, pero menos del 100 por ciento, a un país fuera de los Estados Unidos.
(c) ☐ Estas pagas SE enviarán en su totalidad (100 por ciento) a un país fuera de los Estados Unidos.
Especifique el nombre del país al que se enviará el 100 por ciento de las pagas: _____

Asegúrese de incluir su nombre y número del seguro social en ambas páginas.

Teacher Retirement System of Texas Página 1 de 2



Reporting Tips – Substitutes

START COURSE



In this series, you will develop a deeper understanding of the rules and regulations regarding substitute work for active employees and TRS retirees, as well as receive helpful reporting tips when analyzing substitute work. This series can be completed in approximately 30 minutes.

QM Definitions for Office Visits		
Verifying	Score	10
PURPOSE: To assess the counselor's ability to create a friendly and professional first impression and set the tone for the conversation.		
The introduction should include the counselors name and the agency name (in no specific order. Except for in-person visits.		
Note: Counselors should address the participant by name when calling for a phone appointment. Example: This is "NAME" with the Teacher Retirement System calling for "MEMBER NAME".		
Verification & Confidentiality	Score	10
PURPOSE: To assess the counselor's diligence in verifying the participant's identity to ensure security, protect member data, the integrity of the agency and compliance with legal guidelines.		
Counselors must adhere to a multi-step verification process involving a combination of personal identifiers like full name and address. Additional verification details or account-related questions may or may not be required depending on the appointment type. Counselors should also adhere to the Confidentiality Guide and avoid releasing information when it is prohibited (e.g., Participant ID, banking information, or any other sensitive information). In a virtual meeting, the counselor should get permission to discuss confidential information when a visitor joins.		
Setting Expectations	Score	10
PURPOSE: To assess the counselor's ability to support and contribute to the goals of the department by setting the expectations, staying focused, engaged, and ensuring high-quality service.		
Counselors must set the tone of the meeting and explain how the office visit will be conducted and what information will be covered. This should include information relevant to the members retirement and/or questions the member may have. The counselor is responsible for maintaining control of the office visit by providing pertinent information, staying on topic and avoiding distractions.		
Maintaining Information	Score	10
PURPOSE: To assess the validity of the information provided by the counselor and uphold the credibility of the agency.		
Counselors must deliver accurate, up-to-date information using current resources, databases, and documented guidelines to help members make informed decisions, resolve inquiries effectively and contribute to a positive overall experience. This commitment to accuracy should extend to all aspects of the interaction, whether discussing account details, retirement benefits, eligibility criteria, processes, or other TRS-related information.		

Collaborate with Communications to record the Mid-Career and Ready to Retire Presentations.

Convert an additional six member forms to Spanish.

Create short training modules on most frequently asked topics.

Implement Regional Office engagement plan for Region 19 and work on expanding to Region 18.

Create eLearning courses for Reporting Employers.

Develop a year-round training plan that include eLearnings.

Expand Quality Assurance to Office Visits.

