

DECEMBER

CUSTOMER

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

All or part of the December 13, 2018, meeting of the TRS Benefits Committee (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 Committee 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 meeting are being broadcast over the Internet. Access to the Internet broadcast is provided at www.trs.texas.gov.

AGENDA

**December 13, 2018 – 9:30 a.m.
TRS East Building, 5th Floor, Boardroom**

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the September 2018 Committee meeting – Chair Nannette Sissney.
3. Receive an update and consider the following regarding TRS healthcare benefits programs– Katrina Daniel.
 - A. Health and Insurance Benefit Services Operational Update.
 - B. TRS-Care 2019 plan implementation and member outreach.
4. Receive an update and consider the following regarding TRS pension benefits program – Barbie Pearson.
 - A. Consider recommending to the Board the acceptance of the September 2018 Medical Board meeting minutes.
 - B. Consider recommending to the Board the approval of Benefit Payments for September – November 2018.
 - C. Benefit Services Operations Update including an update on the Employer Advisory Committee.

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.

**Minutes of the Benefits Committee
September 20, 2018**

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, September 20, 2018, 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. Nanette Sissney, Chair
Dr. Greg Gibson
Mr. Christopher Moss
Mr. James D. Nance
Ms. Dolores Ramirez

Other TRS Board Members present:

Mr. David Corpus
Mr. John Elliott

Others present:

Brian Guthrie, TRS Steve Huff, Fiduciary Counsel, Reinhart Boerner Van Deuren s.c.
Don Green, TRS
Carolina de Onis, TRS
Katrina Daniel, TRS
Barbie Pearson, TRS
Amy Barrett, TRS
Jerry Albright, TRS
Jase Auby, TRS
Heather Traeger, TRS
Katherine Farrell, TRS

Benefits Committee Chair Ms. Nanette Sissney called the meeting to order at 8:04 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 20, 2018 committee meeting – Chair Nannette Sissney.

On a motion by Mr. Nance, seconded by Dr. Gibson, the committee voted to approve the proposed minutes for the September 20, 2018, Benefits Committee meeting as presented.

3. **Receive an update and consider the following regarding TRS health and insurance benefits programs: – Katrina Daniel; and Amy Cohen, Gabriel, Roeder, Smith & Company.**

A. **TRS-ActiveCare open enrollment update;**

Ms. Daniel gave an update on ActiveCare open enrollment.. She said that Aetna developed a new enrollment platform called Bswift.. She noted the data transfers went well. Ms. Daniel stated in the past there were discrepancies in the data due to many of the school districts utilizing third party administrators (TPAs). She reported with the new platform the transfer of data went much smoother.

B. **Retiree Advisory Committee meeting update; and**

Ms. Daniel provided an update on the Retiree Advisory Committee (RAC), which met on September 6, 2018. She said the RAC discussed how it could be more engaged and more useful to TRS and to retirees. She said a proposed charter was presented to the RAC that suggested a more active role as a conduit of information between TRS and members regarding benefits.

C. **TRS-Care, an update on financial projections, and consider recommending to the Board premiums and plan design for the standard plan, the fully insured Medicare Advantage Plan and the Medicare Part D Plan.**

Ms. Daniel reviewed the significant changes made to the TRS-Care from the last legislative session. These included the changes in the Plan structure and the increased funding for the biennium. She reviewed the results from the migration of enrollment, which included a decrease from five different Plan structures to two, Medicare Advantage, and a part D plan for those who were not Medicare-eligible. Ms. Daniel added that the member numbers went from 268,000 members last year to 233,000 members from the Plan changes.

Ms. Daniel stated at the end of the legislative session there was a projected premium increase for the next four years, generally for members under 65. She noted that without any plan changes or premium increases, based upon the current trajectory the fund is forecasted to be short \$238 million at the end of 2021 which is significantly better than the \$410 million previously forecasted. She reported the difference was a result of negotiating better contracts and putting new programs in place. Mr. Guthrie reported TRS received letters from the Lieutenant Governor's Office and Senator Huffman urging the Board not to take any action on premiums. Additionally, he said members of the House Appropriations Subcommittee on Education recently urged this body not to raise premiums. He added that he recommends not to take any actions on premiums and to trust the legislative process. He said that no motions means that they will continue with the same rates and benefits package for the next plan year, starting January 1, 2019.

4. **Receive an update and consider the following regarding TRS pension benefits program – Barbie Pearson.**

A. Consider recommending to the Board the acceptance of the Medical Board Meeting minutes;

On a motion by Dr. Gibson, seconded by Mr. Nance, the committee voted to accept the proposed Medical Board meeting minutes for the July, 2018, as presented.

B. Consider recommending to the Board the approval of Benefit Payments for June – August 2018; and

On a motion by Mr. Moss, seconded by Ms. Ramirez, the committee voted to approve the proposed Benefit Payments for the June – August, 2018, as presented.

C. Benefit Services Operations Update.

Ms. Pearson discussed the Benefit services Operations, where she included the refund process. She said that those refunds have improved and they had the partial refund functionality implemented. She reviewed the retirements and how it's their first annuity payment on time in which they have met their measures of getting those payments out within 31 days.

Ms. Pearson informed that they had some issues with processing retirements from two systems, which they had a greater impact than they expected. She stated that they will have to keep using those two systems until phase two goes live in October 2019.

Ms. Pearson explained that death claims has also been a challenge because they also have to work with both systems. As a result, the death claims are taking longer to process payments.

