

Benefits Committee Meeting

April 19, 2018

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

*(Committee Chair and Members: Ms. Sissney, Chair; Dr. Gibson,
Mr. Moss, Mr. Nance and Ms. Ramirez)*

All or part of the April 19, 2018, 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.**

AGENDA

**April 19, 2018 – 9:00 a.m.
TRS East Building, 5th Floor, Boardroom**

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the June 16, 2016 committee meeting – Chair Nannette Sissney.
3. Consider recommending to the Board adoption of the following related to the TRS health benefits programs – Katrina Daniel and Amy Cohen, Gabriel, Roeder, Smith & Company.
 - A. Premium and plan designs for TRS-ActiveCare preferred-provider organization (PPO) plan options.
 - B. Premiums and plan design for the TRS-ActiveCare HMO plan options.
4. Receive an update and consider the following– Barbie Pearson.
 - A. Consider recommending to the Board the acceptance of the Medical Board Meeting minutes;
 - B. Proposed solicitation for two positions opening on the Medical Board;
 - C. Employer Advisory Group;
 - D. Benefit service operations including: RE reporting, benefit processing and benefit counseling; and
 - E. Consider recommending to the Board the approval of Benefit Payments for December 2017 – February 2018.

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 Benefits 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.

TAB 2

**Minutes of the Benefits Committee
June 16, 2016**

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, June 16, 2016, 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 present:

Ms. Anita Palmer, Chair
Ms. Karen Charleston
Dr. Greg Gibson
Mr. Chris Moss
Ms. Dolores Ramirez

Other TRS Board Members present:

Mr. David Kelly
Mr. David Corpus

Others present:

Brian Guthrie, TRS
Katrina Daniel, TRS
William Hickman, TRS
Amy Cohen, TRS
Eric St. Pierre, Gabriel Roeder Smith Company

Benefits Committee Chair Ms. Anita Palmer called the meeting to order at 1:43 p.m. with a quorum of committee members present.

1. Consider the approval of the minutes of the April 7, 2016 committee meeting – Committee Chair.

On a motion by Dr. Greg Gibson, seconded by Ms. Karen Charleston, the proposed minutes for the April 7, 2016, Benefits Committee meeting were approved as presented.

2. Receive the report of the Retiree Advisory Committee on its May 19, 2016 meeting – Katrina Daniel.

Ms. Katrina Daniel provided an update on the Retiree Advisory Committee (RAC) meeting. She stated the RAC discussed TRS-Care, specifically, funding issues and challenges were discussed and that a shortfall on a cash basis at the end of the FY17 was expected. Ms. Daniel reported the RAC discussing different alternatives – mail-order pharmacy for maintenance drugs was a big point of discussion. Ms. Daniel stated the issue of retaining grandfathered status in the TRS-Care plans was discussed. Ms. Daniel also reported that Aenta talked about some of the new benefits that will be rolling out in this next year.

Ms. Daniel announced in an effort to improve and enhance communications with retirees the new online benefit counselor, ALEX, which covers Care and ActiveCare. Ms. Daniel stated this will not take the place of any of the current benefit counselors, but may be an added benefit. Ms. Daniel also reported talk about expanding avenues for communication around employee planning for retirement.

3. Consider recommending to the Board adoption of the following related to the TRS health benefits programs – Katrina Daniel and William Hickman; Amy Cohen; and Eric St. Pierre, Gabriel, Roeder, Smith & Company.

- a. Premiums and plan design for TRS-Care, the retiree health benefits program, including the three standard plans, the fully-insured Medicare Advantage Plans, and the Medicare Part D Plans.**

Mr. Guthrie stated the proposed changes for consideration are a result of a projected shortfall by the end of this biennium for TRS-Care. Mr. Guthrie stated the experience improved and there is no longer a negative balance. He said there is a small positive balance but a balance that covers only a day or two worth of claims. Mr. Guthrie also reported that when any state agency projects a shortfall, the legislature may consider a supplemental appropriations bill to make the agency whole but there is no guarantee. Mr. Guthrie pointed out the fundamental concern is to make sure there is not a significant shortfall at the end of next summer, which may or may not be addressed by the next legislative session.

Ms. Daniel stated that in the past twelve years, staff has not brought any recommendations for plan changes, such as reductions to benefits or increased out-of-pocket cost, for TRS-Care to the Board. Ms. Daniel then provided background on the statutes requiring TRS to provide a basic plan at no cost to retirees for Care 1. Specifically, Ms. Daniel referenced a rider that stated the intent of the Legislature was that the Board not increase premiums for retirees for the FY16 – 17 biennium. Ms. Daniel reported TRS-Care has retained its grandfathered status under the Affordable Care Act. She further reported that if the grandfathered status was lost, TRS-Care would lose an estimated \$5 million as a result of a federal requirement to add maximum out of pocket limits. Ms. Daniel noted the proposed recommendations do not jeopardize the grandfathered status.

Ms. Daniel then discussed medical and prescription cost trends in recent years. The medical trend has been fairly stable. Because of this, Ms. Daniel reported adjusting trend assumptions for the model. Previously, there was an anticipated increase of 7.5 percent trend for medical and 13 percent for pharmacy. Ms. Daniel reported downward adjustments to 7 and 12 respectively, which is still a conservative estimate. Another change noted by Ms. Daniel was in payroll growth. She said typically we model a 2 percent growth in payroll, however we are experiencing 4 ½ percent growth, so that was incorporated for 2016. But for future years, the more conservative 2 percent assumption will be used. With these changes, the projection for the end of the fiscal year 2017, on an incurred basis, is \$136 million for the balance. Ms. Daniel reported the trend for 2017 looks better than it has in the past but it does not fix the bigger problem, the ongoing funding issues in Care.

Ms. Daniel noted that even though there are some things looking better, the Board should still consider changes to the Care plan structure, including the out-of-pocket cost, to ensure an adequate fund balance at the end of the year.

Ms. Daniel went through in more detail two scenarios, one that will generate more savings for the fund and the alternative, which still generates savings, but not as much. Ms. Daniel also made one pharmacy recommendation. The pricing structure encourages retirees to switch to mail order for maintenance drugs.

Of the two scenarios referenced above, Ms. Daniel recommended the scenario that generates a higher fund balance. The most significant difference in the recommendations is in the deductibles and the maximum amount of pocket cost. She indicated even with the recommended changes, the TRS-Care cash fund balance was projected to be \$57.7 million, which is just two weeks' worth of claims.

Mr. Moss moved, Ms. Ramirez seconded and the Committee unanimously agreed to recommend to the Board adoption of the proposed resolution adopting premiums and plan design for TRS-Care and with the staff recommendation as follows:

Whereas, Chapter 1575, Insurance Code, authorizes the Teacher Retirement System of Texas ("TRS"), as trustee, to implement and administer the uniform group health benefits program ("TRS-Care") under the Texas Public School Retired Employees Group Benefits Act, as described in the statute;

Whereas, TRS-Care offers coverage in three standard plans ("TRS-Care Standard plans"), historically known as TRS-Care 1, TRS-Care 2, and TRS-Care 3; offers coverage in two qualified fully-insured Medicare Advantage plans ("TRS-Care Medicare Advantage plans"), available to eligible TRS-Care 2 and TRS-Care 3 participants who have Medicare Parts A and B; and offers coverage in two Medicare Prescription plans ("TRS-Care Medicare Prescription plans"), available to eligible TRS-Care 2 and TRS-Care 3 participants who have either Medicare Part A or Medicare Part B or both;

Whereas, due to the funding available to TRS-Care, TRS staff and the TRS health benefits consultant, Gabriel, Roeder, Smith & Company ("GRS") have recommended that for the Fiscal Year 2017 plan year, beginning September 1, 2016, premium rates in the TRS-Care Standard plans remain unchanged from the current premium rates for these plans for the Fiscal Year 2016 plan year;

Whereas, due to the funding available to TRS-Care, TRS staff and GRS have further recommended that for the plan year commencing on January 1, 2017, premium rates in the TRS-Care Medicare Advantage plans remain unchanged from the current premium rates for these plans for the plan year that commenced on January 1, 2016;

Whereas, TRS staff and GRS have further recommended that for the Fiscal Year 2017 plan year, beginning September 1, 2016, benefit plan designs for the TRS-Care 1, TRS-Care 2, and TRS-Care 3 Standard plans remain unchanged from the current benefit plan designs for these plans, save and except with regard to the benefit plan design changes set out in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and GRS have further recommended that for the plan year commencing on January 1, 2017, benefit plan designs for the TRS-Care Medicare Advantage Plans and the TRS-Care Medicare Prescription plans remain unchanged from the current benefit plan designs for these plans;

Whereas, TRS staff and GRS have further recommended that, beginning January 1, 2017, and thereafter until further action by the Board, participants who are enrolled in Medicare benefits under Part A or Part B and who are enrolled in either the TRS-Care 2 or TRS-Care 3 level of coverage, will not be eligible to remain enrolled in or eligible to enroll in either the standard prescription drug plan offered under the TRS-Care 2 level of coverage or the standard prescription drug plan offered under the TRS-Care 3 level of coverage; and

Whereas, the TRS Board of Trustees ("Board") desires to adopt the recommendations of TRS staff and GRS; now, therefore, be it

Resolved, That for the TRS-Care Standard plans, for the Fiscal Year 2017 plan year beginning September 1, 2016, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current premium rates for these plans in place for the Fiscal Year 2016 plan year;

Resolved, That for the TRS-Care Medicare Advantage plans, for the plan year commencing on January 1, 2017, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current premium rates for these plans in place for the plan year that commenced on January 1, 2016;

Resolved, That for the TRS-Care 1, TRS-Care 2, and TRS-Care 3 Standard plans, for the Fiscal Year 2017 plan year beginning September 1, 2016, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current benefit plan designs for these plans in place for the Fiscal Year 2016 plan year, save and except with regard to the benefit plan design changes set out in Exhibit A;

Resolved, That for the TRS-Care Medicare Advantage plans and the TRS-Care Medicare Prescription plans, for the plan year commencing on January 1, 2017, and for all plan years thereafter, until further action by the Board, the Board hereby adopts and authorizes the current benefit plan designs for these plans in place for the plan year that commenced on January 1, 2016;

Resolved, That beginning January 1, 2017, and thereafter until further action by the Board, participants who are enrolled in Medicare benefits under Part A or Part B and who are enrolled in either the TRS-Care 2 or TRS-Care 3 level of coverage, will not be eligible to remain enrolled in or eligible to enroll in either the standard prescription drug plan offered under the TRS-Care 2 level of coverage or the standard prescription drug plan offered under the TRS-Care 3 level of coverage;

Resolved, That the Board finds that, considering the actions taken in the resolutions above, TRS-Care is projected to remain financially solvent during the currently funded biennium; and
Resolved, That for the Fiscal Year 2017 plan year commencing on September 1, 2016 for the TRS-Care Standard plans, and for the plan year commencing on January 1, 2017 for the TRS-Care Medicare Advantage plans and the TRS-Care Medicare Prescription plans, and for all plan years thereafter, until further action by the Board, the Board authorizes the Executive Director or his designees to take any actions that he or his designee in his or their discretion deem to be

necessary or advisable to implement this resolution, and to otherwise implement and continue the TRS-Care Standard plans, the TRS-Care Medicare Advantage plans, and the TRS-Care Medicare Prescription plans until further action by the Board.