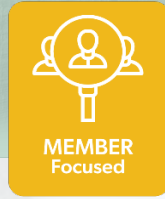


Complaint Process

Presented by: Jennifer Gasior



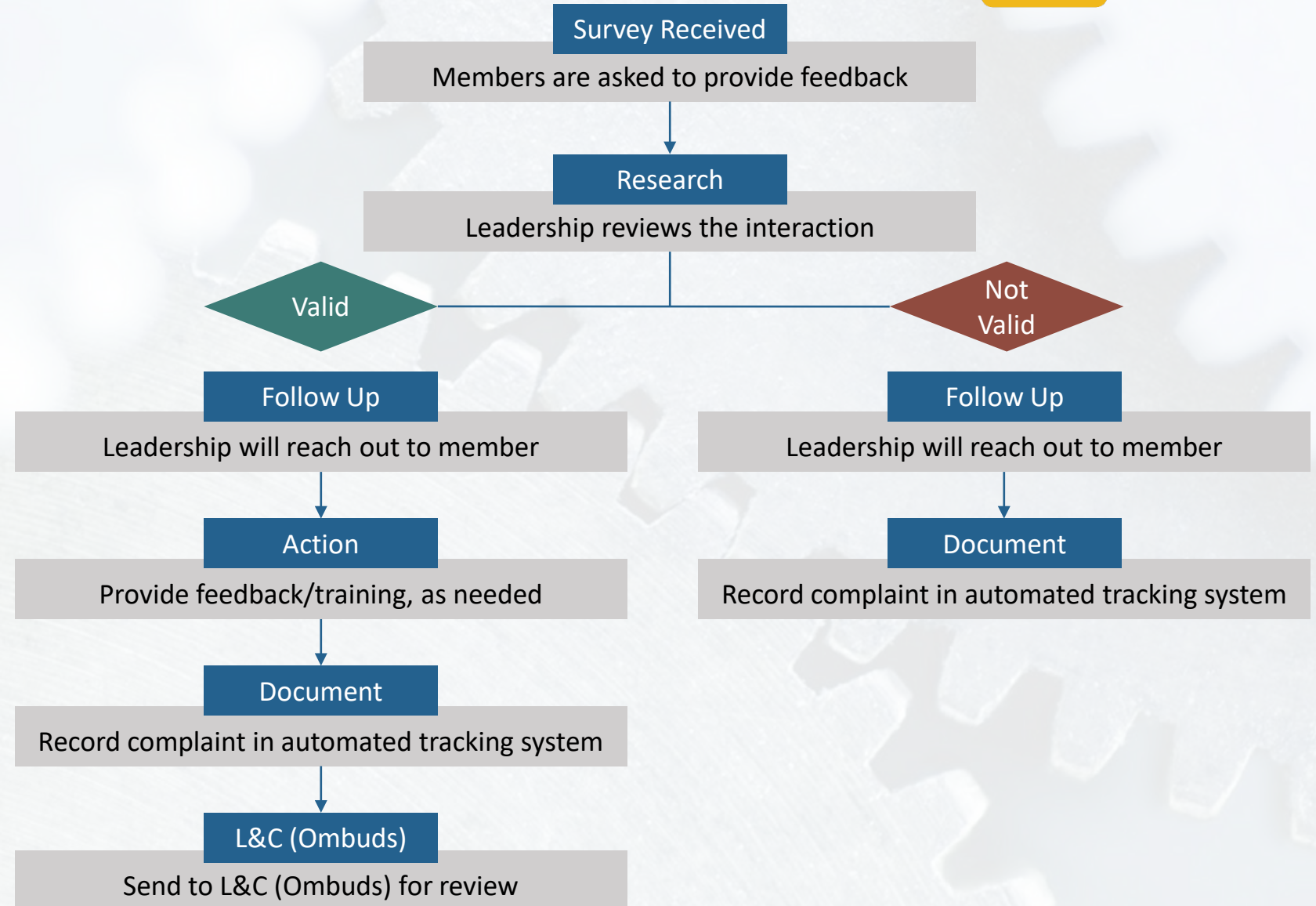
Complaint Process



How was your visit?
Survey

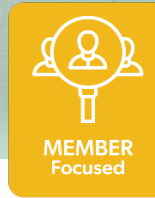


Telephone Counseling
Survey



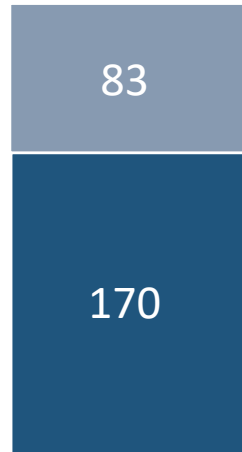


Progression of Complaints



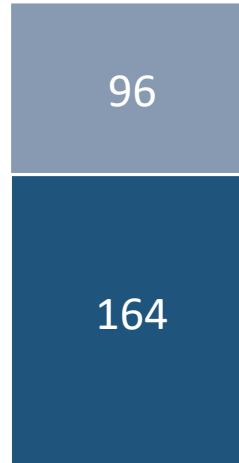
■ Valid ■ Not Valid

CY2022



253

CY2023



260

1,571,222

total transactions

170

valid complaints
(0.01%)

1,633,819

total transactions

164

valid complaints
(0.01%)

Survey Results

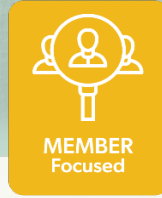
Telephone Survey	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	FYTD 24
Total Surveys Received	3,697	3,233	2,474	2,527	4,381	5,003	21,315
Total Complaints Received	2	3	4	0	5	2	16
Complaint Percentage	0.05%	0.09%	0.16%	0.00%	0.11%	0.04%	0.08%
Overall Satisfaction with TRS	4.4	4.4	4.4	4.4	4.4	4.5	4.4
How valuable do you find this resource to be?	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Overall Satisfaction with Counselor	4.8	4.9	4.8	4.8	4.8	4.9	4.9
Counselor's Professional and Courteous tone						4.9	4.9
Counselor's ability to speak at a pace and volume for easy understanding						4.9	4.9
Counselor's ability to explain the information provided						4.9	4.9

HOW WAS YOUR VISIT TOTALS - FISCAL YEAR 2024

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	FY24 TOTAL
Courtesy							
Very Satisfied	300	391	369	303	403	380	2,146
Satisfied	5	11	4	5	12	11	48
Neutral	0	2	0	0	3	1	6
Unsatisfied	1	2	2	0	0	0	5
Very Unsatisfied	2	0	1	0	0	3	6
No Answer	42	40	43	35	27	46	233
Total	350	446	419	343	445	441	2,444
Knowledge							
Very Satisfied	297	383	352	293	392	374	2,091
Satisfied	4	16	12	7	11	14	64
Neutral	0	2	0	1	4	1	8
Unsatisfied	1	1	2	1	2	0	7
Very Unsatisfied	2	0	1	0	1	1	5
No Answer	46	44	52	41	35	51	269
Total	350	446	419	343	445	441	2,444
Information							
Very Satisfied	299	384	362	299	393	378	2,115
Satisfied	4	17	9	4	16	14	64
Neutral	1	2	0	2	1	2	8
Unsatisfied	0	1	2	0	1	0	4
Very Unsatisfied	2	1	1	1	2	1	8
No Answer	44	41	45	37	32	46	245
Total	350	446	419	343	445	441	2,444
Total Surveys	350	446	419	343	445	441	2,444
Star Rating (5)	4.9	4.8	4.9	4.9	4.8	4.9	4.9



Positive Comments



Everything was great and the counselor was superb!

Very courteous and knowledgeable.

I was very pleased with my counselor! She did a great job and answered my questions.

I am really impressed by the knowledge, courtesy, and professionalism. Thank you.

It was a positive experience. The counselor was knowledgeable and patient with me throughout the process.

Everything was great! This was an easy and informative process.

I wouldn't change a thing! From the security person to the receptionist and to the counselor, my visit was so easy and quite pleasant!

Could not have been better! The experience was excellent and covered all my concerns.

Good experience. **The experience was perfect for me, Thank you.**

I'm happy with how it was conducted and with the assistance received. **It was perfect**

Honestly, it was perfect. You guys are hiring great people. Thank you! It was exactly what I needed.

The whole experience was amazing, and everybody was so friendly and helpful!! Thank you

I was pleased with the service and information.

No need for improvement. Perfection!



Questions



Any
Questions?



TAB 5



TRS Health

Thursday, May 2, 2024—Benefits Committee
Presented By:

Katrina Daniel, Chief Health Care Officer

Meaghan Bludau, Chief of Staff, Health Division

Melanie Ingleby, FSA, Chief Health Care Actuary

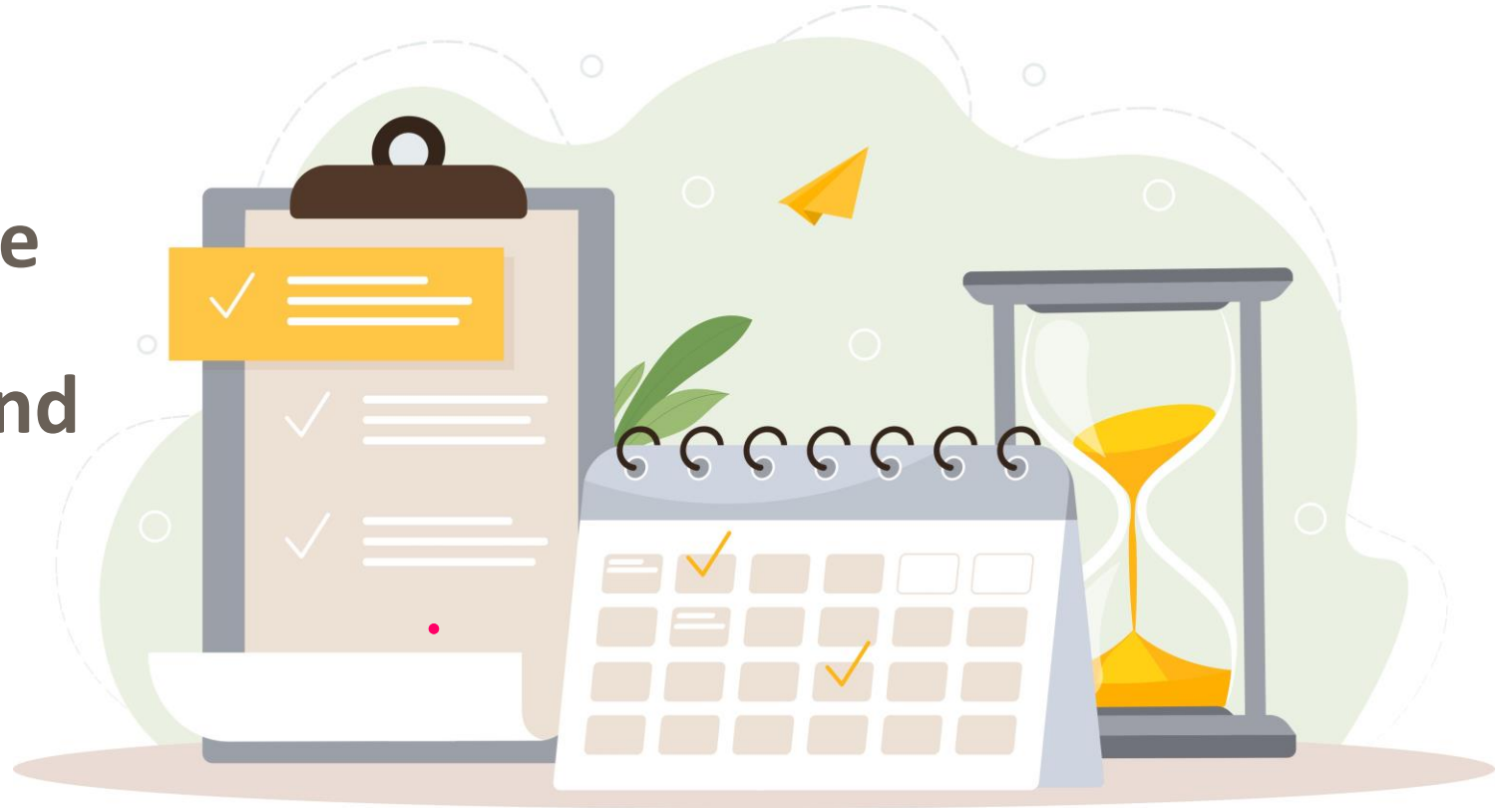
Nancy Byler, Chair, Retirees Advisory Committee for TRS-Care





Agenda

- TRS Retirees Advisory Committee For TRS-Care
- TRS-ActiveCare Rates and Benefits
- Update From Health Actuary





TRS Retirees Advisory Committee (RAC) for TRS-Care



Update: TRS-Care RAC Meeting (March 27, 2024)

Nancy Byler, RAC Chair

- New RAC Leadership Appointments
 - New RAC Chair—Nancy Byler, Retired Teacher
 - New RAC Vice Chair—Mary Widmier, Retired Teacher
- Introduction of New RAC Members:
 - Tonya Davis, Retired School Administrator
 - Mary Ann Whiteker, Retired Teacher





TRS-ActiveCare Rates for Plan Year 2024-25



- TRS-ActiveCare Self-Insured Rates and Benefits Changes for FY 25
- TRS-ActiveCare Fully Insured HMO Rates and Benefits Changes for FY 25

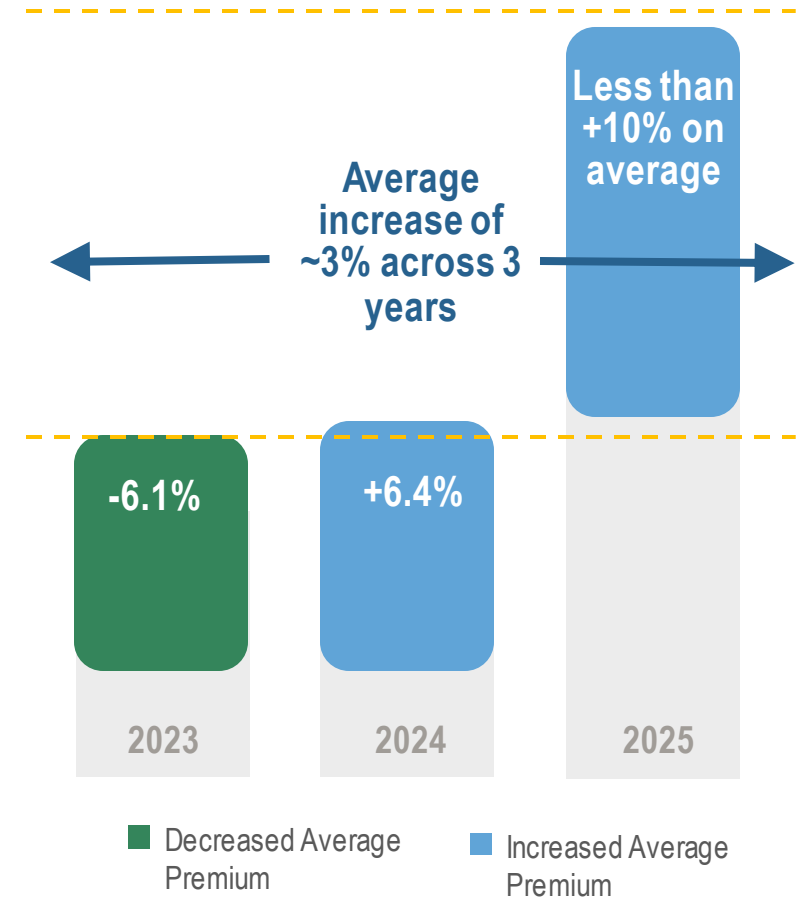




The Rising Costs of Health Care



- Health care costs continue to rise, forcing insurance providers to adjust their premiums accordingly.
- Through TRS' size, stability and supplemental funding, we have been able to minimize the impact of these rising cost trends.
- The average increase of TRS-ActiveCare premiums over the past three years has been 3%.



Notes: This chart shows the change in the average premium per employee based on actual enrollment. FY 2024 is estimated based on October 2023 enrollment and premiums.
DOI = Districts of Innovation offering competing coverage alongside TRSActiveCare. SB 1444 prohibited districts from offering coverage alongside TRS-ActiveCare effective Sept. 1, 2022.



Rates Are Changing But Value Is Not



TRS-ActiveCare
remains the clear
choice for Texas
educators.