Ms. Pearson reviewed the Benefit Reporting group. She reported for the fiscal year 91.6 percent of all payroll reports were completed and for the month of March, 99.2 percent of payroll reports were completed. In response to Ms. Sissney's inquiry, Ms. Pearson confirmed that penalties will start to be assessed to those entities who have not completed their September reports by December 6th.

Ms. Pearson reviewed Benefit Counseling staffing. She said a new call center software went live on September 4, 2018. She said under the old system the maximum number of calls received were 3,500 per day, and on the new system 5,489 calls were received on the first day.

Ms. Pearson reviewed the new official TRS membership card. She said this card improves security by providing a unique participant ID number to validate members as opposed to social security numbers.

The Benefit Committee adjourned at 8:57 a.m.

Approved by the Benefit Committee of the Board of Trustees of the Teacher Retirement System of Texas on December 13, 2018.

Katherine H. Farrell
Secretary of the TRS Board of Trustees

Date





**CONTINUING TO SUPPORT TRS-CARE PARTICIPANTS
THROUGH THEIR HEALTH PLAN CHANGES**

Katrina Daniel

December 13, 2018



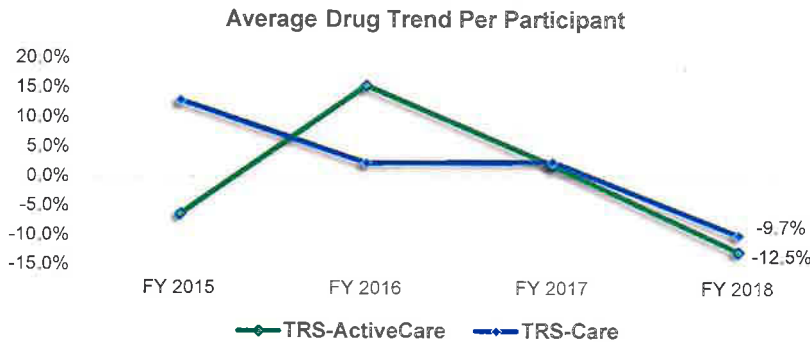


TRS Health & Insurance Benefits

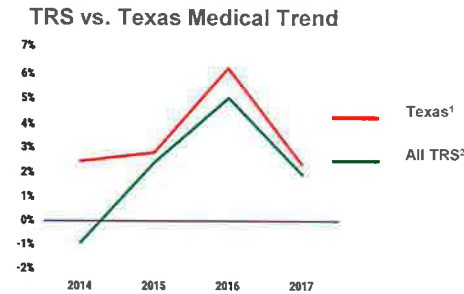
Operations, Finance and Communications | December 2018

Curbing Rising Drug Costs

TRS employs strategies to mitigate the impact of drug price increases. In FY 2018, the average drug cost per TRS-Care participant decreased by 9.7% and by 12.5% per TRS-ActiveCare participant.



The Goal: Bending the Cost Curve



Cost containment measures help TRS achieve its goal of outperforming the S&P index trend.

¹S&P Dow Jones Healthcare Indices
²TRS non-Medicare self-funded claims.

Maximizing Staff Resources

\$46,750 – Amount TRS has insured in Q1 FY 2019 from contractors.

Program	Regular	New Position
Filled	33	7
Vacant ³	7	2
Grand Total	40	9

³All vacant positions posted.

Serving Health Plan Members

Last 6 Months

11.7K
average
calls/mo.



86%
average
service
level*

Service Level Target: 80%

*HIB and ACT combined.

Cost Containment Strategies

- + \$450M from competitive contract with new PBM (Savings over two years)
- + \$200M avoided by managing utilization of prescription drugs
 - + \$80M of that was by closely managing specialty drugs
- + \$28M saved by leveraging manufacturer coupons for high-priced drugs
- + \$6.4M in member out-of-pocket costs for certain generic preventive drugs
- + \$3M by protecting plan from questionable charges for dietary supplements

Estimated annual savings unless otherwise noted.

Member Engagement

Though no changes to TRS-Care plans or premiums will take effect in 2019, HIB continued to engage participants this fall and reconnect with them.

1.02M
Touchpoints



4
per TRS-Care
Participant



CURBING DRUG COSTS

Utilization Management

Steerage to low-cost alternatives saving more than \$200M in FY 2018:

- Prior authorization for 144 products saved \$74M in FY 2018
- Step therapy on nearly 11,000 episodes saved nearly \$6.6M

Closely Managing Specialty Drugs

Specialty medications account for a significant portion of overall drug spend and have a high impact on trend.

TRS monitors and manages the impact of these drugs:

- Waiting period for new-to-market medications shields the plan from high prices at initial release while permitting medically necessary access
- Guidelines and quantity limits saved \$80M in FY 2018

The Challenge of Escalating Specialty Drug Prices

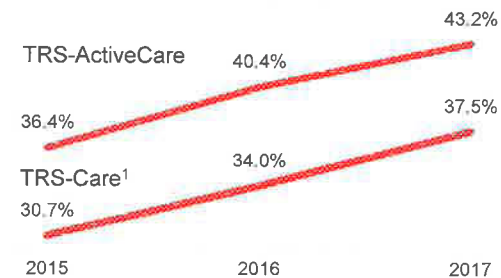


high cost specialty drugs make up **larger portion** of drug costs each year



25% year-over-year **increase** in spending on top specialty arthritis drugs since 2015

