Benefits Committee Meeting

September 20, 2018

TRS
TEACHER RETIREMENT SYSTEM OF TEXAS

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 September 20, 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**.

The open portions of the September 20, 2018, meeting are being broadcast over the Internet. Access to the Internet broadcast is provided at www.trs.texas.gov.

AGENDA

September 20, 2018 – 8:00 a.m.
TRS East Building, 5th Floor, Boardroom

1. Call roll of Committee members.

2. Consider the approval of the proposed minutes of the July 27, 2018 committee meeting – Chair Nannette Sissney.

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;

   B. Retiree Advisory Committee meeting update; and

   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.

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;

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.

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

C. Benefit Services Operations Update.

TAB 2

Minutes of the Benefits Committee
July 26, 2018

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, July 26, 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. Jarvis Hollingsworth
Mr. Joe Colonnetta
Mr. David Corpus
Mr. John Elliott

Others present:
Brian Guthrie, TRS
Ken Welch, TRS
Don Green, TRS
Carolina de Onis, TRS
Amy Barrett, TRS
Katrina Daniel, TRS
Barbie Pearson, TRS
Adam Fambrough, TRS
Heather Traeger, TRS
Katherine Farrell, TRS
Dr. Larry Wilson, TRS Medical Board Chair
Steve Huff, Fiduciary Counsel, Reinhart Boerner Van Deuren s.c.
Amy Cohen, GRS
Ted Raab, TX AFT
Ann Fickel, TRTA

Benefits Committee Chair Ms. Nanette Sissney called the meeting to order at 11:21 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 April 19, 2018 committee meeting – Chair Nannette Sissney.**

On a motion by Dr. Gibson, seconded by Ms. Ramirez, the committee voted to approve the proposed minutes for the April 19, 2018, Benefits Committee meeting as presented with Mr. Moss abstaining.

3. **Receive an update and consider the following – Katrina Daniel and Amy Cohen, Gabriel, Roeder, Smith & Company.**

A. **Retiree Advisory Committee, including recommending to the Board appointment of members.**

Ms. Katrina Daniel provided an update regarding the Retiree Advisory Committee (RAC) which last met on April 2, 2018.

Ms. Daniel reported there were four vacancies on the RAC. She said for the active teacher position staff recommended the reappointment of Dr. Celeste Cardenas. For the two retiree positions staff recommended the reappointment of Marcy McNeil and Mr. Nance nominated Nancy Byler. For the active school administrator staff recommended the reappointment of Dr. Bruce Gearing.

With no further nominations, on a motion by Mr. Nance, seconded by Mr. Moss, the committee voted to recommend to the Board the nominees staff recommended for the four vacancies on the RAC.

B. **Health Insurance Benefit Services Operational Update.**

Ms. Daniel reviewed the dashboard created to assist in providing an update on the new staff. She said the staff's efforts will focus on customer service, member outreach and bending the cost curve.

C. **Recommending to the Board renewal of long-term care insurance contract.**

Ms. Daniel noted the long-term care market has contracted significantly and that Genworth is the only company that is currently marketing in the group environment. She said that Genworth is not increasing the rates or changing the benefits this round, and staff is recommending that the Board renew the contract for two more years.

On a motion by Mr. Moss, seconded by Ms. Ramirez, the Committee unanimously voted to recommend Genworth to the Board as the long-term life insurance company.

RESOLUTION APPROVING THE EXTENSION
OF CONTRACT WITH
GENWORTH LIFE INSURANCE COMPANY
July 26 - 27, 2018

Whereas, Chapter 1576 of the Insurance Code, authorizes the Teacher Retirement System of Texas (TRS), as trustee, to establish a group long-term care insurance program (the "Program") to provide long-term care insurance coverage for eligible active employees and retirees, and their eligible family members;

Whereas, Chapter 1576, Insurance Code, also provides that TRS may contract with a carrier authorized to provide long-term care insurance;

Whereas, TRS currently has a contract, (the "Contract") with Genworth Life Insurance Company ("Genworth"), a carrier authorized to provide long-term care insurance, to underwrite the Program and, thereby, to offer benefits to participants in this Program;

Whereas, The current contract expires August 31, 2018 and TRS staff recommends that the Contract be extended for an additional two (2) year period, effective from September 1, 2018 through August 31, 2020;

Resolved, That the Board, pursuant to Chapter 1576 of the Insurance Code, hereby authorizes a two-year extension of the Contract with Genworth, beginning on September 1, 2018 through August 31, 2020, unless sooner terminated, subject to negotiation and execution of an extension agreement;