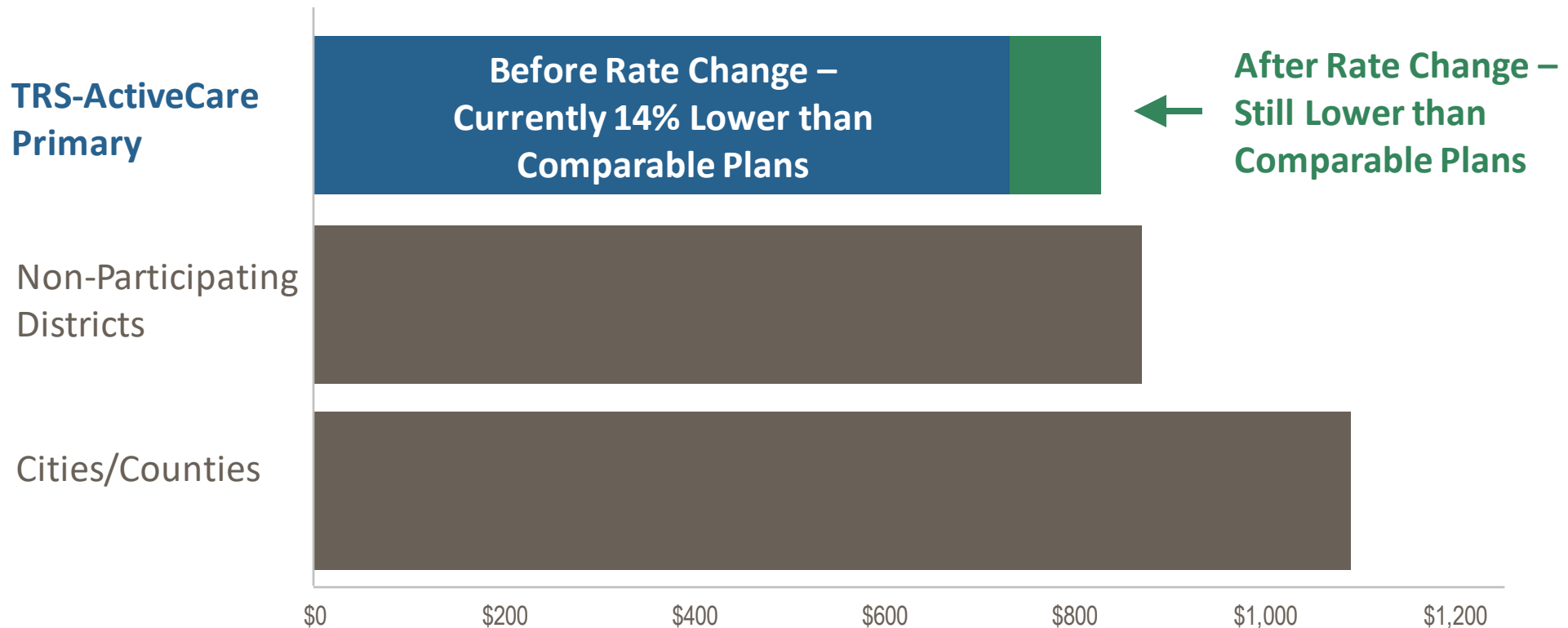
- Employers will see a rate change of **less than 10% on average** across all regions, consistent with legislative direction to apply supplemental funds.
- TRS-ActiveCare costs will be **less than similar plans** even after rate change.
- TRS is maintaining **robust benefits** and low copays.
- TRS offers an **array of plans to meet educators' needs**.
- TRS' size and stability are a **clear advantage to managing rising costs**.



TRS-ActiveCare Continues To Be Competitive



Even with the rate change, TRS-ActiveCare will still cost **less than similar plans** – even more so after other plans increase rates for the upcoming year.



**The chart compares TRS' lowest premium plan, TRS-ActiveCare Primary, to plans that pay for a similar percentage of total costs.*



FY 25 TRS-ActiveCare Gross Premiums (Before Employer Contribution)

Lowest Cost Region (Region 18 Midland)					Mid-Point Region (Region 6 Huntsville)			Highest Cost Region (Region 11 Forth Worth)		
Plan	Tier	FY24 Rate	FY25 Rate	Dollar & Percent Change	FY24 Rate	FY25 Rate	Dollar & Percent Change	FY24 Rate	FY25 Rate	Dollar & Percent Change
Primary	EMP	\$347	\$395	\$48 (13.8%)	\$421	\$452	\$31 (7.4%)	\$461	\$505	\$44 (9.5%)
	ESP	\$937	\$1,067	\$130 (13.9%)	\$1,137	\$1,221	\$84 (7.4%)	\$1,245	\$1,364	\$119 (9.6%)
	ECH	\$590	\$672	\$82 (13.9%)	\$716	\$769	\$53 (7.4%)	\$784	\$859	\$75 (9.6%)
	FAM	\$1,180	\$1,343	\$163 (13.8%)	\$1,432	\$1,537	\$105 (7.3%)	\$1,568	\$1,717	\$149 (9.5%)
Primary+	EMP	\$407	\$464	\$57 (14.0%)	\$494	\$530	\$36 (7.3%)	\$541	\$592	\$51 (9.4%)
	ESP	\$1,059	\$1,207	\$148 (14.0%)	\$1,285	\$1,378	\$93 (7.2%)	\$1,407	\$1,540	\$133 (9.5%)
	ECH	\$692	\$789	\$97 (14.0%)	\$840	\$901	\$61 (7.3%)	\$920	\$1,007	\$87 (9.5%)
	FAM	\$1,344	\$1,532	\$188 (14.0%)	\$1,631	\$1,749	\$118 (7.2%)	\$1,786	\$1,954	\$168 (9.4%)
HD	EMP	\$357	\$405	\$48 (13.4%)	\$433	\$465	\$32 (7.4%)	\$475	\$519	\$44 (9.3%)
	ESP	\$964	\$1,094	\$130 (13.5%)	\$1,170	\$1,256	\$86 (7.4%)	\$1,283	\$1,402	\$119 (9.3%)
	ECH	\$607	\$689	\$82 (13.5%)	\$737	\$791	\$54 (7.3%)	\$808	\$883	\$75 (9.3%)
	FAM	\$1,214	\$1,377	\$163 (13.4%)	\$1,473	\$1,581	\$108 (7.3%)	\$1,615	\$1,765	\$150 (9.3%)
AC2	EMP	\$1,013	\$1,013	\$0 (0.0%)	\$1,013	\$1,013	\$0 (0.0%)	\$1,013	\$1,013	\$0 (0.0%)
	ESP	\$2,402	\$2,402	\$0 (0.0%)	\$2,402	\$2,402	\$0 (0.0%)	\$2,402	\$2,402	\$0 (0.0%)
	ECH	\$1,507	\$1,507	\$0 (0.0%)	\$1,507	\$1,507	\$0 (0.0%)	\$1,507	\$1,507	\$0 (0.0%)
	FAM	\$2,841	\$2,841	\$0 (0.0%)	\$2,841	\$2,841	\$0 (0.0%)	\$2,841	\$2,841	\$0 (0.0%)

*Increases vary by region, plan and tier, and for ~127k subscribers the increase by plan and tier exceeds 10%, with the highest being 14.4%.