Exhibit A

TO THE RESOLUTION APPROVING PREMIUM RATES AND BENEFIT PLAN DESIGNS FOR THE TRS-CARE STANDARD PLANS, THE TRS-CARE MEDICARE ADVANTAGE PLANS, AND THE TRS-CARE MEDICARE PRESCRIPTION PLANS

Benefit Plan Design Changes

TRS-Care 1 Standard Plan

The Board hereby approves and adopts the following benefit plan design changes for the TRS-Care 1 Standard plan, subject to all other plan requirements and restrictions, beginning in the Fiscal Year 2017 plan year commencing on September 1, 2016, and for all plan years thereafter, until further cation by the Board:

Medicare Status	From FY2016	To FY2017
Individual/Family Deductibles		
Medicare Part A & B	\$1,800/\$3,600	\$2,350/\$4,700
Medicare Part B Only	\$3,000/\$6,000	\$3,900/\$7,800
Non-Medicare	\$4,000/\$8,000	\$5,250/\$10,500
Maximum Out-of-Pocket Limits		
Medicare Part A & B	\$4,800/\$9,600	\$6,250/\$12,500
Medicare Part B Only	\$6,000/\$12,000	\$7,800/\$15,600
Non-Medicare	\$6,350/\$12,700	\$8,250/\$16,500

TRS-Care 2 Standard Plan

The Board hereby approves and adopts the following benefit plan design changes for the TRS-Care 2 Standard plan, subject to all other plan requirements and restrictions, beginning in the Fiscal Year 2017 plan year commencing on September 1, 2016 and for all plan years thereafter, until further action by the Board:

Benefit	From FY2016	To FY2017
Medical		
Individual/Family Deductible	\$1,000/\$2,000	\$1,300/\$2,600
Maximum Out-of-Pocket Limit	\$4,400/\$8,800	\$5,800/\$11,600

Benefit	From FY2016	To FY2017
Prescription Drug – Standard Plan		
Retail Pharmacy		
Generic	\$10 copay	\$13 copay
Preferred Brand	\$30 copay	\$40 copay
Non-Preferred Brand	\$50 copay	\$65 copay
Maintenance Drugs at a Retail Pharmacy		
Generic	N/A	\$23 copay
Preferred Brand		\$50 copay
Non-Preferred Brand		\$75 copay
Mail Order Pharmacy		
Generic	\$20 copay	\$25 copay
Preferred Brand	\$75 copay	\$100 copay
Non-Preferred Brand	\$125 copay	\$165 copay

TRS-Care 3 Standard Plan

The Board hereby approves and adopts the following benefit plan design changes for the TRS-Care 3 Standard plan, subject to all other plan requirements and restrictions, beginning in the Fiscal Year 2017 plan year commencing on September 1, 2016 and for all plan years thereafter, until further action by the Board:

Benefit	From FY2016	To FY2017
Medical		
Individual/Family Deductible	\$300/\$600	\$400/\$800
Maximum Out-of-Pocket Limit	\$3,700/\$7,400	\$4,900/\$9,800
Prescription Drug – Standard Plan		
Retail Pharmacy		
Generic	\$10 copay	\$13 copay
Preferred Brand	\$25 copay	\$30 copay
Non-Preferred Brand	\$40 copay	\$50 copay
Maintenance Drugs at a Retail Pharmacy		
Generic	N/A	\$23 copay
Preferred Brand		\$40 copay
Non-Preferred Brand		\$60 copay
Mail Order Pharmacy		
Generic	\$20 copay	\$25 copay
Preferred Brand	\$50 copay	\$65 copay
Non-Preferred Brand	\$80 copay	\$105 copay

b. Premiums and plan design for TRS-ActiveCare, the active member health benefits program, including the preferred-provider organization (PPO) plan.

Ms. Daniel provided background information regarding ActiveCare and its funding. Ms. Daniel reported the fund balance target is a month of claims. In order to achieve this goal for FY16, the board approved a premium increase last year. Ms. Daniel stated the goal is about \$154 million, which is where the fund balance is right now. However, without any changes,

the new plan year would have a projected fund balance of \$101 million. Ms. Daniel reported the recommended plan changes balance the premium increases against having the target fund balance for a month of claims. She said without plan design changes, there would be a required average rate increase of 2.9 percent. Additionally, Ms. Daniel stated the recommendation around pharmacy in ActiveCare is similar as Care, trying to steer people toward mail order and retail plus, pharmacies that accept mail-order pricing structures. However, with the recommended proposed changes, the gross premium increase is 2.5 percent with an average employee increase of 4.2 percent.

Dr. Gibson moved, Ms. Charleston seconded and the Committee unanimously voted to recommend to the Board adoption of the proposed resolution, adopting premiums and plan design for TRS-ActiveCare as recommended by staff as follows:

Whereas, Chapter 1579, Insurance Code, authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer the uniform group health benefits program (TRS-ActiveCare) under the Texas School Employees Uniform Group Health Coverage Act, as described in the statute;

Whereas, TRS staff and the TRS health benefits consultant, Gabriel, Roeder, Smith & Company (“GRS”), have recommended that benefit changes, as indicated below, be made to TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2 for the Fiscal Year 2017 plan year commencing on September 1, 2016;

Whereas, TRS staff and GRS have recommended that for the Fiscal Year 2017 plan year commencing on September 1, 2016, rates at all levels of coverage in TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2 be set at the gross premium amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference; and

Whereas, The TRS Board of Trustees (“Board”) desires to adopt the recommendations of TRS staff and GRS; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the following benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare 1-HD, beginning in the Fiscal Year 2017 plan year commencing on September 1, 2016 and thereafter, until further action by the Board:

Plan Feature	From 2015-2016 Plan Year	To 2016-2017 Plan Year
Individual Out-of-pocket maximum	\$6,450	\$6,550
Family Out-of-pocket maximum	\$12,900	\$13,100

Resolved, That the Board hereby adopts and authorizes the following benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare Select, beginning in the Fiscal Year 2017 plan year commencing on September 1, 2016 and thereafter, until further action by the Board:

Plan Feature	From 2015-2016 Plan Year	Plan	To 2016-2017 Plan Year
Individual Out-of-pocket maximum	\$6,600		\$6,850
Family Out-of-pocket maximum	\$13,200		\$13,700
Retail Maintenance (after 1st fill; up to 31 day supply)			
Generic	\$25 copay		\$35 copay
Preferred Brand	\$50 copay		\$60 copay
Non-Preferred Brand	50% coinsurance		50% coinsurance

Resolved, That the Board hereby adopts and authorizes the following benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare 2, beginning in the Fiscal Year 2017 plan year commencing on September 1, 2016 and thereafter, until further action by the Board:

Plan Feature	From 2015-2016 Plan Year	Plan	To 2016-2017 Plan Year
Individual Out-of-pocket maximum	\$6,600		\$6,850
Family Out-of-pocket maximum	\$13,200		\$13,700
Retail Maintenance (after 1st fill; up to 31 day supply)			
Generic	\$25 copay		\$35 copay
Preferred Brand	\$50 copay		\$60 copay
Non-Preferred Brand	\$80 copay		\$90 copay

Resolved, That the Board hereby adopts and authorizes the gross premium rates for TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2 contained in Exhibit A, for the Fiscal Year 2017 plan year commencing on September 1, 2016 and thereafter, until further action by the Board; and

Resolved, That the Board authorizes the Executive Director or his designees to take any actions that are necessary or advisable to implement the benefit structure and premium rates, as adopted or authorized herein, and to otherwise continue the existing approved plans of coverage for TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2, until further action by the Board.

Exhibit A

TO THE RESOLUTION APPROVING BENEFITS AND
PREMIUM RATES FOR TRS-ACTIVECARE 1-HD,
TRS-ACTIVECARE SELECT, AND TRS-ACTIVECARE 2

Summary of Proposed FY 2017 Monthly Premium Rates

Current FY	Proposed FY	Percent
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	2016 Rate	2017 Rate	Change
TRS-ActiveCare 1-HD			
Employee Only	\$341.00	\$341.00	0.0%
Employee and Spouse	\$914.00	\$914.00	0.0%
Employee and Child(ren)	\$615.00	\$615.00	0.0%
Employee and Family	\$1,231.00	\$1,231.00	0.0%
TRS-ActiveCare Select			
Employee Only	\$473.00	\$484.00	2.3%
Employee and Spouse	\$1,122.00	\$1,147.00	2.2%
Employee and Child(ren)	\$762.00	\$779.00	2.2%
Employee and Family	\$1,331.00	\$1,361.00	2.3%
TRS-ActiveCare 2			
Employee Only	\$614.00	\$645.00	5.0%
Employee and Spouse	\$1,478.00	\$1,552.00	5.0%
Employee and Child(ren)	\$992.00	\$1,042.00	5.0%
Employee and Family	\$1,521.00	\$1,597.00	5.0%

c. Premiums and plan design for the TRS-ActiveCare HMO plan.

Ms. Daniel reported that three HMOs participate in ActiveCare HMOs and will continue to participate this year. The three have submitted proposed increases to rates. Ms. Daniel noted the administrative fee to cover administrative costs will increase from \$7.50 to \$10. Ms. Daniel stated there are some customer satisfaction issues that need work and want to enhance the oversight of the HMOs.

Ms. Charleston moved, Ms. Ramirez seconded, and the Committee unanimously voted to recommend to the Board adopting the proposed resolution adopting premiums and plan design of the HMOs associated with TRS-ActiveCare as recommended by staff.

Whereas, Chapter 1579, Insurance Code, establishes the Texas School Employees Uniform Group Health Coverage Program (TRS-ActiveCare), a uniform group health benefits program;

Whereas, under Chapter 1579, Insurance Code, the Teacher Retirement System of Texas (TRS), as trustee, is authorized to implement and administer TRS-ActiveCare;

Whereas, TRS currently has contracts with three health maintenance organizations, SHA, L.L.C. d/b/a FirstCare Health Plans, Scott & White Health Plan, and Allegian Insurance Company d/b/a Allegian Health Plans, to offer benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of each health maintenance organization (“HMO”);

Whereas, TRS Staff and TRS health benefits consultant, Gabriel, Roeder, Smith & Company (“GRS”) have recommended that during Fiscal Year 2017, SHA, L.L.C. d/b/a FirstCare Health Plans, Scott & White Health Plan, and Allegian Insurance Company d/b/a Allegian Health Plans be allowed to provide health care services to TRS-ActiveCare participants in their respective service areas under the same respective plan design that each HMO offered in Fiscal Year 2016, with only those changes in benefits noted hereafter, along with other minor benefit changes that may be reflected in the TRS-ActiveCare Enrollment Guide and the Evidence of Coverage issued by each respective HMO;

Whereas, Staff and GRS have recommended that for Fiscal Year 2017, the Board approve the premium rates noted herein, to be paid by TRS-ActiveCare participants enrolled in an HMO, which premium rates include a monthly administration fee of \$10.00 per employee enrolled in an HMO, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

Whereas, The Board desires to approve the recommendations, including the respective plan design offered in Fiscal Year 2017 by each of the three HMOs, with the respective changes in benefits (including changes as noted hereafter) proposed by SHA, L.L.C. d/b/a FirstCare Health Plans, Scott & White Health Plan, and Allegian Insurance Company d/b/a Allegian Health Plans, and to approve the premium rates offered for Fiscal Year 2017 by each of the three HMOs as recommended by Staff and GRS; now, therefore, be it

Resolved, that the Board hereby approves the proposal for SHA, L.L.C. d/b/a FirstCare Health Plans to offer to TRS-ActiveCare participants during Fiscal Year 2017 the same plan design it offered in Fiscal Year 2016, with the following proposed major benefit changes, and approves and adopts the following monthly premium rates to be charged to TRS-ActiveCare participants enrolled in this HMO during Fiscal Year 2017 according to coverage tier:

SHA, L.L.C. d/b/a FirstCare Health Plan Major Benefit Change Highlights

Benefit	FY 2016 Plan Year	FY 2017 Plan Year
Deductible	Individual -- \$ 450.00	Individual -- \$ 500.00
	Family -- \$ 1,125.00	Family -- \$ 1,500.00
Out-of-Pocket Maximum	Individual -- \$ 5,000.00	Individual -- \$ 6,000.00
	Family -- \$10,000.00	Family -- \$12,000.00
Emergency Room Copay	25% after deductible	\$500 copay after deductible
Advanced Imaging Copay (MRI, CT Scan, PET Scan)	25% after deductible	\$250 copay after deductible

SHA, L.L.C. d/b/a FirstCare Health Plans Premium Changes

Coverage Tier	FY 2016 Premiums	FY 2017 Premiums	Percent Change
Employee Only	\$ 418.80	\$ 472.50	+12.82%
Employee & Spouse	\$ 1,050.44	\$ 1,180.50	+12.38%
Employee & Child(ren)	\$ 664.74	\$ 748.50	+12.60%
Employee & Family	\$ 1,060.84	\$ 1,190.50	+12.22%