Resolved, That the Board finds that the requested two-year extension of the Contract continues to provide the best overall value to TRS and serves the best interests of TRS; and

Resolved, That the Board hereby authorizes the Executive Director or his designees to expend funds and to take all actions deemed necessary or advisable to implement this resolution and to negotiate, with the assistance and advice of legal counsel, a two (2) year extension, effective from September 1, 2018 through August 31, 2020, of the Contract with Genworth to underwrite the Program and, thereby, to offer benefits to participants in the Program; and, if negotiations are deemed by the Executive Director, in his discretion to be successful, then the Executive Director is hereby authorized to execute the two (2) year extension of the Contract with Genworth on such terms and conditions as the Executive Director deems, in his discretion, to be in the best interest of TRS, and further to execute and deliver all such other documents that the Executive Director may deem necessary or appropriate to effect this resolution, as conclusively evidenced by the taking of the action or the execution and delivery of the documents, and to incur, approve and pay any budgeted expenses or costs reasonably necessary or advisable with respect to such contract extension, it being understood that the Board's approval of a contract extension pursuant to this resolution shall not be construed as a binding agreement or obligation to extend the Contract, and there shall be no binding agreement among the parties until a full and final written contract extension is negotiated and signed by both parties.

4. **Receive an update and consider the following– Barbie Pearson.**
   A. **Medical Board, including recommending to the Board appointment of members and acceptance of Medical Board meeting minutes;**

Ms. Barbie Pearson reviewed the request for qualifications process staff went through for the two terms that were expiring on the Medical Board. In order to have staggered terms, Ms. Pearson recommended one member be appointed to a 36 month term and the other member to a 20 month term. She reported based on the responses and in-person interviews, staff recommends the reappointment of Dr. Alice Cox to a term of 36 months expiring on August 31, 2021, and the appointment of Dr. David Rothschild to a term of 20 months, expiring on August 31, 2020.

On a motion by Dr. Gibson, seconded by Mr. Nance, the committee unanimously voted to recommend to the Board the appointment of Dr. Rothschild and the reappointment of Dr. Cox to the Medical Board.

Ms. Barbie Pearson stated the Medical Board meeting minutes from March and May 2018 were before the committee for their recommendation to the Board.

On a motion by Ms. Ramirez, seconded by Dr. Gibson, the committee unanimously voted to recommend to the Board acceptance of the March and May 2018 Medical Board minutes.

B. **Benefit Services Operational Update;**

Ms. Pearson reviewed, if additional positions were authorized for Benefit Services, the background on the timing and resources it took to successfully train a new employee in the various departments. She noted for each department when they expected to be fully staffed and trained. Ms. Pearson discussed the performance measures for all of Benefit Services Operations including hold and handle times for calls. She provided an update regarding the Employer Advisory Group and discussed that they are looking at including members from each of the 20 public school regions.

Ms. Pearson gave an update on the improved ways TRS listens and communicates with members and reporting entity partners. Ms. Pearson also reviewed the new official TRS membership card. She said this card provides a unique participant ID number to validate as opposed to social security numbers.

C. **Consider recommending to the Board the approval of Benefit Payments for March – May 2018.**

Ms. Pearson stated the benefit payments for March through May, 2018 were before the committee to recommend approval to the Board.

On a motion by Dr. Gibson, and seconded by Ms. Ramirez, the committee voted unanimously to recommend to the Board the approval of the benefit payments for March through May, 2018.

The Benefits Committee adjourned at 12:42 p.m.