FY 25 TRS-ActiveCare Benefit Alignments



TRS is proposing **several benefit adjustments** to align with **regulatory standards** and **account for migration** between plans.

Benefit Alignment	Current FY 24	Proposed FY 25
TRS-ActiveCare HD Plan Maximum out-of-pocket (MOOP)	\$7,500 individual	\$8,050 individual ↑
TRS-ActiveCare HD Plan in-network deductibles (IRS requirement)	\$3,000 individual \$6,000 family	\$3,200 individual ↑ \$6,400 family ↑
TRS-ActiveCare HD Plan out-of- network deductibles	\$5,500 individual \$11,000 family	\$6,400 individual ↑ \$12,800 family ↑
TRS-ActiveCare Primary Plan MOOP	\$7,500 individual	\$8,050 individual ↑

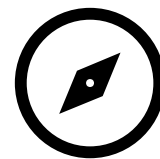


Discontinuance of Baylor Scott & White Contract

- After considerable evaluation, TRS and Baylor Scott & White HMO (BSW), a fully insured health plan for districts located in North/Central Texas, have mutually decided not to renew the HMO's contract at the end of the current plan year.
- BSW will not be offered as a plan option for plan year 2024-25. Currently, there are 12,000 BSW participants.



Nearly all BSW Health Plan providers are in-network for TRS-ActiveCare plans, including BSW's medical facilities and physicians.



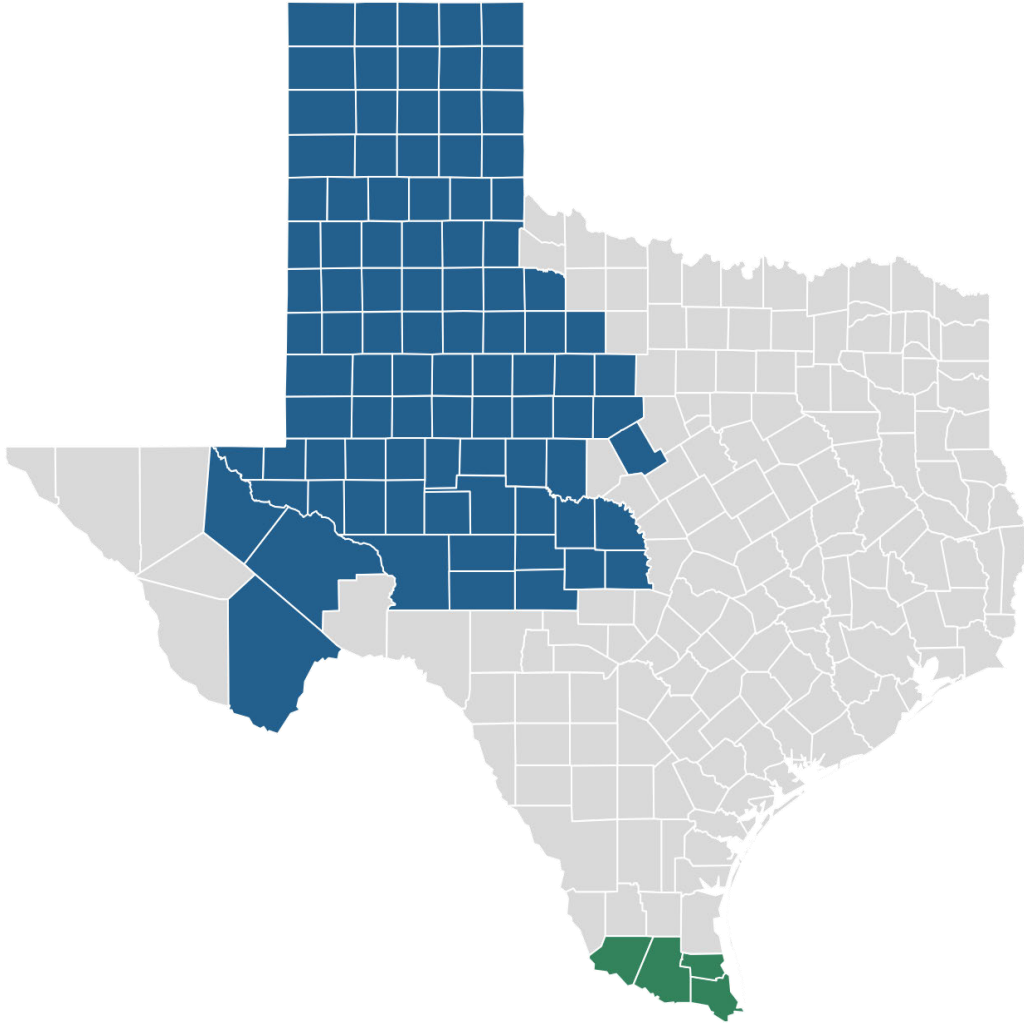
The TRS-ActiveCare Primary+ plan offers comparable coverage with a lower total premium in most tiers. Any participants who do not select a plan will be auto-enrolled in TRS-ActiveCare Primary+.



TRS will proactively outreach to participants who will see a change in providers or prescriptions.



TRS-ActiveCare Health Maintenance Organizations (HMOs)



Blue Essentials – West Texas HMOSM

No benefit changes
2024-25 Rates

	Total Mo. Premium	% Increase from 2023-24
Employee Only	\$1,011.20	17%
Employee & Spouse	\$2,462.32	17%
Employee & Children	\$1,593.00	17%
Employee & Family	\$2,614.90	17%

Blue Essentials – South Texas HMOSM

No benefit changes
2024-25 Rates

	Total Mo. Premium	% Increase from 2023-24
Employee Only	\$983.68	27%
Employee & Spouse	\$2,388.34	27%
Employee & Children	\$1,543.58	27%
Employee & Family	\$2,542.80	27%



Outreach & Engagement Plan – TRS-ActiveCare PY 2024-25



HANDS-ON OUTREACH & TRAINING

SURVEY-DRIVEN IN-PERSON TRAINING

- Benefit Administrator Survey: in-person vs. virtual
- Support from all vendors and District Ambassadors (DA)
- Training throughout May
- Education Service Center Regional Offices: Abilene; Amarillo; Austin; Kilgore; San Antonio

WELCOME CAMPAIGN FOR NEW DISTRICTS

- Welcome call from Chief Health Officer in February
- 4 “technical” training sessions with Bswift
- Individual interviews in April
- Welcome/Enrollment email campaign for employees
- Benefits training May 6 followed by A to Z presentation to employees
- DA support
- Early enrollment period in May