Specialty Medications as a Portion of Total Drug Spend



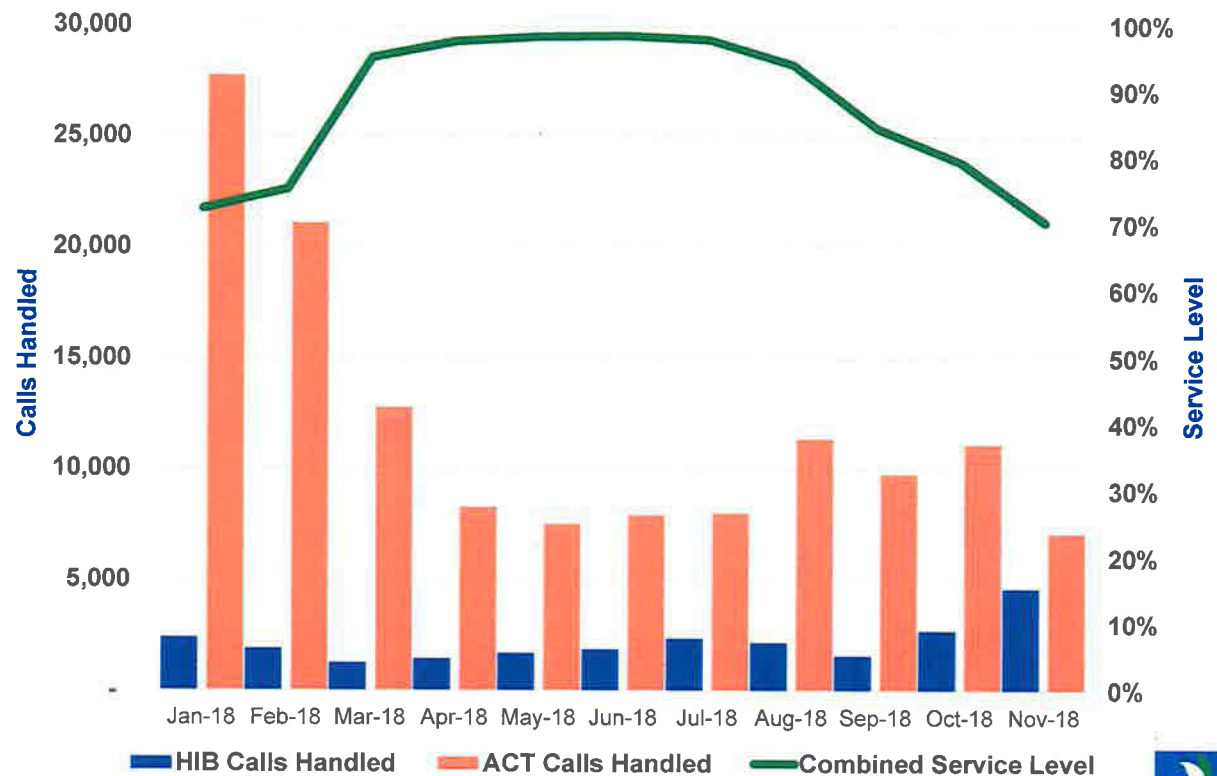
¹For TRS-Care non-Medicare population.

CUSTOMER SERVICE

In 2018:

- + ACT and HIB handled more than 260,000 calls.
- + Had an average combined service level of 89%.

CY 2018 TRS-Care Calls Handled and Service Level



FALL 2018 TRS-CARE COMMUNICATIONS

DIRECT MAIL

- TRS Announcement Letter with summary of plans and premiums
- TRS News issue in December with reminder
- Invitations for retiree information sessions
- Letter to those who enrolled in a Medicare plan outside TRS confirming their decision to leave

693K
DIRECT MAIL
PIECES

EMAIL

232K
EMAILS

- Monthly issues of *The Pulse* newsletter
- TRS News in December

1.02M

TOUCHPOINTS

4

TOUCHPOINTS
PER PARTICIPANT

IN-PERSON

6K
ATTENDEES

Information Sessions:

- 30 cities
- 58 meetings

More time devoted to Q&A at the meetings this year.