Resolved, that the Board hereby approves the proposal for Scott & White Health Plan to offer to TRS-ActiveCare participants during Fiscal Year 2017 the same plan design it offered in Fiscal Year 2016, with the following proposed major benefit changes, and approves and adopts the following monthly premium rates to be charged to TRS-ActiveCare participants enrolled in this HMO during Fiscal Year 2017, according to coverage tier:

Scott & White Health Plan Major Benefit Change Highlights

Benefit	FY 2016 Plan Year	FY 2017 Plan Year
Deductible	Individual -- \$ 800.00	Individual -- \$ 1,000.00
	Family -- \$ 2,400.00	Family -- \$ 3,000.00
Out-of-Pocket Maximum	Individual -- \$ 5,000.00	No change
	Family -- \$10,000.00	
Primary Care Office Visit Copay	\$20	\$20; first visit copay for illness waived, does not apply to visits for wellness or preventive care
Durable Medical Equipment Coinsurance	50% after deductible	20% after deductible
Manipulative Therapy	N/A	New benefit; 20% without office visit, \$40 plus 20% with office visit (Maximums: 5 visits per month, 35 per year)
Prescription Drugs -- Specialty Medications	Four tiers - 10%, 20%, 30% and 50% after deductible	20% after deductible

Scott & White Health Plan Premium Changes

Coverage Tier	FY 2016 Premiums	FY 2017 Premiums	Percent Change
Employee Only	\$ 503.60	\$ 530.16	+5.27%
Employee & Spouse	\$ 1,135.62	\$ 1,192.82	+5.04%
Employee & Child(ren)	\$ 798.30	\$ 839.16	+5.12%
Employee & Family	\$ 1,259.76	\$ 1,322.98	+5.02%

Resolved, that the Board hereby approves the proposal for Allegian Insurance Company d/b/a Allegian Health Plans to offer to TRS-ActiveCare participants during Fiscal Year 2017 the same plan design it offered in Fiscal Year 2016, with no major benefit changes, and approves and adopts the following monthly premium rates to be charged to TRS-ActiveCare participants enrolled in this HMO during Fiscal Year 2017, according to coverage tier:

Allegian Insurance Company d/b/a Allegian Health Plans Premium Changes			
Coverage Tier	FY 2016 Premiums	FY 2017 Plan Year	Percent Change
Employee Only	\$ 413.38	\$ 449.08	+8.64%
Employee & Spouse	\$ 1,001.88	\$ 1,085.74	+8.37%
Employee & Child(ren)	\$ 647.94	\$ 702.84	+8.47%
Employee & Family	\$ 1,022.16	\$ 1,151.60	+12.66%

Resolved, that the approved plans of coverage offered by each HMO to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, each of which commences on September 1, 2016, shall remain unchanged until further action by the Board.

Resolved, that with prior written approval from the Executive Director or his designee, each HMO may offer to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, lower premiums than those herein approved, each of which commences on September 1, 2016.

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds and the execution of all documents, deemed by him or such designee to be necessary or advisable to implement this resolution and to administer the TRS-ActiveCare contracts with the HMOs in the best interests of the TRS-ActiveCare program.

The Benefit Committee adjourned at 2:54 p.m.

Approved by the Benefit Committee of the Board of Trustees of the Teacher Retirement System of Texas on April 19, 2017.

Katherine H. Farrell
Secretary of the TRS Board of Trustees

Date

TAB 3



TRS-ActiveCare Rates and Benefits for FY2019

Katrina Daniel and Amy Cohen

April 2018





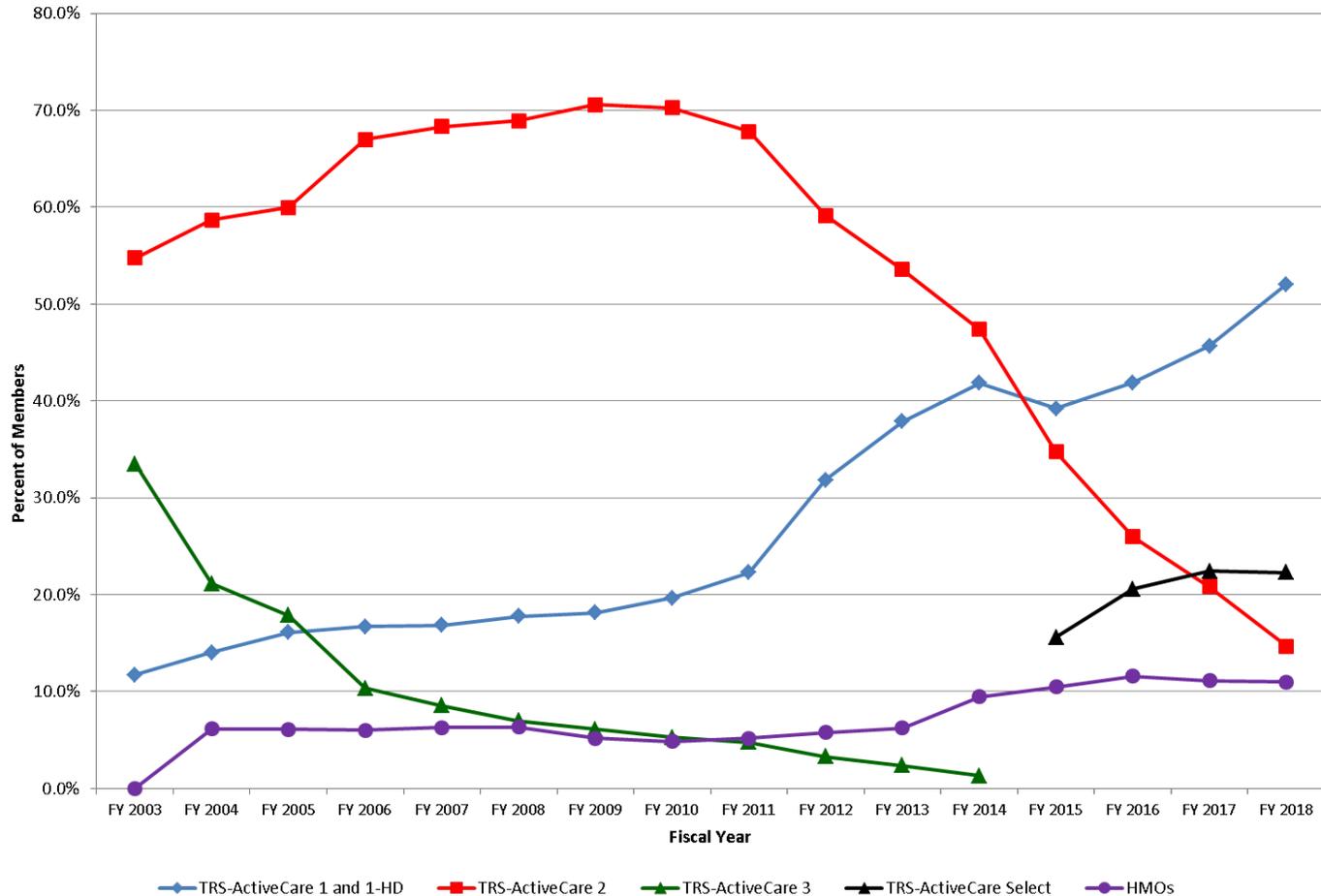
TRS-ActiveCare 2019 Plan Year Changes

- Rates brought to the board two months earlier to allow districts more planning before open enrollment
- Self-funded program
- Sole source of funding is premiums for coverage selected
 - State contributes \$75 per month per employee through school finance formulas.
 - Districts contribute a minimum of \$150 per month per employee (more than 70 percent of districts contribute more).
 - Employees contribute the remainder of projected gross premiums.
- Funding requirements for the State and Districts have not changed since program inception, September 1, 2002.



TRS-ActiveCare Enrollment History

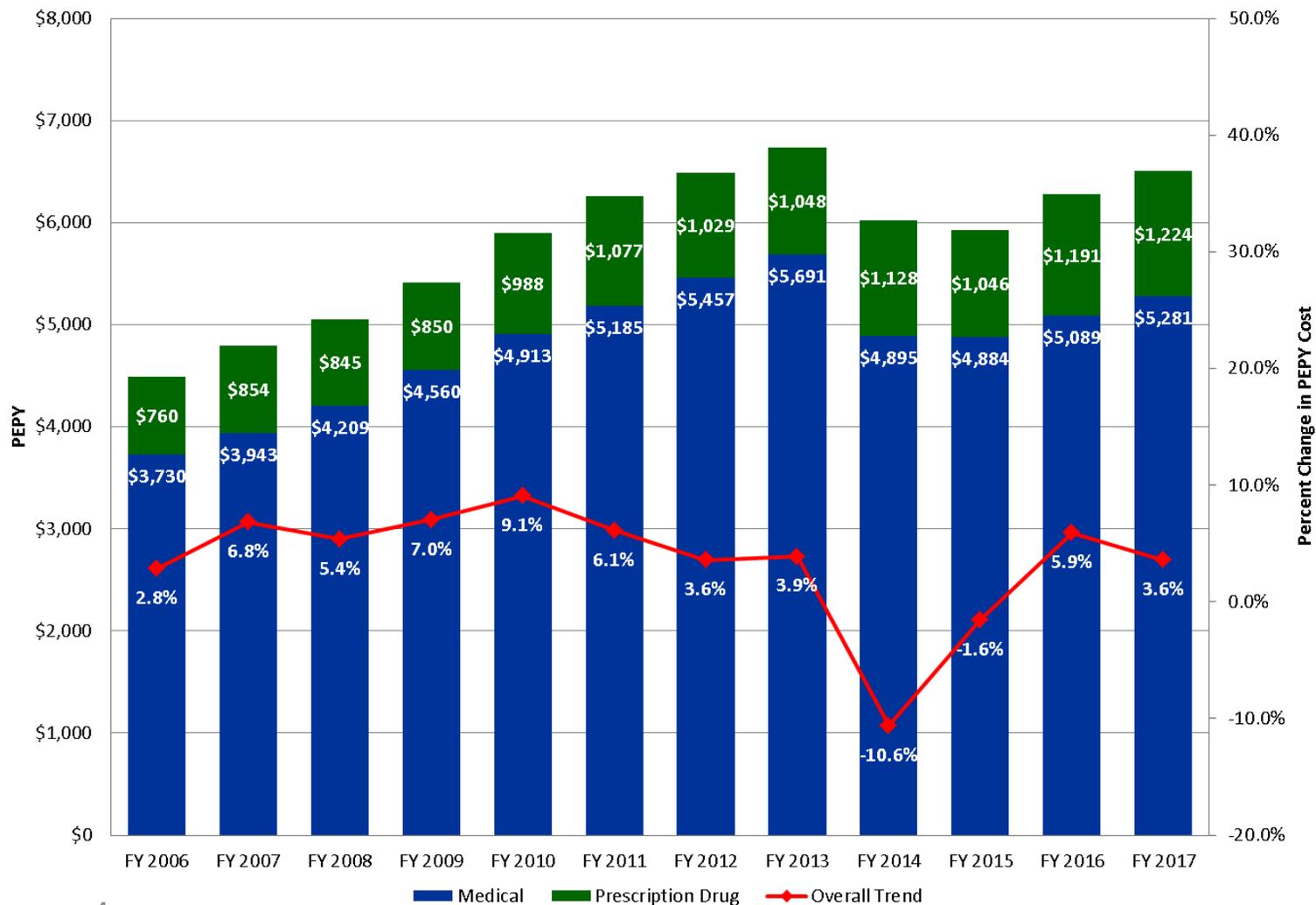
There has been a significant shift in enrollment as premiums have increased and benefits have been reduced.



Plan	Current Participant Count
TRS-ActiveCare 1-HD	257,044
TRS-ActiveCare Select	109,953
TRS-ActiveCare 2	71,693
Total	439,690



TRS-ActiveCare Historical Costs Per Member Per Year



- Historical costs and trend include the impact of unit cost trend, migration and plan design changes.
- Projections include a 7.0% medical and 9.0% pharmacy trend rate assumption.