**10 New Employers are
Joining TRS-ActiveCare
on September 1, 2024**



Outreach & Engagement Plan – TRS-ActiveCare PY 2024-25



REFRESHERS FOR EXISTING DISTRICTS

7 WEBINARS GROUPED BY REGIONS & 1 STATEWIDE

- Throughout May-early June; all from 9-Noon
- All vendor & DA support
- Highlight benefit coverage, and tools/resources for the BA; announce rates

9 WEBINARS “From A to Z” – All About TRS-ActiveCare

- Designed for employees
- Throughout June and early July



Supplemental Funding Brought Funding Closer to Peers

SUPPLEMENTAL FUNDING FOR 2023-24 BRINGS NON-EMPLOYEE SOURCES OF FUNDING CLOSER TO PEERS

Average Employer Contribution Pub Ed U.S. Single Coverage

\$595

National Average Employer Contribution For Single Coverage

\$586

Average Employer Contribution Texas Districts Outside
TRS-ActiveCare

\$442

Average TRS-ActiveCare Employer Contribution +
Supplemental Appropriation

\$416

Average TRS-ActiveCare Employer Contribution

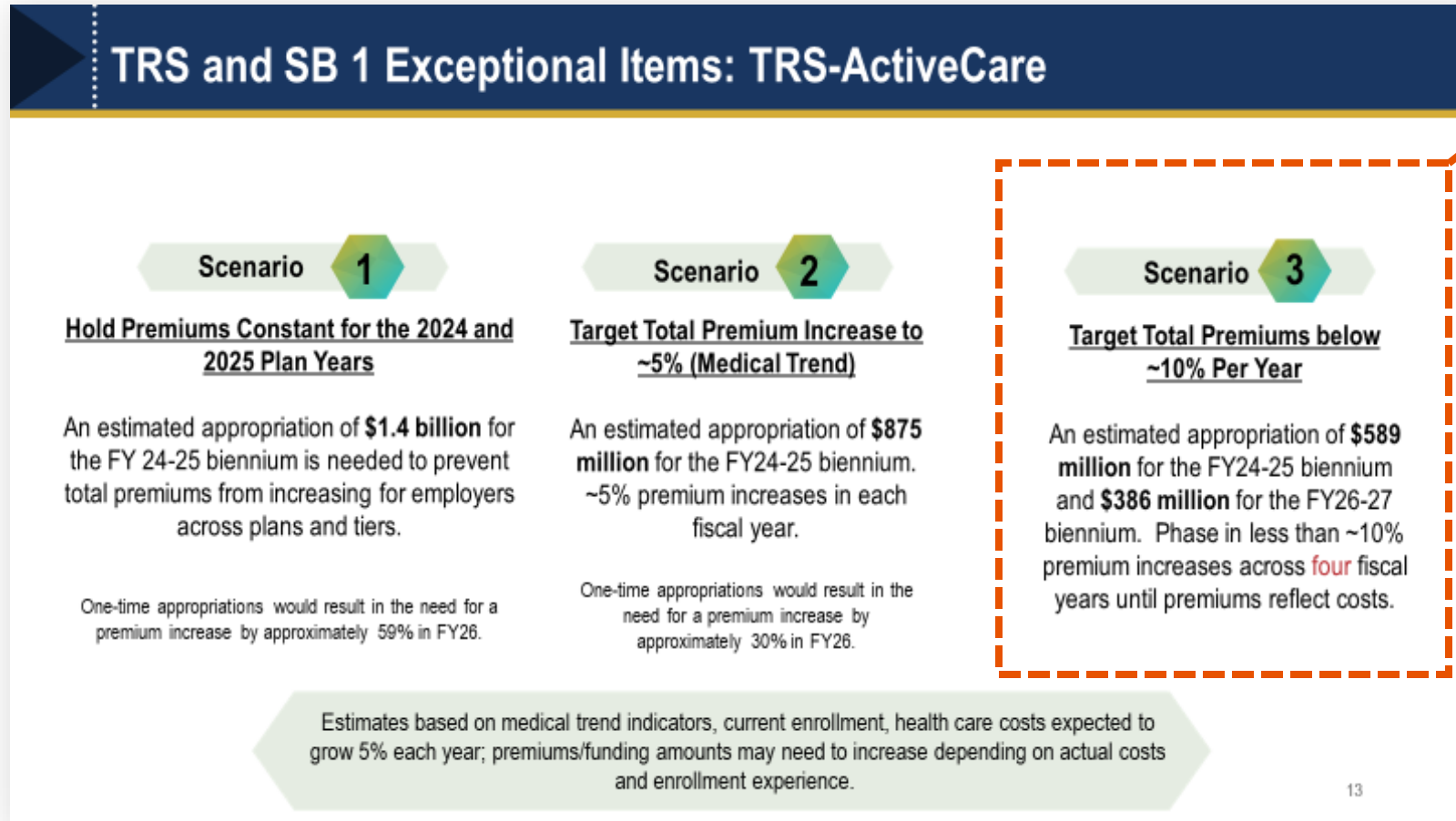
\$337



TRS-ActiveCare Estimate for FY26-27 Remains Stable



FEB. 6, 2023 PRESENTATION TO SENATE FINANCE COMMITTEE



TRS was appropriated \$589 million

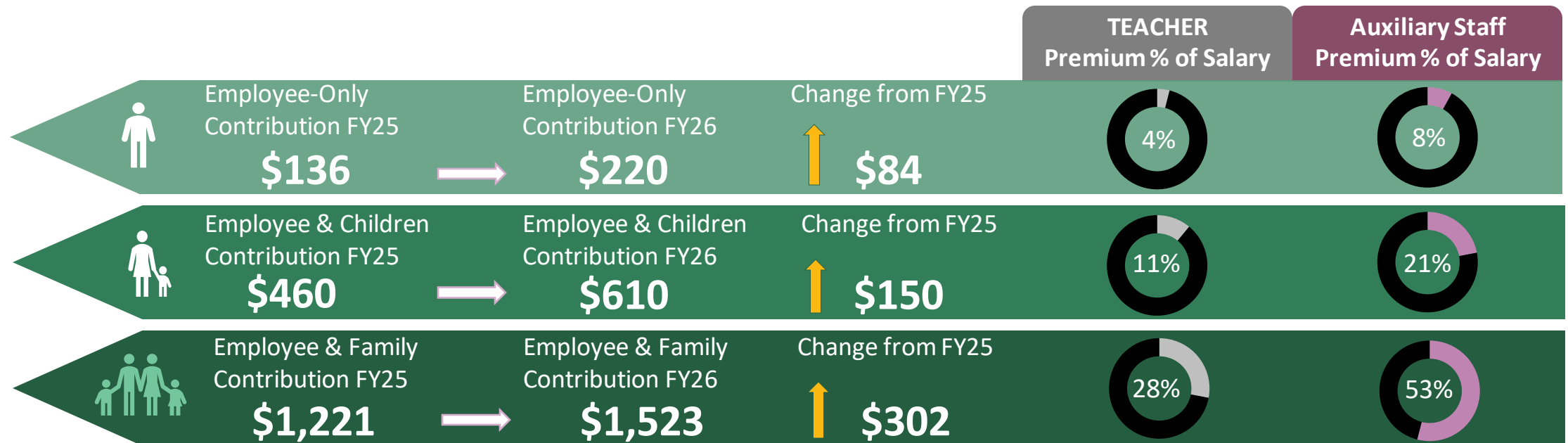
in General Appropriations Act to limit rate increases.