WEBINARS

1,170
ATTENDEES

20 webinars

- 10 Medicare
- 10 non-Medicare

WEBSITE

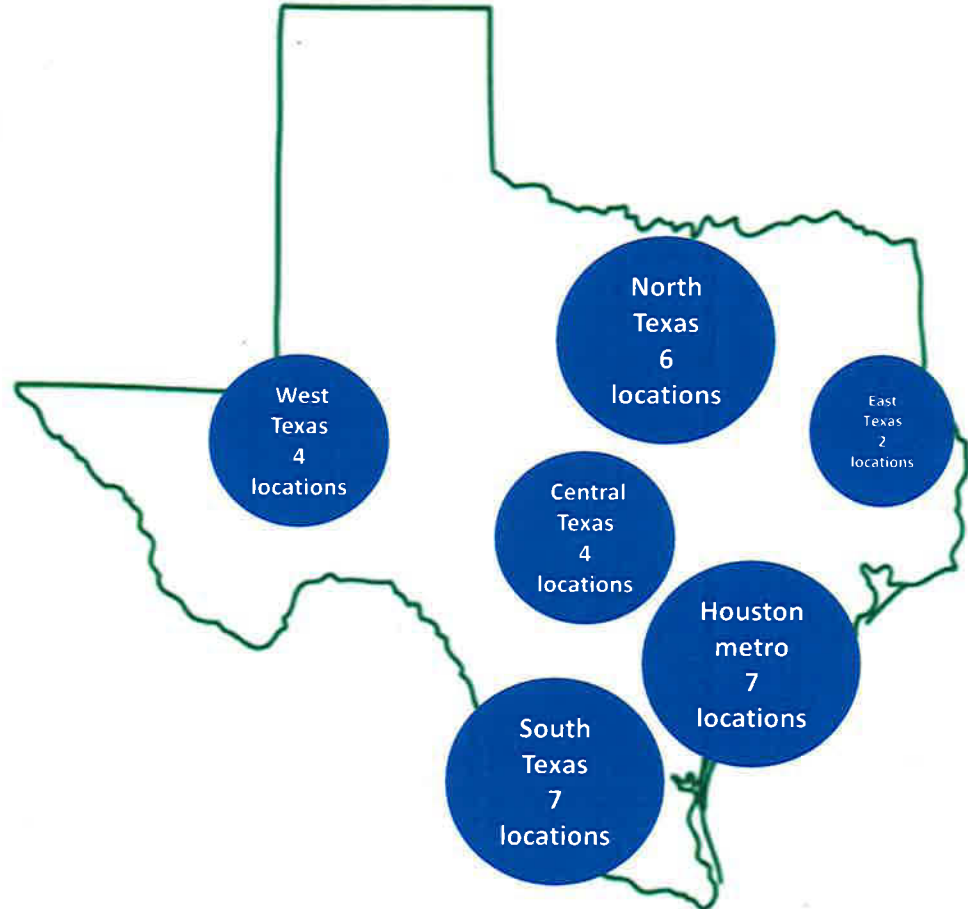
87K
PAGEVIEWS

Pages with health care content on the TRS website have seen significant traffic.

IN-PERSON RETIREE MEETINGS

TRS held **58 meetings** in **30 cities** across the state and met with **6,000 participants**.

Region	Attendance
North Texas	1,513
Houston metro	1,400
South Texas	1,324
West Texas	716
Central Texas	677
East Texas	441



TRS-CARE CHANGES IMPLEMENTATION

From October 1 through November 29, 2018, 2,000 participants joined a Medicare plan outside of TRS.