TRS-ActiveCare

Funding Projection without Premium or Benefit Changes

as of February 28, 2018

Fiscal Year	Revenue								Expenses					Ending Balance (Incurred Basis)
	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Investment Income	Other Income	Total Revenue	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	
FY 2003	\$409,407,553	\$0	\$175,165,299	\$0	\$0	\$2,456,654	\$0	\$587,029,506	\$473,450,544			\$44,140,954	\$517,591,498	\$136,293,600
FY 2004	\$364,167,552	\$0	\$353,684,461	\$0	\$0	(\$38,041,707)	\$0	\$679,810,306	\$520,998,423			\$54,734,179	\$575,732,602	\$240,371,304
FY 2005	\$401,876,520	\$0	\$379,275,180	\$0	\$0	\$8,949,525	\$0	\$790,101,225	\$663,361,138			\$55,264,847	\$718,625,985	\$311,846,544
FY 2006	\$420,918,887	\$0	\$391,079,168	\$0	\$0	\$18,650,516	\$0	\$830,648,571	\$708,972,484			\$54,587,233	\$763,559,716	\$379,198,205
FY 2007	\$458,147,275	\$0	\$422,804,390	\$58,742,363	\$184,937	\$26,016,380	\$46,446	\$965,941,792	\$659,478,760	\$141,670,202	\$58,742,363	\$49,953,608	\$909,844,933	\$435,295,063
FY 2008	\$503,908,813	\$0	\$524,423,466	\$68,204,743	\$186,844	\$21,164,640	\$61,894	\$1,117,950,400	\$788,240,087	\$163,916,252	\$68,204,743	\$56,413,758	\$1,076,774,840	\$476,470,624
FY 2009	\$542,055,282	\$0	\$565,305,545	\$64,820,440	\$187,813	\$11,597,992	\$64,975	\$1,184,032,047	\$934,733,927	\$187,913,031	\$64,820,440	\$62,796,381	\$1,250,263,779	\$410,238,892
FY 2010	\$598,289,950	\$0	\$667,574,367	\$64,532,253	\$125,321	\$6,421,269	\$64,328	\$1,337,007,488	\$1,092,107,916	\$221,006,281	\$64,532,253	\$69,789,802	\$1,447,436,252	\$299,810,127
FY 2011	\$657,163,904	\$0	\$813,516,808	\$76,270,706	\$135,917	\$3,387,062	\$67,373	\$1,550,541,770	\$1,242,673,156	\$267,417,825	\$76,270,706	\$75,920,783	\$1,662,282,470	\$188,069,427
FY 2012	\$695,964,277	\$0	\$964,264,139	\$89,706,406	\$136,325	\$1,697,553	\$72,094	\$1,751,840,794	\$1,450,574,875	\$268,328,770	\$89,706,406	\$85,522,832	\$1,894,132,884	\$45,777,337
FY 2013	\$696,866,543	\$0	\$1,010,749,438	\$100,905,703	\$137,630	\$746,936	\$75,664	\$1,809,481,913	\$1,512,262,090	\$272,807,678	\$100,905,703	\$87,254,903	\$1,973,230,373	(\$117,971,123)
FY 2014	\$690,143,479	\$0	\$1,083,838,126	\$154,913,860	\$139,608	\$940,021	\$79,792	\$1,930,054,886	\$1,242,335,376	\$279,499,612	\$154,913,860	\$112,495,803	\$1,789,244,650	\$22,839,113
FY 2015	\$711,336,225	\$0	\$1,054,420,572	\$178,192,468	\$141,534	\$1,537,408	\$95,215	\$1,945,723,422	\$1,301,110,229	\$264,145,730	\$178,192,468	\$137,298,832	\$1,880,747,259	\$87,815,276
FY 2016	\$719,495,387	\$0	\$1,124,339,259	\$217,184,160	\$156,054	\$3,079,039	\$200,000	\$2,064,453,900	\$1,430,266,708	\$325,475,512	\$214,529,160	\$128,446,902	\$2,098,718,282	\$53,550,894
FY 2017	\$754,034,435	\$0	\$1,141,916,735	\$230,628,896	\$145,792	\$4,668,888	\$175,238	\$2,131,569,985	\$1,426,394,600	\$306,703,364	\$227,088,896	\$127,129,189	\$2,087,316,049	\$97,804,829
FY 2018	\$772,059,150	\$0	\$1,179,357,329	\$253,638,896	\$145,792	\$4,997,875	\$175,238	\$2,210,374,279	\$1,483,169,160	\$321,934,773	\$250,098,896	\$124,731,392	\$2,179,934,221	\$128,244,887
FY 2019	\$770,612,400	\$0	\$1,167,737,652	\$296,118,896	\$145,792	\$4,301,892	\$175,238	\$2,239,091,870	\$1,541,997,085	\$361,995,569	\$292,578,896	\$124,897,977	\$2,321,469,528	\$45,867,230

NOTES

- ♦ Actual data through February 28, 2018
- ♦ Medical trends: 7.0% through FY2018 for all plans; reduced by 0.25% each year thereafter.
- ♦ Pharmacy trends: 9.0% through FY2018 for all plans, reduced by 0.50% each year thereafter.
- ♦ State contributions are equal to \$75 PEPM. District contributions are equal to \$150 PEPM.
- ♦ Interest rate is assumed to be 1.45%.





TRS-ActiveCare FY2019 Rate Recommendations

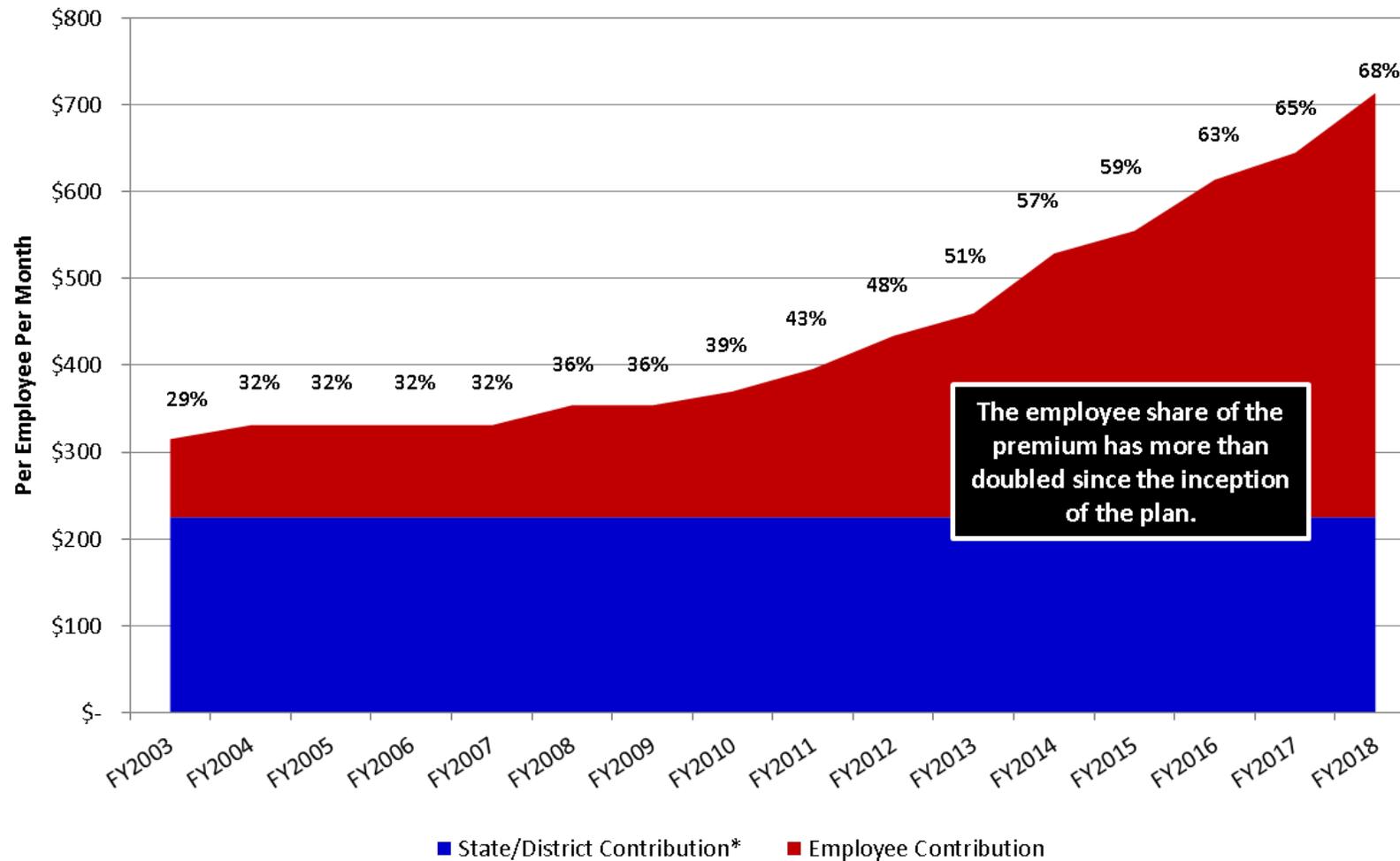
- Goal is to balance premium increases against the need to build the fund balance to protect the plan.
- The target fund balance at the end of FY2019 is one month of claims, \$185 million.
- Without plan design changes an average rate increase of 7.1% is required to achieve the target ending fund balance.



TRS-ActiveCare Funding Impact

Historical Premiums

TRS-ActiveCare 2 - Employee Only Coverage Tier



The employee share of the premium has more than doubled since the inception of the plan.

*Assumes a \$75 state and \$150 minimum district contribution per month toward the cost of coverage.

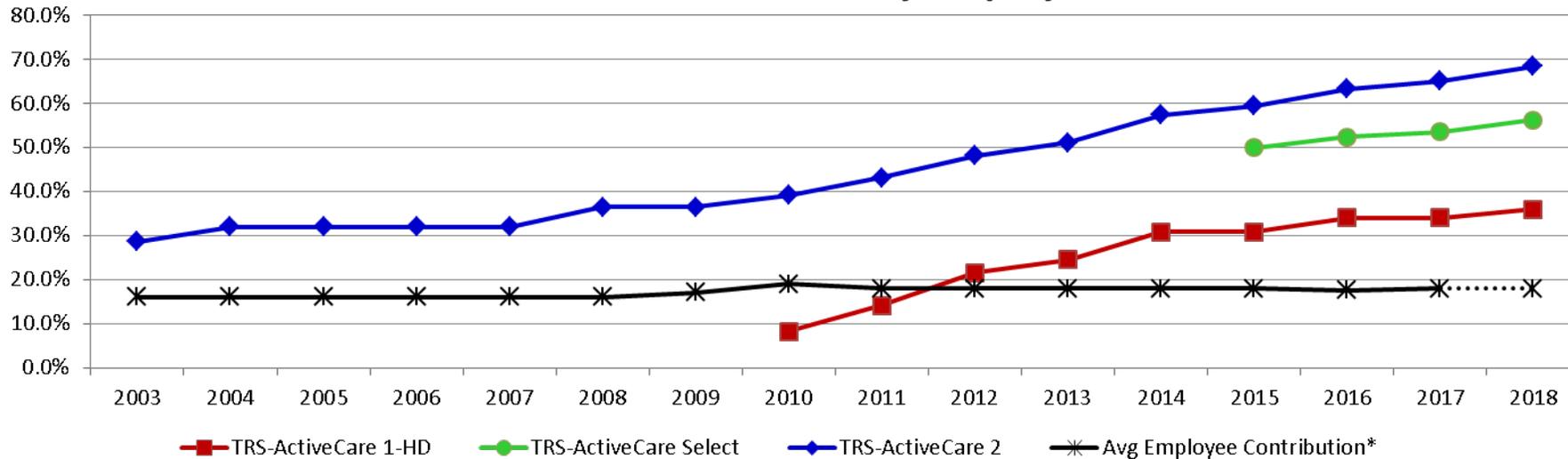




Employee Contribution Rates

Employee Only Coverage

Percent of Premium Paid by Employees



- TRS-ActiveCare employees pay 35 – 70% of gross premiums depending on plan election.
- According to a nationwide survey of employer-sponsored benefits, employees contribute 18% of gross premiums.