October 2023 estimate to keep rate increases below 10% for FY26-27 would still require \$386M. This could grow to \$450M if we experience significant growth in high-cost employers.



TRS-ActiveCare Affordability: FY2026 Without Supplemental Funding

- ✦ TRS-ActiveCare is designed for employers who determine how much they contribute to reduce employee contributions.
- ✦ In FY2026 monthly premiums increase by ~\$300 for family coverage on TRS-ActiveCare **Primary** plan without supplemental funding.
- ✦ In FY2026, auxiliary staff would need 53% of income to cover their family on TRS-ActiveCare **Primary**.
- ✦ Supplemental appropriation would reduce this increase for family coverage to an average of \$156 in FY26.

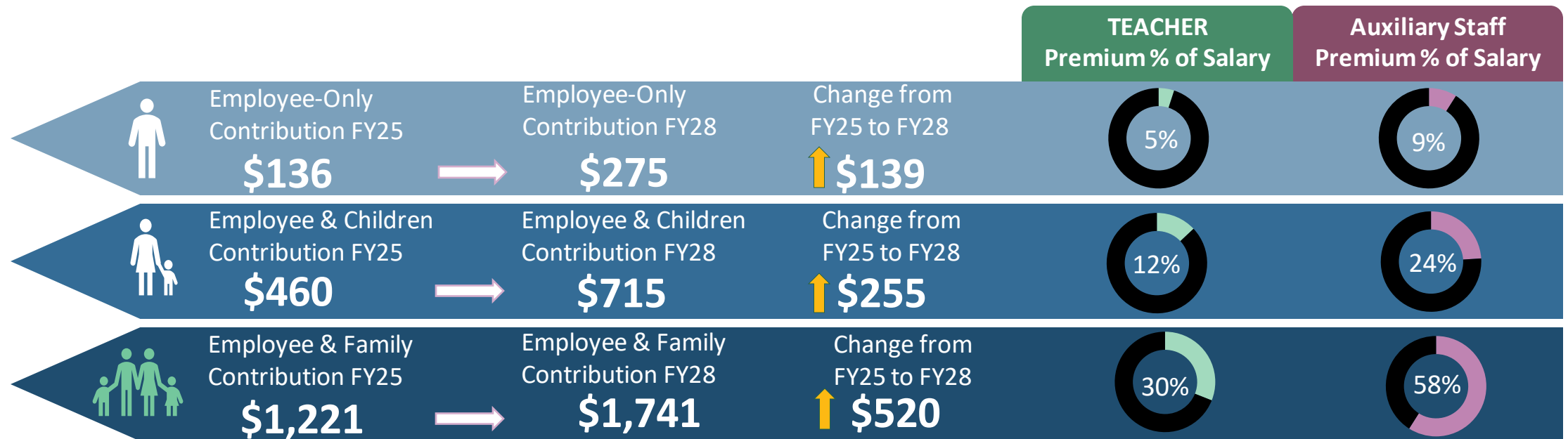


Notes: Percentages are based on average auxiliary staff salary in FY24 of \$2,667 per month and average teacher salary of \$5,167 per month. Figures assume 2% growth in employee salary per annum. Employer contributions are expected to grow at the same rate as they did between FY2023 and FY2024.



TRS-ActiveCare Affordability: FY2028 Beyond Supplemental Funding

- ✦ TRS-ActiveCare is designed for employers who determine how much they contribute to reduce employee contributions.
- ✦ After supplemental funding is phased out in FY2028, absent higher than usual growth in employer contributions, the monthly employee contribution for family coverage in TRS-ActiveCare Primary will be \$520 higher than FY25 after three years of increases and account for 58% of auxiliary staff salary.



Notes: Percentages are based on average auxiliary staff salary in FY24 of \$2,725 per month and average teacher salary of \$5,205 per month. Figures assume 2% growth in employee salary per annum. Employer contributions are expected to grow at the same rate as they did between FY2023 and FY2024.



Staff Members



Melanie Ingleby, FSA—TRS Chief Health Care Actuary

Fellow of the Society of Actuaries (FSA). Highest actuarial designation by the SOA.

Matt Pasyk, ASA—TRS Health Care Actuary

Associate of the Society of Actuaries (ASA). Associate-level designation by the SOA.

Adrianna Timmer—New Actuarial Analyst started April 1, 2024

We also work closely with **Segal Consulting Actuaries** for project support and expert market insight.



What does an actuary do?



Calculate premium rates



Estimate and report claims reserves



Estimate financial impact to changes in TRS health plans



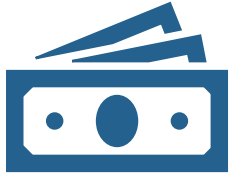
Develop reporting and analyze trends



Calculate projected fund balances



Actuarial Objectives



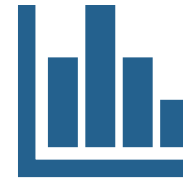
Maintain Fund Stability

Adequate Premiums
Sufficient Reserves



Research and Understand Trends

Historical
Future



Financial Reporting

Fund Balances
Departmental



Recent Actuarial Initiatives

FY 2023 – Implemented Regional Rating

- ✓ Necessary as a result of SB 1444
- ✓ Stabilized the plan and ensured TRS-ActiveCare is competitive in all 20 regions
- ✓ Supplemental Funding
- ✓ Estimated funding to keep premiums under 10% over biennium

FY 2024 – Started Offering Transitional Plans

- ✓ Developed rates for Killeen ISD as a transitional plan to allow them to enter off cycle

FY 2025 – New Districts

- ✓ Priced in 10 new districts with an estimated 12k lives
- ✓ Additional transitional plans expected