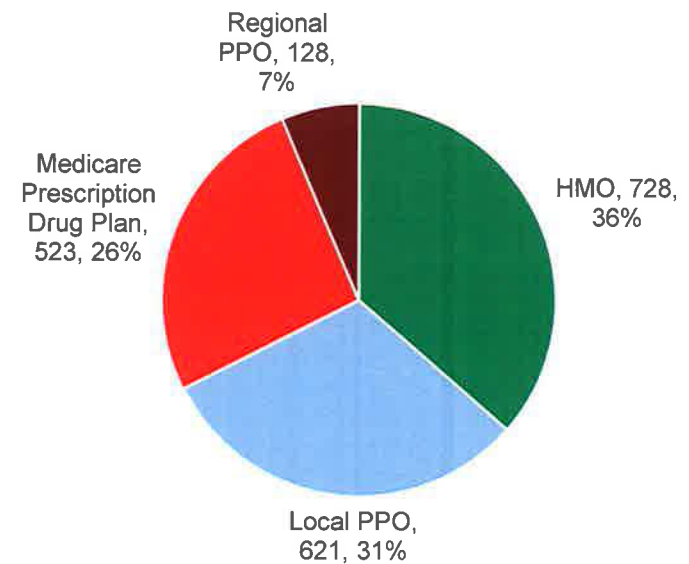


Are **retirees** with Medicare



Are **spouses or children** with Medicare

What types of plans did they enroll in?



SUPPORTING INFORMED DECISIONS

! TRS-Care participants with Medicare may choose to leave due to lower premiums outside TRS, but they may not have coverage when they need it and not be able to return to TRS-Care.

PROACTIVE EDUCATION

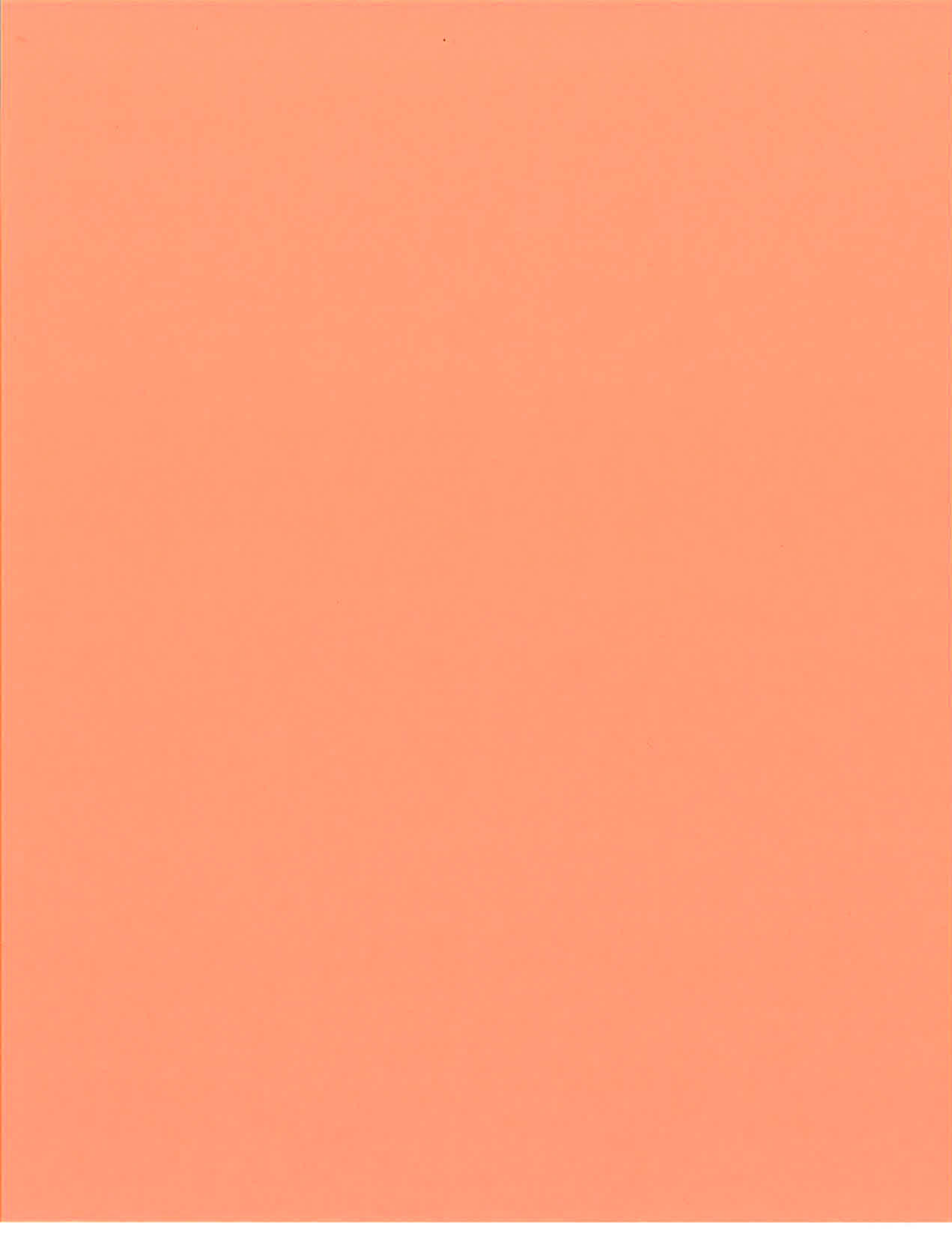
TRS developed materials to educate participants about their benefits and the rules about re-entering the program including a checklist for how to compare TRS-Care to Medicare plans outside TRS.