TRS-ActiveCare FY2019 Benefit Recommendations

	FY2018			FY2019		
	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2
In-Network Deductible						
Individual	\$2,500	\$1,200	\$1,000	\$2,750	\$1,200	\$1,000
Family	\$5,000	\$3,600	\$3,000	\$5,500	\$3,600	\$3,000
In-Network Maximum Out-of-Pocket Limit						
Individual	\$6,550	\$7,150	\$7,150	\$6,650	\$7,350	\$7,350
Family	\$13,100	\$14,300	\$14,300	\$13,300	\$14,700	\$14,700
Out-of-Network Deductible						
Individual	\$5,000	N/A	\$2,000	\$5,500	N/A	\$2,000
Family	\$10,000		\$6,000	\$11,000		\$6,000
Out-of-Network Maximum Out-of-Pocket Limit						
Individual	\$13,100	N/A	\$14,300	\$13,300	N/A	\$14,700
Family	\$26,200		\$28,600	\$26,600		\$29,400
Other						
Specialist Office Visit	20% after deductible	\$60 copay	\$50 copay	20% after deductible	\$70 copay	\$70 copay
ER Copay	20% after deductible	\$200 copay plus 20% after deductible	\$200 copay plus 20% after deductible	20% after deductible	\$250 copay plus 20% after deductible	\$250 copay plus 20% after deductible
Free-standing ER (FER)	20% after deductible	\$200 copay plus 20% after deductible	\$200 copay plus 20% after deductible	\$500 copay plus 20% after deductible	\$500 copay plus 20% after deductible	\$500 copay plus 20% after deductible
Quest Diagnostic Lab	20% after deductible	Plan pays 100% if performed at a Quest facility	Plan pays 100% if performed at a Quest facility	20% after deductible	20% after deductible	20% after deductible





TRS-ActiveCare FY2019 Benefit Recommendations

	FY2018			FY2019		
	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2
RETAIL (up to 31 days supply)						
Generic	20% after deductible	\$20 copay	\$20 copay	20% after deductible	\$20 copay	\$20 copay
Preferred Brand		\$40 copay	\$40 copay		\$40 copay	\$40 copay
Non-Preferred Brand		50% coinsurance	\$65 copay	50% after deductible	50% coinsurance	50% coinsurance (Min \$65, Max \$130)
RETAIL MAINTENANCE (after 1 st fill; up to 31 days supply)						
Generic	20% after deductible	\$35 copay	\$35 copay	20% after deductible	\$35 copay	\$35 copay
Preferred Brand		\$60 copay	\$60 copay		\$60 copay	\$60 copay
Non-Preferred Brand		50% coinsurance	\$90 copay	50% after deductible	50% coinsurance	50% coinsurance (Min \$90, Max \$180)
MAIL ORDER & RETAIL-PLUS (up to 90 days supply)						
Generic	20% after deductible	\$45 copay	\$45 copay	20% after deductible	\$45 copay	\$45 copay
Preferred Brand		\$105 copay	\$105 copay		\$105 copay	\$105 copay
Non-Preferred Brand		50% coinsurance	\$180 copay	50% after deductible	50% coinsurance	50% coinsurance (Min \$180, Max \$360)
SPECIALTY PRESCRIPTION DRUG						
Specialty	20% after deductible	20% coinsurance	\$200 (up to 31 day fill) \$400 (32-90 day fill)	20% after deductible (31 day supply limit per fill)	20% coinsurance (31 day supply limit per fill)	20% coinsurance (Min \$200, Max \$900) (31 day supply limit per fill)



TRS-ActiveCare FY2018 Rate Recommendation

	FY2018 Gross Premium	Proposed FY2019 Gross Premium	Average Percent Change
TRS-ActiveCare-1HD			
Employee Only	\$351	\$367	4.4%
Employee & Spouse	\$991	\$1,035	
Employee & Children	\$671	\$701	
Employee & Family	\$1,316	\$1,374	
TRS-ActiveCare-Select			
Employee Only	\$514	\$540	5.0%
Employee & Spouse	\$1,264	\$1,327	
Employee & Children	\$834	\$876	
Employee & Family	\$1,589	\$1,668	
TRS-ActiveCare-2			
Employee Only	\$714	\$782	9.5%
Employee & Spouse	\$1,694	\$1,855	
Employee & Children	\$1,062	\$1,163	
Employee & Family	\$2,004	\$2,194	

Number of Employees	Participant Cost (Net Premium)
138,805	\$142
4,557	\$810
28,860	\$476
5,813	\$1,149
44,775	\$315
1,699	\$1,102
16,496	\$651
2,833	\$1,443
27,560	\$557
1,183	\$1,630
10,126	\$938
2,705	\$1,969

- With the recommended medical benefit changes the overall average rate increase of 7.1% is reduced to 5.7%.
- Gross premiums represent the unsubsidized premium that the board must adopt.
- For most employees, the state and employers subsidize premiums with \$225 per member per month at a minimum.
- Most plan participants are eligible for the subsidy and pay the net premium.
- More than 70 percent of employers provide additional subsidy beyond the minimum requirement.



TRS-ActiveCare Premiums Comparison

Plan	TRS-ActiveCare Net Premiums ²		CY 2018 Individual Exchange Rates ¹
	2019	2018	Average ³
Individual, Age 40 Monthly Premium			
TRS-ActiveCare 1-HD	\$142	\$126	\$472
TRS-ActiveCare Select	\$315	\$289	\$623
TRS-ActiveCare 2	\$557	\$489	\$592
Individual & Spouse, Age 40 Monthly Premium			
TRS-ActiveCare 1-HD	\$810	\$766	\$943
TRS-ActiveCare Select	\$1,102	\$1,039	\$1,245
TRS-ActiveCare 2	\$1,630	\$1,469	\$1,185
Individual & Family, Age 40 Monthly Premium			
TRS-ActiveCare 1-HD	\$1,149	\$1,091	\$1,587
TRS-ActiveCare Select	\$1,443	\$1,364	\$2,096
TRS-ActiveCare 2	\$1,969	\$1,779	\$1,994

- 2019 premiums in the commercial market are not available for comparison, although news reports indicate rates could increase by 30 percent or more.
- TRS-ActiveCare premiums still offer significant value to plan participants and for most plan designs and tiers of coverage, are still significantly lower.
- For these rates, only one tier in the TRS-ActiveCare 2 plan is higher on average than what is available in the individual commercial market.

1 BlueCross/Blue Shield of Texas Blue Advantage HMO exchange rates for a comparable plan. 2019 rates unavailable at this time.

2 Gross premium less \$225 minimum State/District contribution

3 Statewide average for 2018 rates based on TRS-ActiveCare distribution





TRS-ActiveCare Summary of Recommendations

	No Changes	Recommendation		
		TRS-ActiveCare 1-HD	TRS-ActiveCare Select	TRS-ActiveCare 2
Eligibility	None	None	None	Closed to new entrants
Medical	None	<ul style="list-style-type: none"> ▪ Increase in maximum out-of-pocket ▪ Increase in-network deductible to \$2,750 for individual coverage and \$5,500 for family coverage for ▪ Increase out-of-network deductibles ▪ Implement a \$500 plus 20% for free-standing ER facility 	<ul style="list-style-type: none"> ▪ Increase in maximum out-of-pocket ▪ Increase specialist office visit copay to \$70 ▪ Increase ER copay to \$250 plus 20% per visit for hospital-based ER facility ▪ Implement a \$500 plus 20% per visit for free-standing ER facility 	<ul style="list-style-type: none"> ▪ Increase in maximum out-of-pocket ▪ Increase specialist office visit copay to \$70 ▪ Increase ER copay to \$250 plus 20% per visit for hospital-based ER facility ▪ Implement a \$500 plus 20% per visit for free-standing ER facility
Pharmacy	None	<ul style="list-style-type: none"> ▪ Increase non-preferred brand drug copay to 50% coinsurance ▪ Limit specialty drug fills to 31 day supply 	<ul style="list-style-type: none"> ▪ Limit specialty drug fills to 31 day supply 	<ul style="list-style-type: none"> ▪ Increase non-preferred brand drug copay to 50% coinsurance, subject to min/max ▪ increase specialty pharmacy copay to 20% coinsurance (min \$200, max \$900) ▪ Limit specialty drug fills to 31 day supply
Gross Premium Increase	7.1%	4.4%	5.0%	9.5%
Average Employee Increase*	8.0% – 19.9%	5.3% – 13.9%		



TRS-ActiveCare

Funding Projection with Recommended Premium and Benefit Changes as of February 28, 2018

Fiscal Year	Revenue								Expenses					Ending Balance (Incurred Basis)
	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Investment Income	Other Income	Total Revenue	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	
FY 2003	\$409,407,553	\$0	\$175,165,299	\$0	\$0	\$2,456,654	\$0	\$587,029,506	\$473,450,544			\$44,140,954	\$517,591,498	\$136,293,600
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FY 2006	\$420,918,887	\$0	\$391,079,168	\$0	\$0	\$18,650,516	\$0	\$830,648,571	\$708,972,484			\$54,587,233	\$763,559,716	\$379,198,205
FY 2007	\$458,147,275	\$0	\$422,804,390	\$58,742,363	\$184,937	\$26,016,380	\$46,446	\$965,941,792	\$659,478,760	\$141,670,202	\$58,742,363	\$49,953,608	\$909,844,933	\$435,295,063
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FY 2019	\$771,974,389	\$0	\$1,259,919,752	\$296,118,896	\$145,792	\$5,123,970	\$175,238	\$2,333,458,037	\$1,519,265,171	\$339,901,467	\$292,578,896	\$124,957,390	\$2,276,702,924	\$185,000,000

NOTES

- ♦ Actual data through February 28, 2018
- ♦ Medical trends: 7.0% through FY2018 for all plans; reduced by 0.25% each year thereafter.
- ♦ Pharmacy trends: 9.0% through FY2018 for all plans, reduced by 0.50% each year thereafter.
- ♦ State contributions are equal to \$75 PEP. District contributions are equal to \$150 PEP.
- ♦ Interest rate is assumed to be 1.45%.





TRS-ActiveCare Communications

Ongoing Communications



The Pulse

aetna[®]

The Pulse for TRS-ActiveCare

- Monthly e-newsletter
- 142,419 subscribers
- 31% avg. open rate

Clinical

- Aetna Case / Disease Management
- Targeted mailings to specific populations (i.e., ACO population)
- Engagement of diabetic population

Wellness: Shake the Sugar Challenge

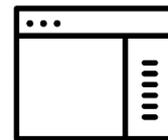
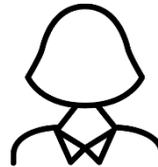
- Four-week challenge
- Access to well-being portal
- Over 1,400 enrolled

TRS-ActiveCare Mobile Application

- Slated for September 2018 release



Annual Enrollment Communications



Benefits Administrator Communications

- BA blasts announcing bswift, annual enrollment dates, BA training, other key reminders
- In-person BA trainings
- Announcement of TRS-ActiveCare plan changes

Superintendent communications

- Letters announcing bswift transition
- Email notices to 1,096 superintendents with 33% open rate
- Email reminders about key annual enrollment dates

Participant engagement

- New “TRS-ActiveCare in 5 minutes” video
- *The Pulse* e-newsletters
- TRS News
- ALEX, online benefits counselor
- Enrollment guide, plan highlights