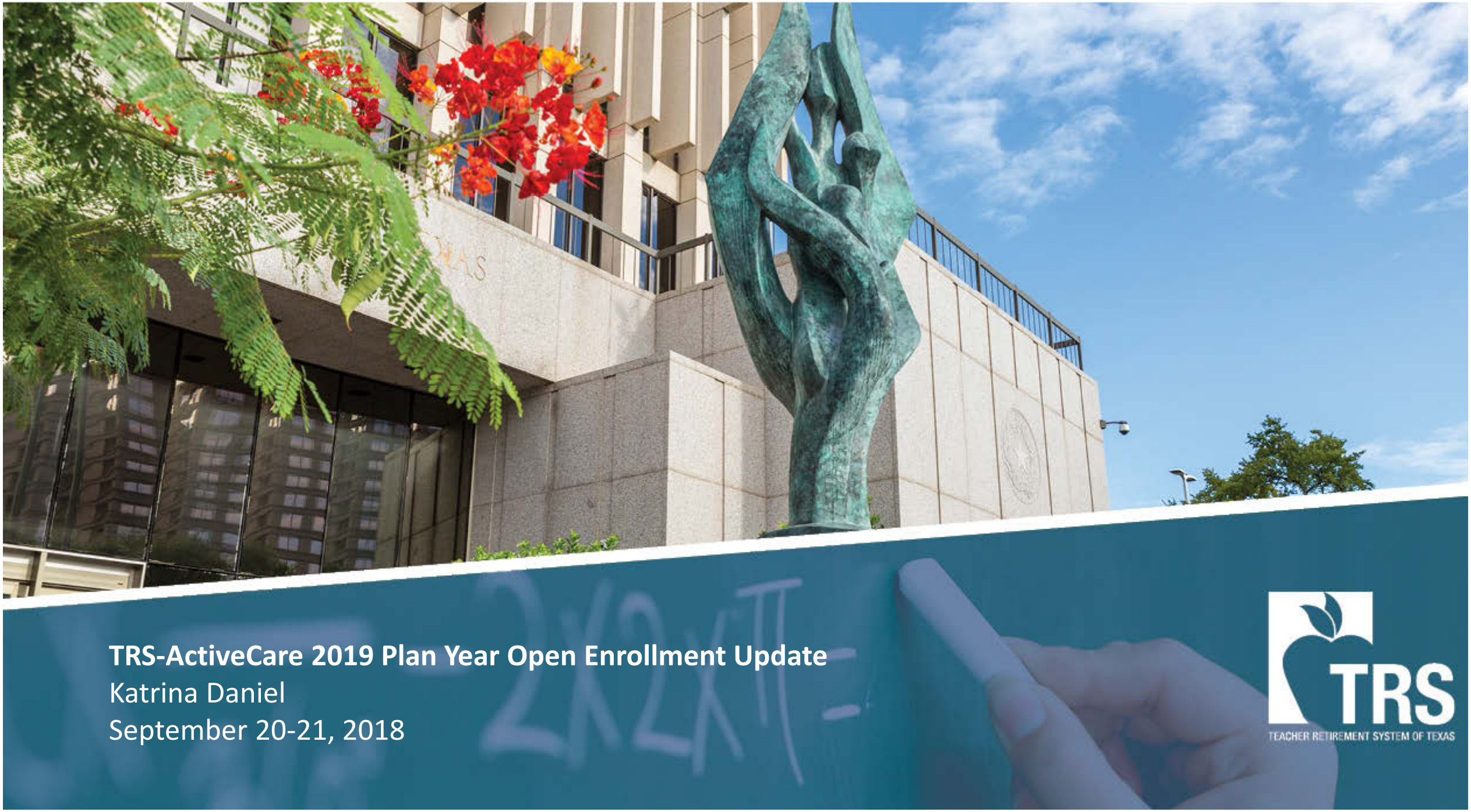
Approved by the Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas on September 20, 2018.

_____ _____

Katherine H. Farrell
Secretary of the TRS Board of Trustees

Date

TAB 3



TRS-ActiveCare 2019 Plan Year Open Enrollment Update

Katrina Daniel

September 20-21, 2018

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TEACHER RETIREMENT SYSTEM OF TEXAS

TRS-ActiveCare *bswift* Implementation

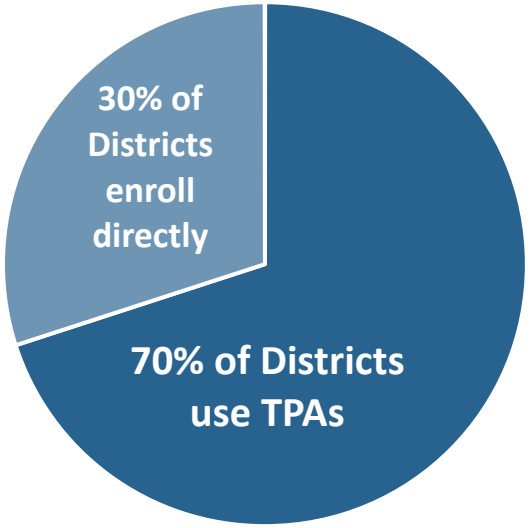
Implementation Successes

- Eliminated monthly billing freeze
- On-line access to current and historical monthly bills
- New real-time reporting capabilities for **all** districts
- Improved self-service enrollment and education tools for districts enrolling on *bswift*
- Fewer than 0.15% of records had a discrepancy on first file
- 100% of current TPA files fully tested and automated by go live

June 1

bswift Go Live

5-month runway



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TRS-ActiveCare *bswift* Implementation