TRS mailed key materials, sent them via email, distributed them at retiree meetings, and shared them on TRS' website and social media accounts.

TARGETED COMMUNICATIONS

TRS lettered participants with Medicare confirming that they intended to terminate coverage by enrolling in another Medicare plan outside TRS.







Benefit Services Update
Barbie Pearson, Chief Benefit Officer
December 2018

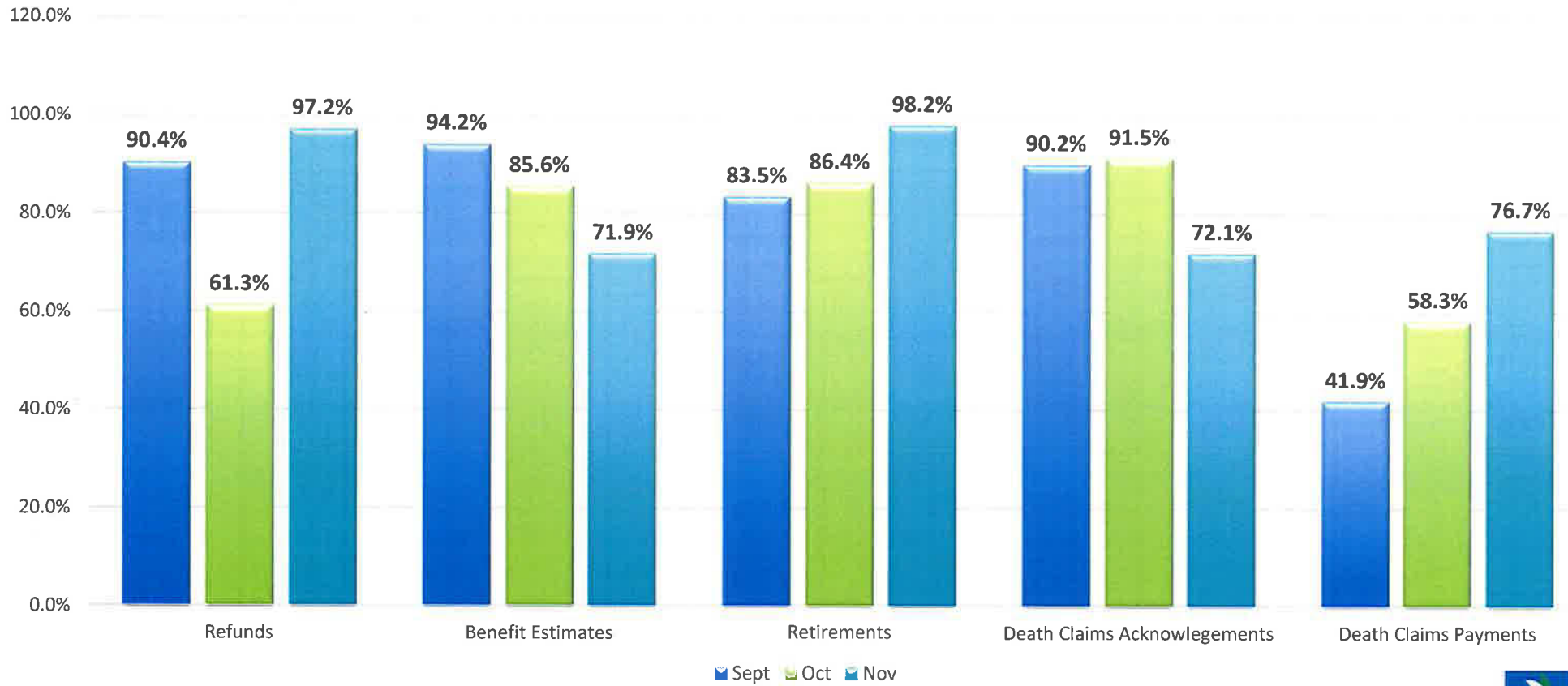


Benefit Services Business Objectives

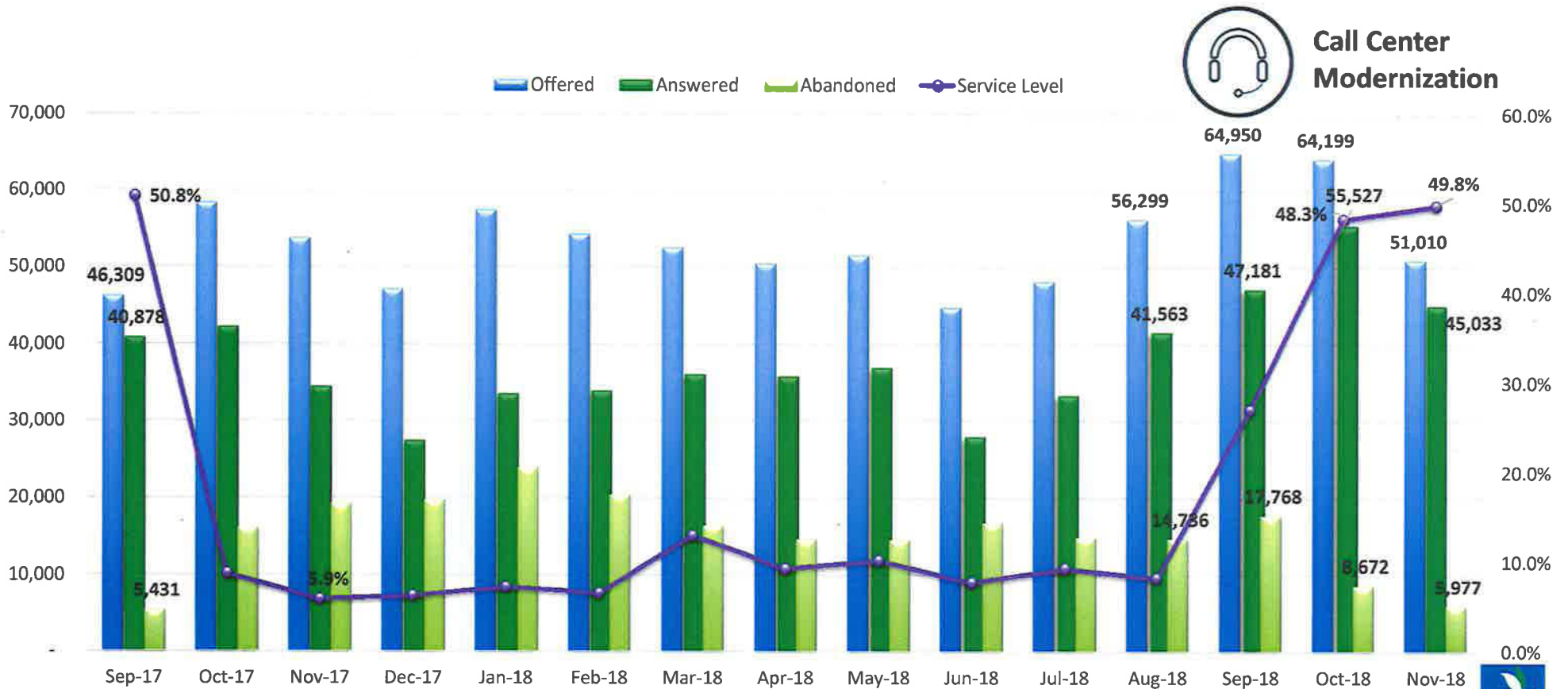


Business Area	Objective	Target	Q1	Q2	Q3	Q4	FY 2019
Refunds	Refunds validated within 5 business days of receiving final deposit and all paperwork	95%	83.1%				83.1%
Benefit Estimates	Benefit estimates mailed within 31 days	90%	83.5%				83.5%
Retirements	Retirees receiving first annuity payment on time	98%	85.6%				85.6%
Death Claims	Claims acknowledged within 14 days of receipt of death notification	90%	84.6%				84.6%
	Claims payments issued within 31 days of receipt of all required paperwork	95%	58.9%				58.9%
Benefit Counseling Phone Calls	Calls answered within 3 minutes	80%	41.0%				41.0%
Benefit Counseling Office Visits	Available	20,000	4,917				4,917
	Scheduled	N/A	3,443				3,443
	Conducted	N/A	2,771				2,771
	Cancellations/No Shows	N/A	544/128				544/128
	Walk Ins	N/A	642				642
Benefit Accounting Reporting	Percentage of regular payroll reports completed by the end of each quarter (cumulative for fiscal year)	90%	75.0%				75.0%
Benefit Services	Staffing - Authorized	240	242				242
	Staffing - Filled	240	205				205
	Staffing - Vacancies	0	37				37
	Staffing turnover rate	N/A	4.7%				4.7%