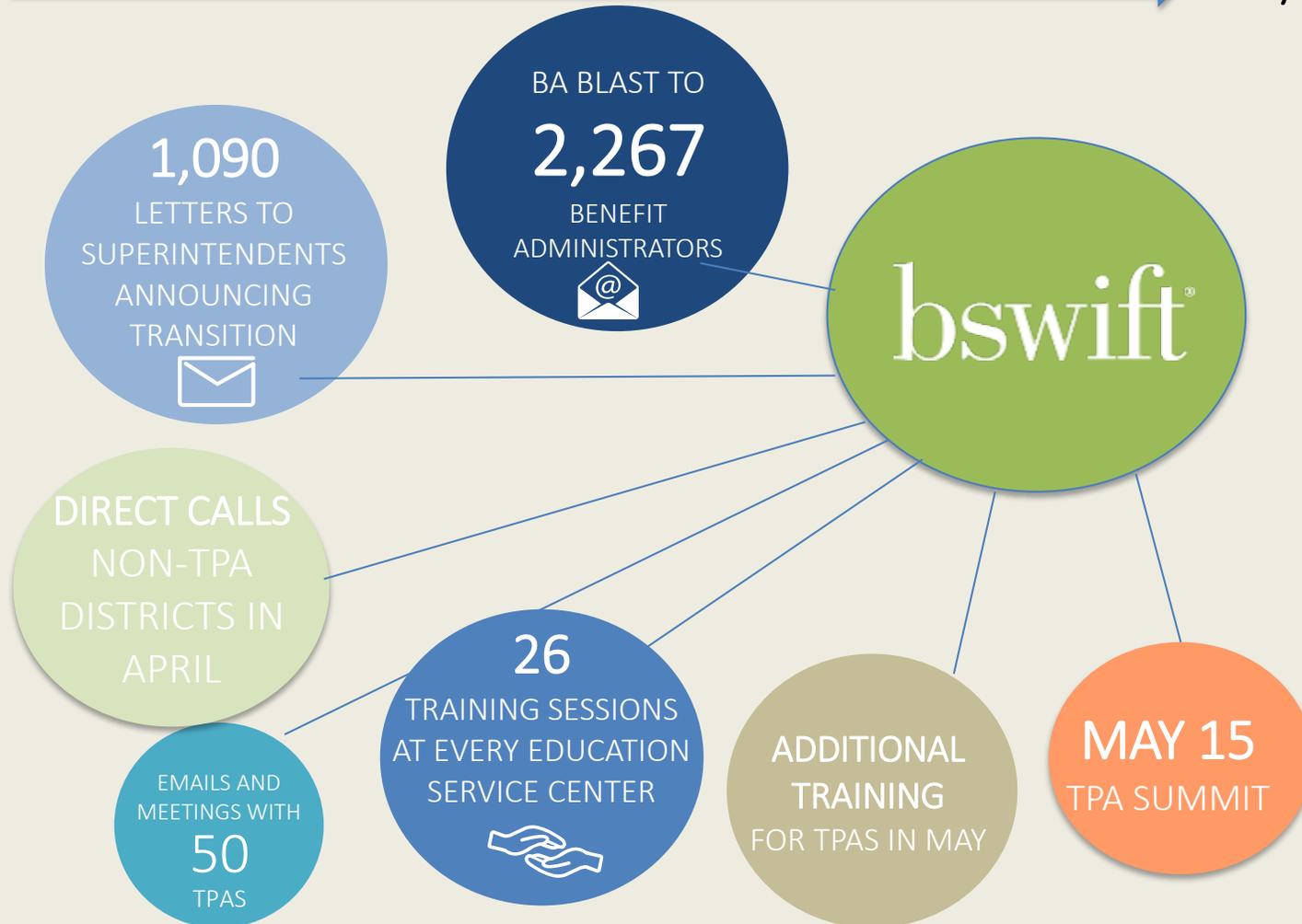




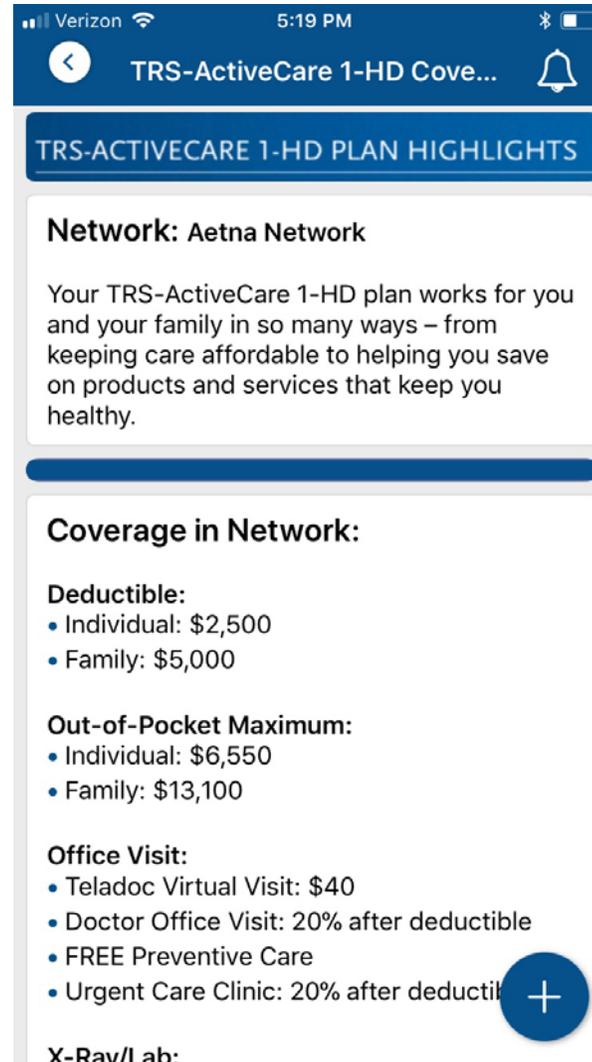
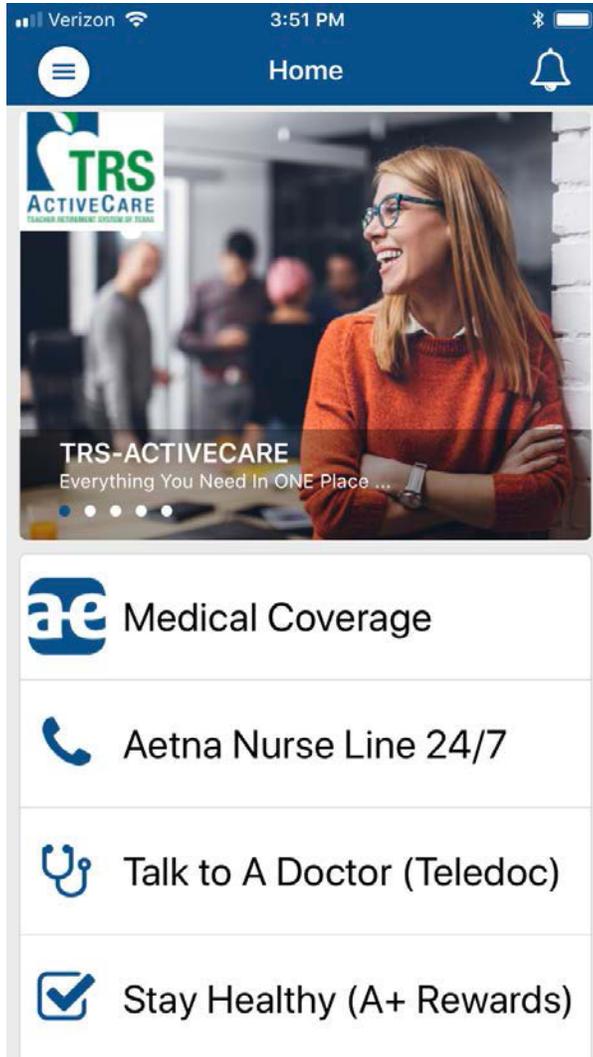
New Enrollment System: BSWIFT

COMMUNICATING MASSIVE SYSTEM CHANGE ON JUNE 1, 2018

March  May



New Ways to Connect



- New TRS-ActiveCare app under development – Coming this year
- Direct links to the nurse line and Teledoc
- Network providers available with a click
- Up-to-date information on benefits, such as remaining deductibles
- Ability for TRS to provide timely and tailored information for members



TRS-ActiveCare 2018-2019 HMO Rates and Benefits Changes

Katrina Daniel
April 20, 2018





Overview of Changes

- Premium increases range from approximately 2.9% to 7.8% depending on the HMO and coverage tier

Coverage Tier	BCBSTX	FirstCare	Scott and White
Employee Only	+2.9%	+3.7%	+3.1%
Employee & Spouse	+3.0%	+4.8%	+7.2%
Employee & Child(ren)	+3.0%	+4.1%	+2.2%
Employee & Family	+3.0%	+6.7%	+7.8%



BCBSTX: 2018-2019 Plan

BCBSTX Premium Changes

Coverage Tier	2017-2018 Premiums	2018-2019 Premiums
Employee Only	\$460.50	\$474.02
Employee & Spouse	\$1,113.72	\$1,146.83
Employee & Child(ren)	\$720.86	\$742.19
Employee & Family	\$1,181.28	\$1,216.42

BCBSTX is not proposing any major benefit changes

The proposed service area is the same as last year.



Source: DPMG/AAE(1)



FirstCare: 2018-2019 Changes

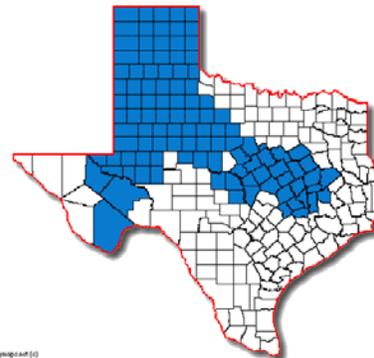
FirstCare Premium Changes

Coverage Tier	2017-2018 Premiums	2018-2019 Premiums
Employee Only	\$514.82	\$534.04
Employee & Spouse	\$1,287.60	\$1,348.92
Employee & Child(ren)	\$816.07	\$849.76
Employee & Family	\$1,298.52	\$1,385.36

FirstCare Benefit Changes

Benefit	2017-2018 Plan Year	2018-2019 Plan Year
Maximum Out of Pocket	Individual - \$6,000 Family - \$12,000	Individual - \$7,350 Family - \$14,700

The proposed service area is the same as last year.



Source: @yelp4art(s)



Scott and White: 2018-2019 Changes

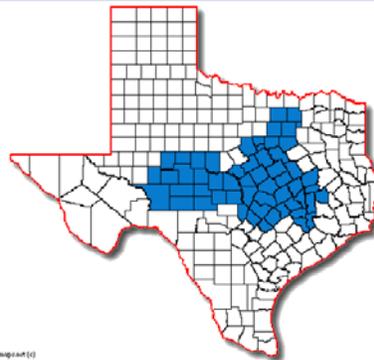
Scott and White Premium Changes

Coverage Tier	2017-2018 Premiums	2018-2019 Premiums
Employee Only	\$561.04	\$578.36
Employee & Spouse	\$1,263.08	\$1,353.40
Employee & Child(ren)	\$888.42	\$908.06
Employee & Family	\$1,400.98	\$1,509.56

Scott and White Benefit Changes

Benefit	2017-2018 Plan Year	2018-2019 Plan Year
Maximum Out of Pocket	Individual - \$6,550 Family - \$13,100	Individual - \$7,000 Family - \$14,000
Copays	PCP/Specialist - \$20/\$50 Urgent/ER - \$55/\$150+20%	PCP/Specialist - \$15/\$70 Urgent/ER - \$50/\$250+20%
Pharmacy	Specialty Rx - 20% after deductible	Specialty Rx Tier 1 & 2 - 15% Specialty Rx Tier 3 - 25%

The proposed service area is the same as last year.



TAB 4



Medical Board Services Solicitation
Barbie Pearson, Chief Benefit Officer
April 2018



Disability Retirement

- A member is eligible to retire and receive a disability retirement annuity if the member:
 - is mentally or physically disabled from the further performance of duty; and
 - has a disability that is probably permanent.

Less than 10 years of service credit

\$150 per month for the lesser of:

- Duration of disability
- Number of months of creditable service at retirement; or
- Duration of the person's life.

At least 10 years of service credit

The greater of:

- Standard service retirement annuity; or
- \$150 per month

Optional annuities are available; however, different option factors are used for disability retirement

Medical Board Background

- Reviews all medical documentation submitted in conjunction with a disability retirement application.
- Can approve, approve with annual review, or disapprove disability based on the documentation submitted by member.
- The decision of each member of the medical board is made independently from the other members.
- Medical Board meets every other month and receives files to review daily from Benefit Processing.
- Decisions are sent to TRS staff for processing.