Appendix: TRS-ActiveCare Fund Balance Projection Through 2027

Fiscal Year	Contributions							Expenditures					Ending Balance (Incurred Basis)
	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Other Income	Total Revenue	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	
FY 2019	\$1,049,243,657		\$881,998,119	\$246,513,026	\$146,090	\$11,162,989	\$2,189,063,880	\$1,459,520,631	\$254,168,852	\$243,198,667	\$123,514,885	\$2,080,403,035	\$164,953,230
FY 2020	\$1,035,176,542		\$870,173,250	\$260,364,669	\$145,265	\$8,121,853	\$2,173,981,579	\$1,522,489,616	\$271,480,529	\$256,850,839	\$119,814,483	\$2,170,635,466	\$168,299,343
FY 2021	\$1,011,525,120		\$850,291,777	\$176,981,437	\$142,718	\$1,853,676	\$2,040,794,727	\$1,615,822,471	\$285,092,897	\$173,297,782	\$78,637,967	\$2,152,851,116	\$56,242,954
FY 2022	\$1,033,743,632	\$638,337,761	\$868,968,740	\$149,833,982	\$0	\$1,656,095	\$2,692,540,210	\$1,690,700,579	\$293,845,034	\$146,752,232	\$69,945,345	\$2,201,243,189	\$547,539,975
FY 2023	\$952,097,761		\$800,336,918	\$85,603,456	\$0	\$27,739,321	\$1,865,777,457	\$1,683,988,310	\$288,020,255	\$83,782,801	\$73,689,100	\$2,129,480,467	\$283,836,965
FY 2024	\$1,000,596,465	\$304,959,267	\$841,105,109	\$69,021,569	\$0	\$13,903,114	\$2,229,585,524	\$1,786,815,447	\$278,719,443	\$73,793,064	\$83,667,843	\$2,222,995,797	\$290,426,692
FY 2025	\$1,122,125,789	\$283,558,510	\$943,263,111	\$75,238,488	\$0	\$11,061,087	\$2,435,246,985	\$1,936,354,687	\$324,241,827	\$73,844,388	\$86,317,854	\$2,420,758,756	\$304,914,921
FY 2026	\$1,155,789,563		\$971,561,004	\$77,495,643	\$0	\$5,639,641	\$2,210,485,850	\$2,023,490,648	\$361,718,294	\$76,101,543	\$87,194,912	\$2,548,505,397	(\$33,104,626)
FY 2027	\$1,190,463,250		\$1,000,707,834	\$79,820,512	\$0	\$534,901	\$2,271,526,497	\$2,109,489,001	\$401,000,155	\$78,426,412	\$91,006,126	\$2,679,921,693	(\$441,499,822)

Notes:

- Actual data through November 30, 2023
- Medical trend: 5% through FY24; reduced by 0.25% each year thereafter with a 4% minimum
- Pharmacy trend: 8.5% through FY24; reduced by 0.25% each year thereafter with a 6% minimum
- Prior to FY2018: State contributions are equal to \$75 PEPM. District contributions are equal to \$150 PEPM.
- FY2018 and Forward: State/District Contributions are based on September actual contributions.
- Current Interest rate is assumed to be 3.9%. Rate decreases by a factor of 25% each year with a minimum of 0.5%.
- Rate increase of 9% assumed for FY25. 3% increase assumed for all years after FY25
- The TRS-ActiveCare Fund balance is managed to prevent a deficit through premium and benefit adjustments.

Appendix: TRS-Care Fund Balance Projection Through 2027

Fiscal Year	Contributions							Expenditures			Ending Balance (Incurred Basis)
	Retiree Contributions	State Contributions	Supplemental Appropriations	Active Employee Contributions	District Contributions	Investment Income	CMS, Part D and EGWP Subsidies	Medical Expenses	Drug Expenses	Administrative Costs	
FY 2017*	\$373,229,610	\$328,063,352	\$15,559,552	\$213,241,179	\$191,057,800	\$5,225,993	\$195,396,219	\$807,831,048	\$734,805,874	\$51,885,051	\$368,737,886
FY 2018	\$488,069,004	\$425,625,726	\$394,600,000	\$221,325,377	\$266,061,322	\$10,930,281	\$183,159,406	\$840,420,584	\$669,082,906	\$50,430,879	\$798,574,633
FY 2019	\$517,965,033	\$437,189,334	\$73,641,562	\$227,338,454	\$273,110,251	\$25,046,771	\$321,106,153	\$688,148,611	\$648,749,351	\$45,051,884	\$1,292,022,346
FY 2020	\$499,057,861	\$468,330,999	\$230,756,971	\$243,532,120	\$292,411,364	\$25,396,789	\$317,440,892	\$659,668,989	\$668,307,637	\$44,654,785	\$1,996,317,930
FY 2021	\$533,592,849	\$481,564,562	\$5,520,343	\$250,413,572	\$299,803,511	\$9,226,940	\$311,771,512	\$604,926,549	\$705,239,916	\$38,802,284	\$2,539,242,470
FY 2022	\$399,788,260	\$506,388,630	\$83,000,000	\$263,328,449	\$315,688,282	\$13,499,534	\$288,606,867	\$551,595,432	\$694,534,457	\$45,475,384	\$3,117,937,219
FY 2023	\$477,018,666	\$533,605,088	\$0	\$277,468,284	\$334,703,238	\$151,354,211	\$354,575,016	\$590,029,372	\$714,251,845	\$52,615,305	\$3,889,765,200
FY 2024	\$470,915,512	\$544,277,190	\$0	\$283,024,139	\$326,566,314	\$101,098,651	\$390,141,277	\$632,136,435	\$814,829,628	\$50,126,034	\$4,508,696,186
FY 2025	\$490,323,752	\$555,162,734	\$0	\$288,684,622	\$333,097,640	\$87,312,826	\$475,653,964	\$643,508,180	\$938,533,225	\$51,774,078	\$5,105,116,239
FY 2026	\$494,817,342	\$566,265,988	\$0	\$294,458,314	\$339,759,593	\$73,039,592	\$478,488,182	\$677,102,129	\$1,009,641,510	\$53,190,165	\$5,612,011,445
FY 2027	\$499,713,155	\$577,591,308	\$0	\$300,347,480	\$346,554,785	\$59,583,684	\$510,465,892	\$755,583,704	\$1,083,990,682	\$55,693,628	\$6,010,999,735

Notes:

- Invoice data through November 30, 2023
- The purpose of this report is to project revenue and expenses on an incurred basis and should not be used as a projection of cash flow. Cash flow projections are usually less than incurred primarily due to a delay in receipt of federal subsidies.
- State Contribution rate of 1.25%; District Contribution rate of 0.75%; and Active Contribution rate of 0.65% beginning 9/1/2017.
- Medical trends: 7% through FY2023; reduced by 0.25% each year thereafter.
- Pharmacy trends: 7% through FY2023; reduced by 0.25% each year thereafter.
- 2% increase in payroll growth
- Interest rate is set to match current returns and reduced by 25% a year with a floor of 0.5%.

*Note that there was a prior period adjustment to retiree contributions FY2017. This number will not tie to the ACFR as the adjustment is reflected here.