Benefit Processing Update

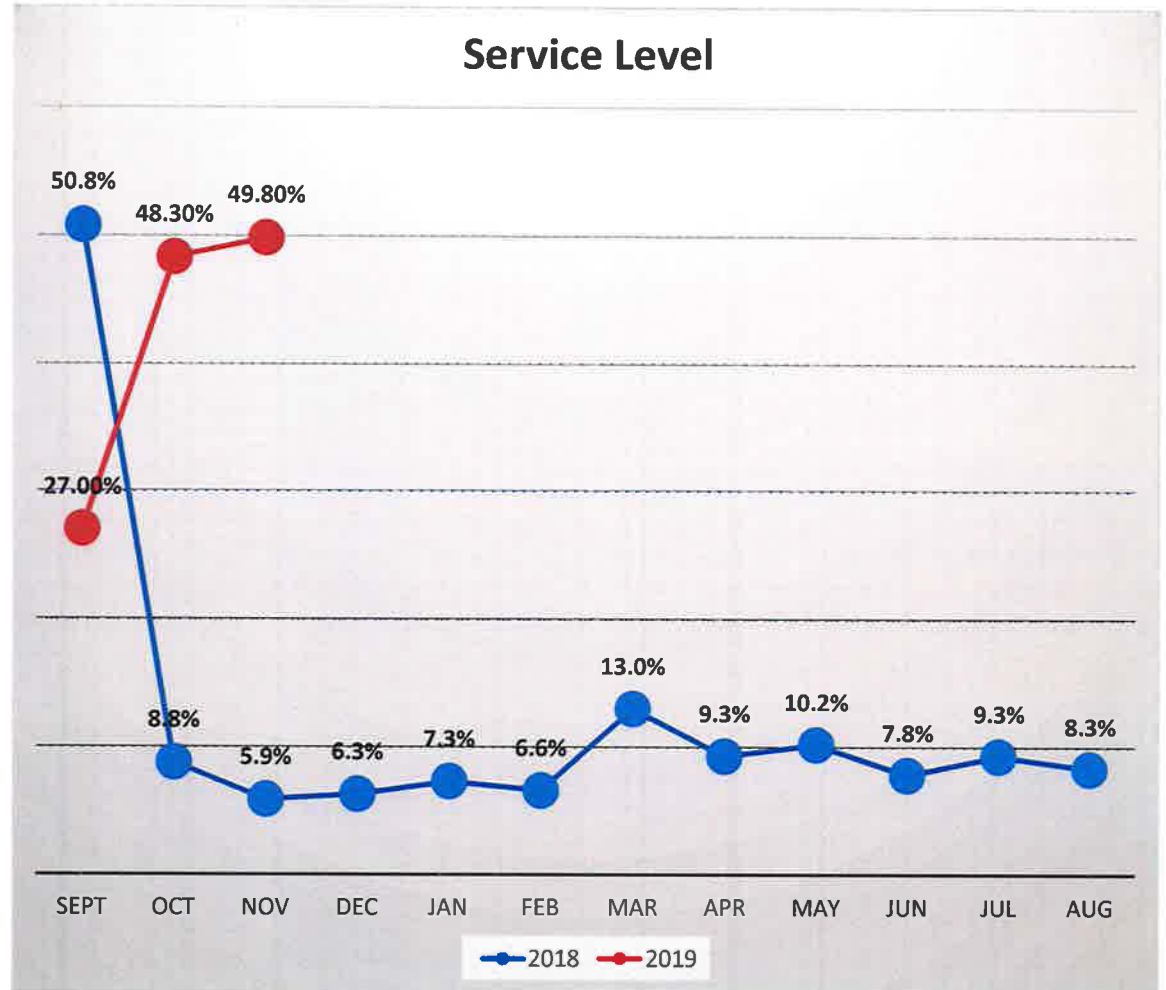
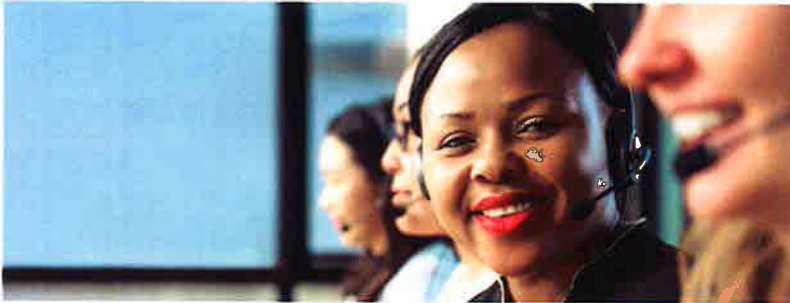