Medical Board Members

Dr. Larry Wilson, Chair

- Contract began September 1, 2016
- Contract expires August 31, 2019

Dr. Alice Cox

- Contract began September 1, 2012
- Contract expires August 31, 2018

Dr. James Reinharz

- Contract began January 1, 2016
- Contract expires December 31, 2018

Staff recommends soliciting applications from qualified candidates to fill the positions currently held by Dr. Cox and Dr. Reinharz. The incumbents are eligible to re-apply.

Solicitation Process

Post RFQ to Electronic State Business Daily (ESBD)

- Targeted advertising
- Required response to RFQ and current Curriculum Vitae
- Responses screened for minimum qualifications

Top Candidates Selected for In-Person Interview

- Interview panel will include the current Medical Board chair, the Chief Benefit Officer, and other appropriate TRS staff

Top 2 Candidates Will Be Presented to the Board of Trustees

- Target is the July 2018 meeting
- 3 year contracts will be used
- One position to begin September 1, 2018
- One position to begin January 1, 2019



Benefit Services Operations – Employer Advisory Group Update

Barbie Pearson, Chief Benefit Officer

April 2018



Benefit Services – Employer Advisory Group

Background

Members

EAG Future

EAG Purpose & Composition

Purpose

- TRS and Employer Partners reach a common understanding of issues related to reporting requirements and work together jointly to identify practical ways to comply with new laws, rules and accounting requirements.

Composition

- 20 minimum / 25 maximum members
- At least one member from each reporting entity type. Public Schools, Jr/Community College, Senior College, Medical Schools, Charter Schools, Education Service Centers of varying size. Participation is voluntary.

Procedure for Establishing

Established

- January 2016
- January 2018: 25 members
- Membership has fluctuated between 20 and 25

Call for Members

- TRS asked Superintendents and Heads of Institutions to nominate volunteers to serve on the group.
- Based on volunteers TRS selected by the entity type, size & TRS Active Care.

EAG Key Take Aways

Common Feedback	Status & Actions
Faster RE coach response times	<ul style="list-style-type: none">• Two coaches recently released and assigned REs• Hiring six additional RE coaches
Change report due date	<ul style="list-style-type: none">• This requires legislative action
Enhance system to allow REs to research what was previously submitted/posted to TRS TRUST system	<ul style="list-style-type: none">• Added to maintenance and enhancement (M&E) requests

EAG Key Take Aways

Common Feedback	Status & Actions
Show more detail on <i>View Employee Information</i> screen	<ul style="list-style-type: none">• Retirement date for member was requested• Scheduled for M&E this month
On the <i>Report Screen</i> add a tab for each month	<ul style="list-style-type: none">• Added to M&E requests
Unmask social security numbers (SSN) on comma-separated value files available through portal	<ul style="list-style-type: none">• Added to M&E requests• Last four digit of SSN will be unmasked• REs may opt-out for capability

EAG Key Take Aways

Common Feedback

Better way to report substitutes – consider new position code

Status & Actions

- Currently discussing position code additions
- A change of this nature will require TRS, software provider and RE internally developed software enhancements.

- Publish meeting agenda with the date, time and a conference number so Payroll Contacts outside of the Advisory Group may listen in on the meeting;
- Continue to try to recruit a member from one of the Medical Schools; and
- Consider requests for additional participants.





Benefit Services Operations

Barbie Pearson, Chief Benefit Officer

April 2018



Benefit Services – Heart of Service to Members

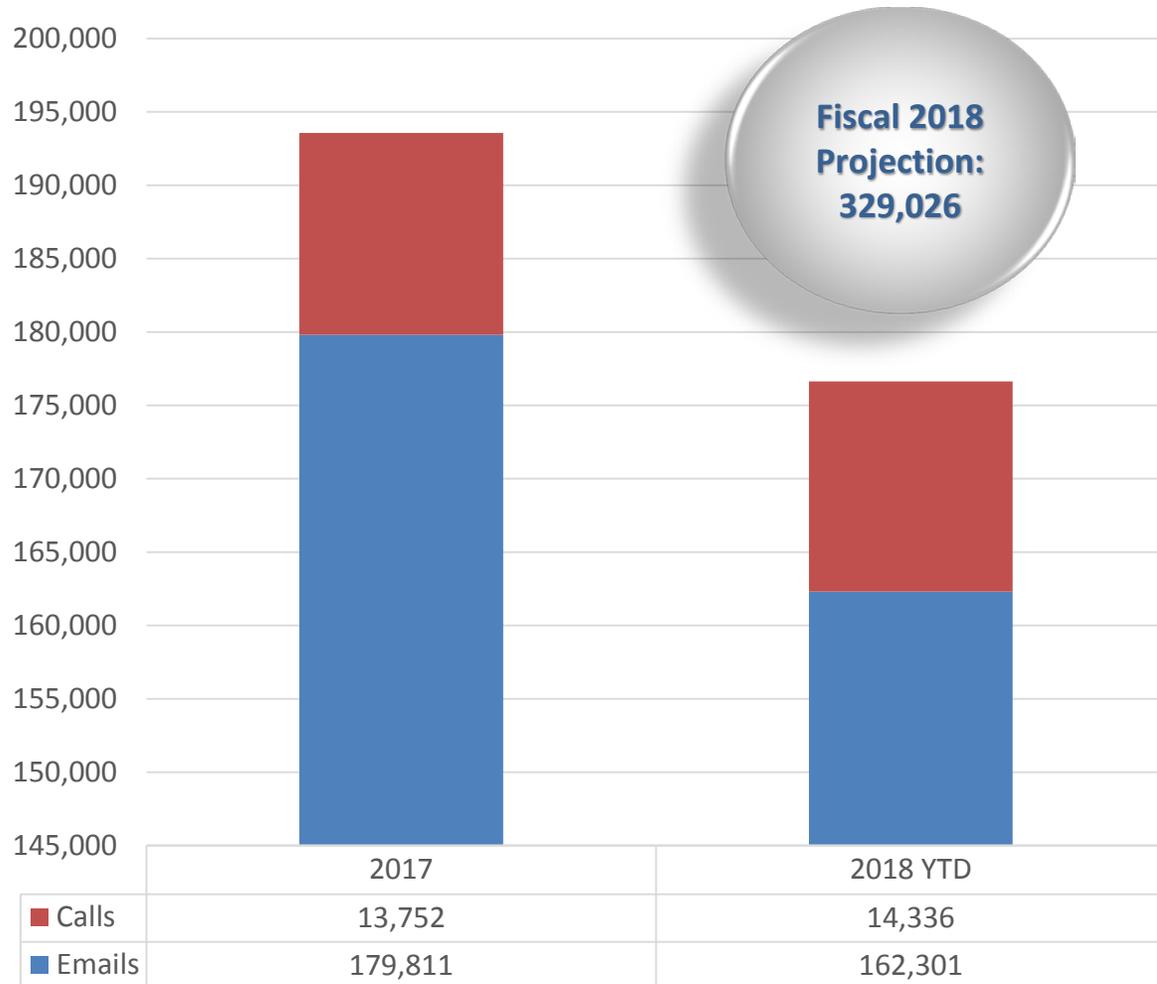
Benefit Accounting

Benefit Counseling

Benefit Processing

Benefit Accounting

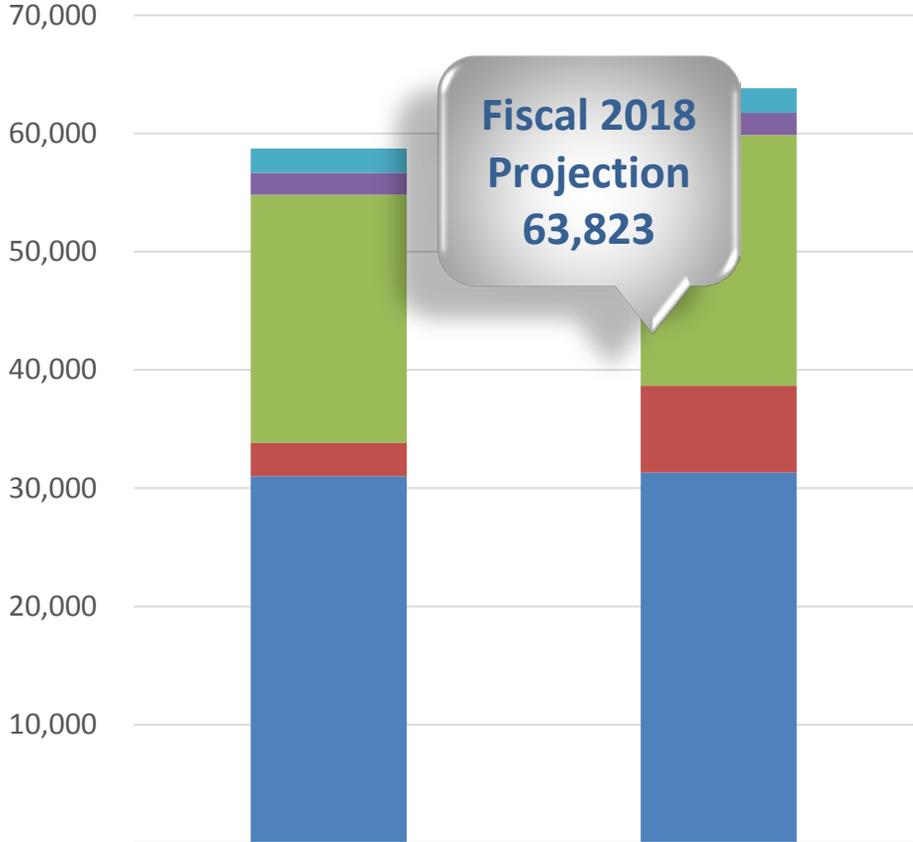
RE Partnership Service



Fiscal 2018 Projections

- 1,321 Reporting Entity Partners
- RE Coaches are in high demand
- Based on Sept. 2017 through March 16, 2018, Benefit Reporting will respond to over 300,000 request for assistance.

Benefit Accounting



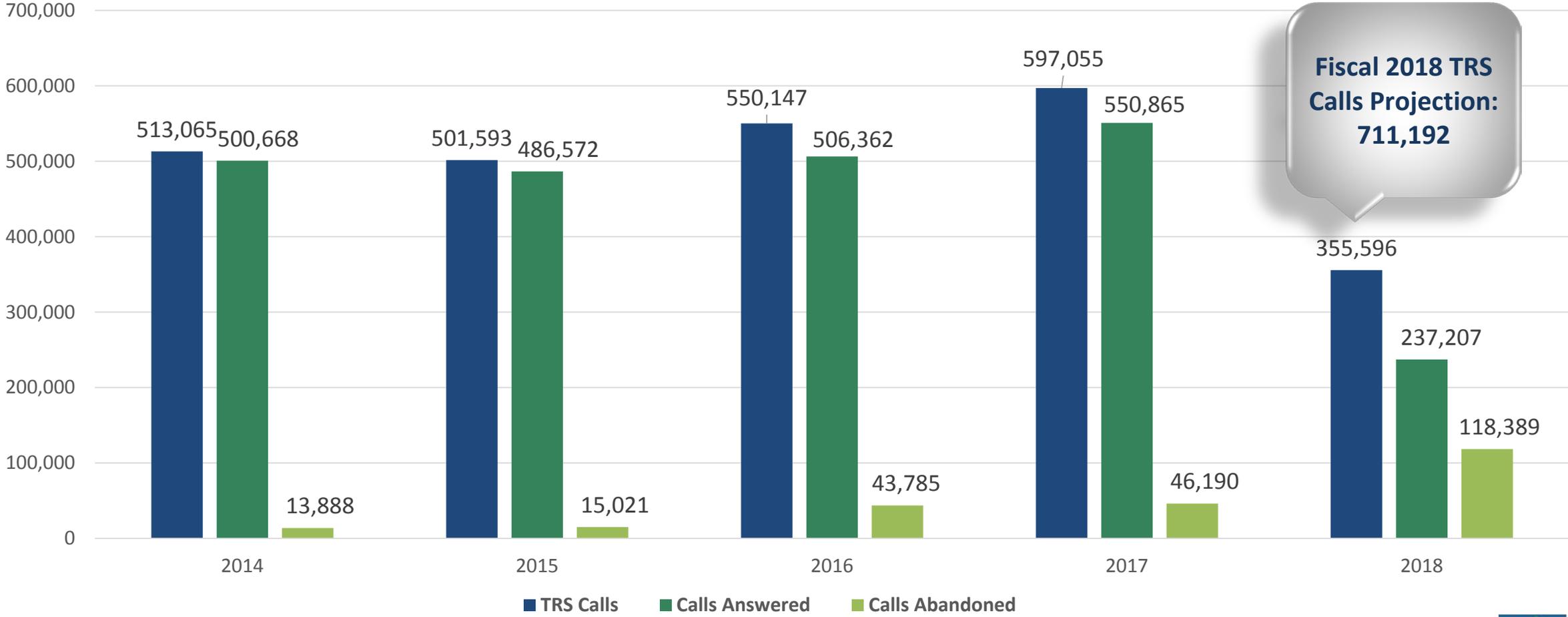
	2017	2018
Other Warrant Activities	2,055	2,076
EAR	1,858	1,877
Warrants	20,999	21,209
Queue Work	2,807	7,345
Emails & Calls	31,007	31,316