Benefit Counseling Update



Fiscal 2019 Contact Center Results

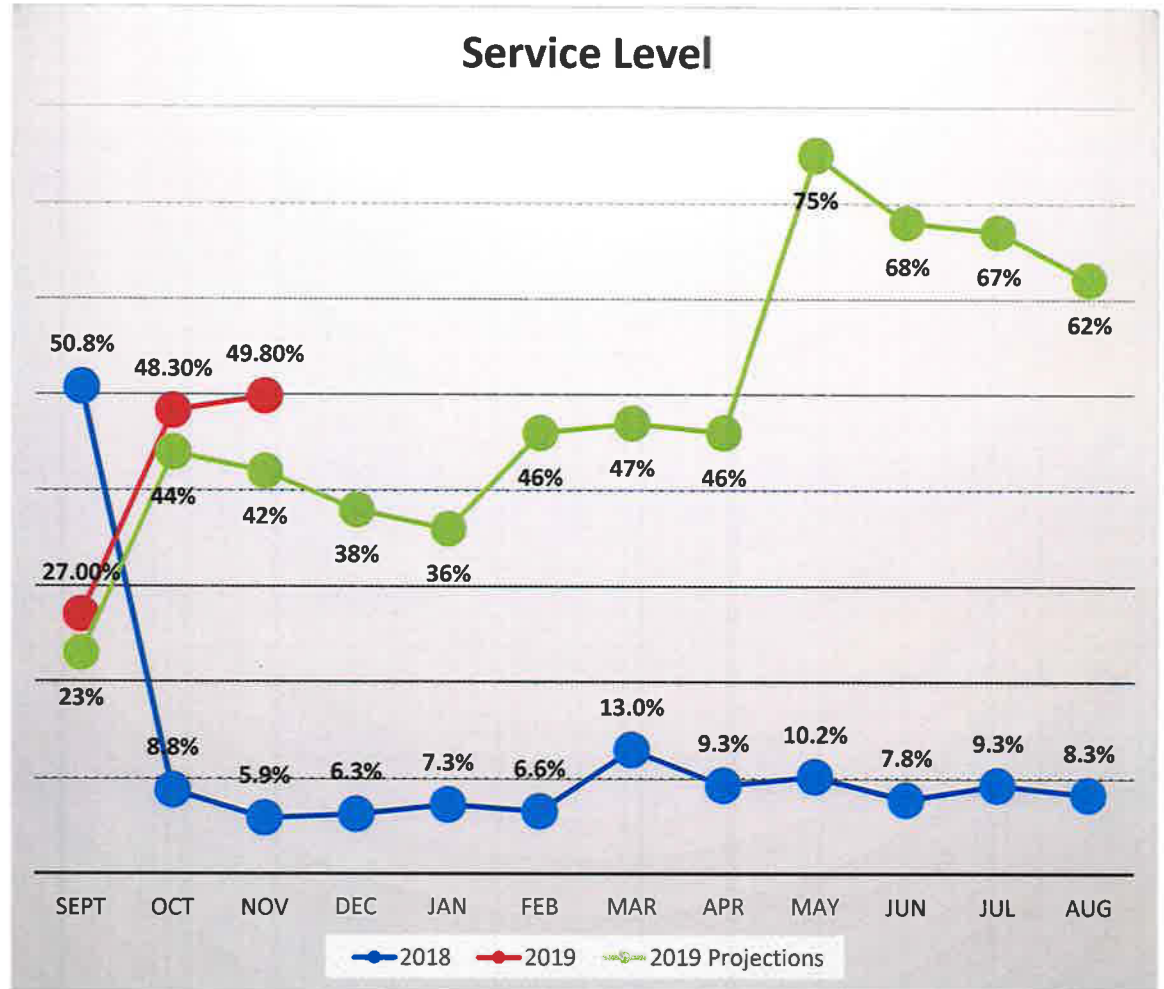
- ✓ Calls Offered: 180,159
- ✓ Calls Answered: 147,741
- ✓ Calls Abandoned: 32,417
- ✓ Call backs: 18,129
- ✓ Average Handle Time: 7:50
- ✓ Average Speed of Answer: 8:58
- ✓ Email responses: 8,820
- ✓ Office Visits Available: 4,917
- ✓ Office Visits Scheduled: 3,443
- ✓ Office Visits Conducted: 2,771
- ✓ Office Visits Cancelled or No-shows: 672



Nov. data as of 11/9

Fiscal 2019 Contact Center Results

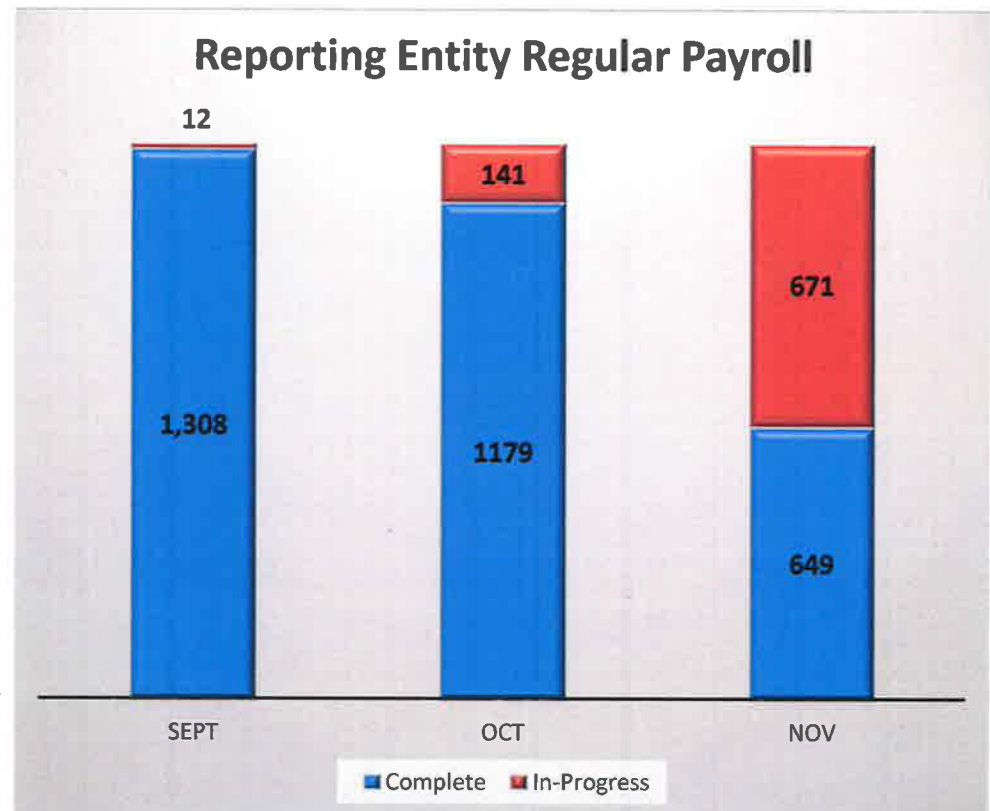
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Nov. data as of 11/9

Benefit Accounting Update

- For Fiscal 2018, 100% of payroll reports are complete.
- The Employer Advisory Group meets monthly.
- 304 defect fix and system enhancement requests have been prioritized based on severity. This includes: ORP reporting and improved functionality for reporting entity partners.



As of December 6, 2018