Fiscal 2018 Projections

- Expected increases are minimal with the exception of EAR activities
- Separation of Responsibility for Tasks
- Fiscal 2018 will be a benchmark year for determining future workload.
- Direct Deposit & Tax Withholding Maintenance is transitioning the department.
- TRUST P2 Preparation

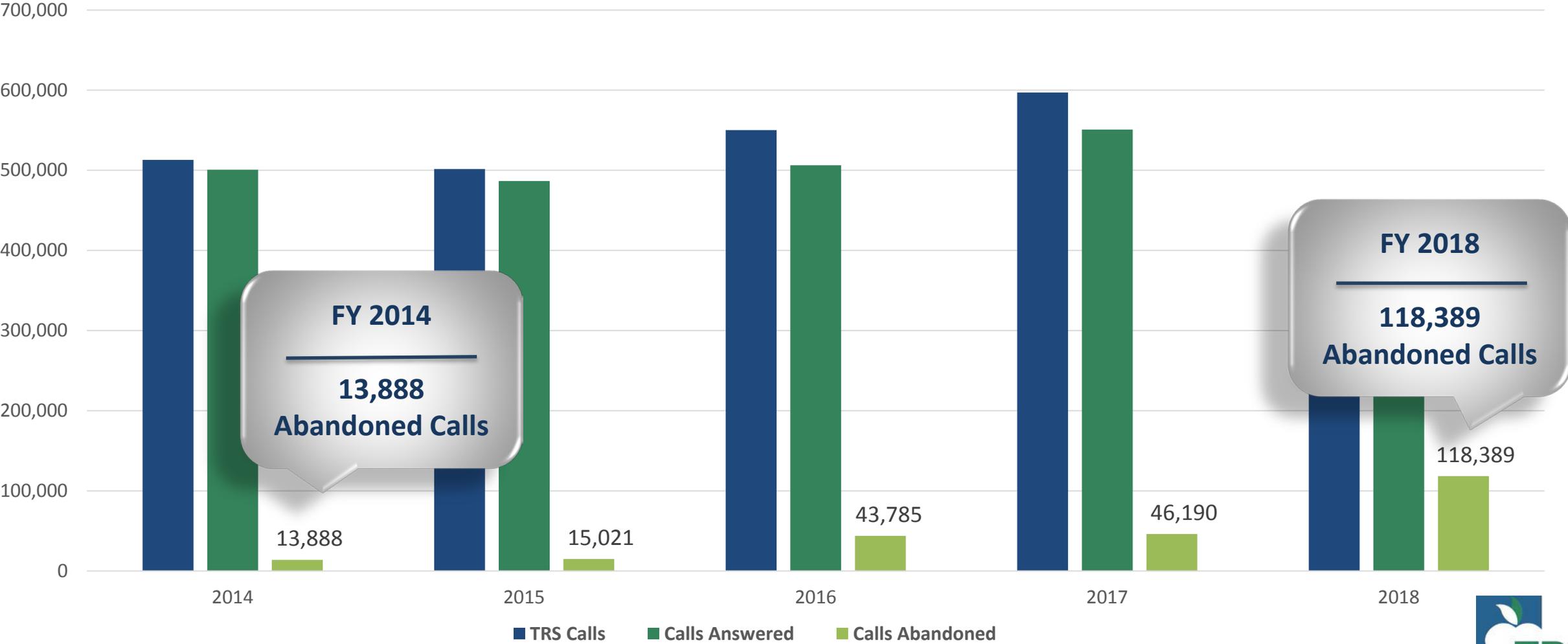
Benefit Counseling

Member Service Calls



Benefit Counseling

Member Service Calls

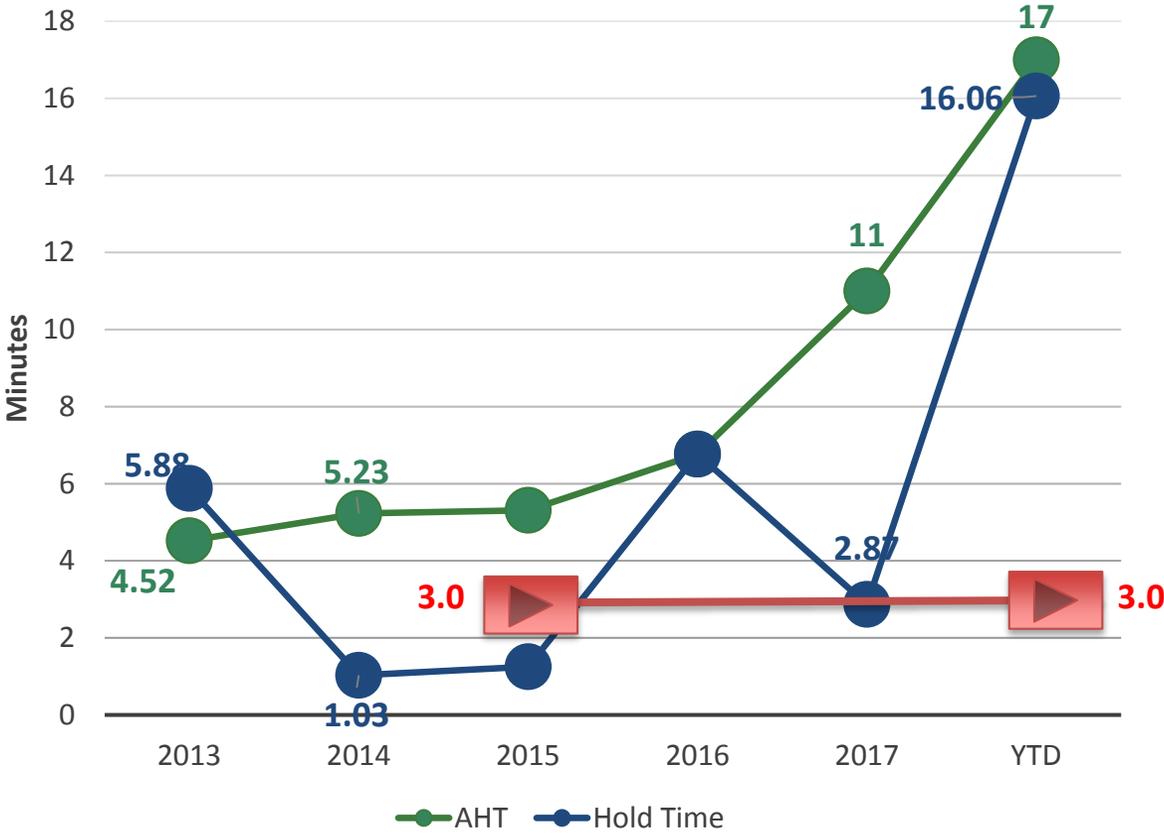


FY 2014
13,888
Abandoned Calls

FY 2018
118,389
Abandoned Calls



Average Handle and Hold Time (minutes)



Service Level Trends

- Service Level Target-80% within 3 Minutes
- In fiscal 2015, the call center was able to answer 84 percent of calls in three minutes.
- Since that time, the call center has steadily experienced decreases in service level.
 - 61 percent in 2016
 - 56 percent in 2017
 - 22 percent year to date

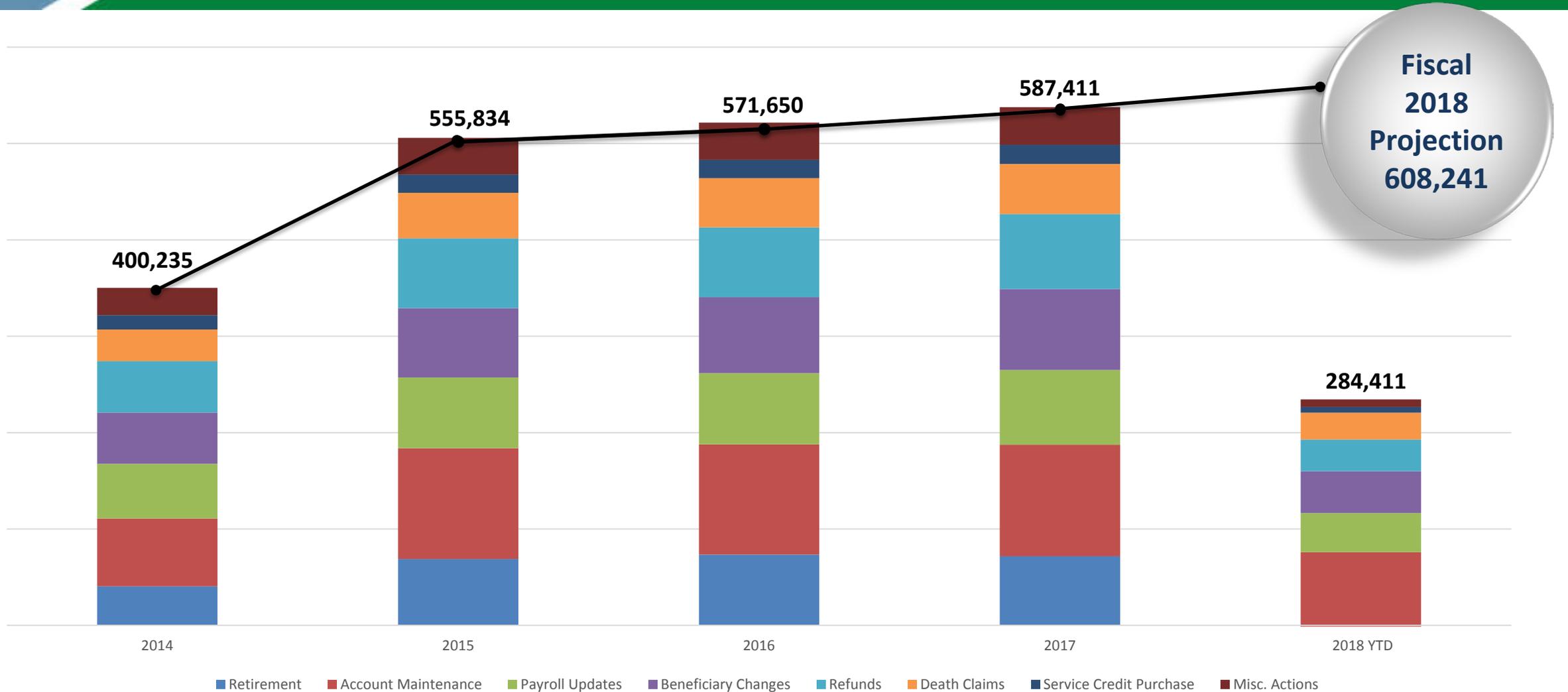
Benefit Counseling



Reduce Wait for Appointments

- Historically counselors meet with approximately 10,000 members face-to-face in Austin.
- Our goal will be to double the number of office visits beginning this summer.
- Continue offering appointments in the field in conjunction with retirement presentations.
- This will mean their availability on the telephone will be reduced significantly.

Benefit Processing



Membership vs. Benefit Services Employee Growth