TRS-ActiveCare Annual Enrollment Results

- Increased self-service enrollment using *bswift*
  - 52% of enrollments completed by employee
  - Decreased work load for districts
- Improved quality due to new governance and process controls
  - Fewer enrollment files meant less disruption and multiple ID card issues
  - 28% reduction in eligibility inquiries to Aetna BA Advocates
  - September bills delivered on time; 8 days earlier than prior year

Annual Enrollment
July 1 – August 24

28% reduction
in inquiries

Last Year	This year
1,922	1,396

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TRS-ActiveCare *bswift* Implementation

Supporting the 1,100+ school districts participating in TRS-ActiveCare

Annual enrollment and *bswift* administrator training

- **21** training sessions held across the 20 Texas Regional Education Centers in May
- **20+** Aetna/*bswift* and TRS employees supported the sessions
- **4.3/5** average score for effectiveness of the training

Ongoing education and support

- **Monthly** general webinars and training sessions
- **Twice monthly** webinars to support monthly bill retrieval and reconciliation
- **One-on-one support** sessions for districts going through major change

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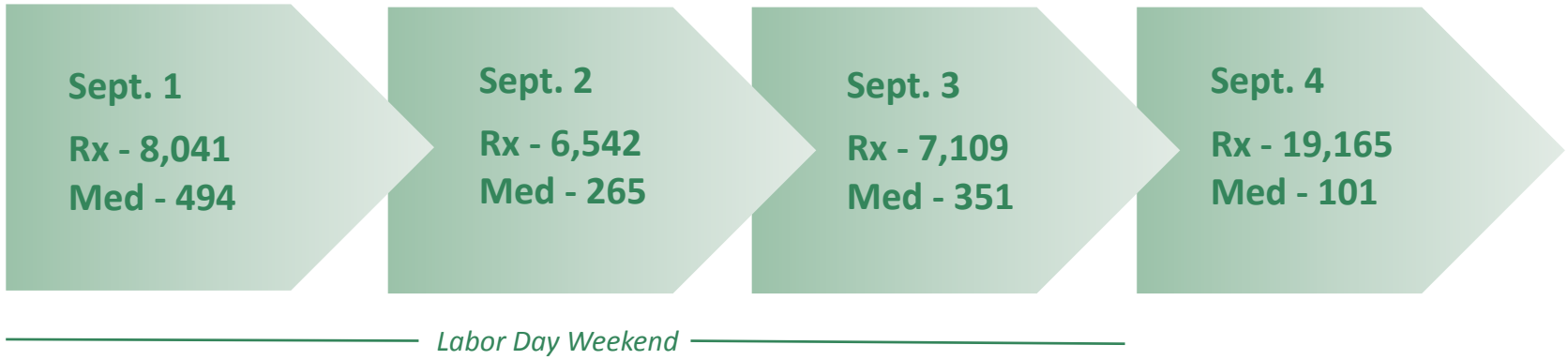
System running smoothly on new plan year's start date of Sept. 1

- Number of claims paid up-to-speed within three days

SEPTEMBER 2018



TRS-ActiveCare Annual Enrollment

Engaging participants about 2019 TRS-ActiveCare Benefits

- Information posted to websites immediately following April Board meeting
- Announced in the *Pulse* emails
- New annual enrollment video had more than 16,000 views
- Nearly 20,000 total visits to ALEX
- New ID cards with freestanding ER copay

TRS-Care Rates and Benefits for FY2019

Katrina Daniel, Amy Cohen

September 20, 2018

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TEACHER RETIREMENT SYSTEM OF TEXAS

85th Legislative Regular and Special Session

- **Regular Session: SB 1 and HB 3976**
  - Increase the required District contribution from 0.55% to 0.75% of active employee payroll
  - Increase the required State contribution from 1% to 1.25% of active employee payroll
  - Provide supplemental State funding of $182.6M
  - Eliminate legislative intent to not increase retiree premium contributions
  - Single, high-deductible health plan for non-Medicare participants
  - Medicare Advantage and Medicare Part D plan for Medicare participants
  - Eliminate the requirement that TRS offer a basic plan at no cost for Retiree-Only coverage
  - $0 retiree contribution for disability retirees who are: (1) retired as a disability retiree on or before 1/1/2017; (2) currently receiving disability retirement benefits; and (3) not eligible to enroll in Medicare
  - Provide a TRS-Care special enrollment opportunity for retirees aging into Medicare
  - Provide no-cost coverage for certain generic maintenance drugs
- **Special Session; HB 21 and HB 30**
  - Provide supplemental State funding of $212M
  - Provide relief to every participant in TRS-Care
  - Reduce Standard Plan deductible from $3,000 to $1,500

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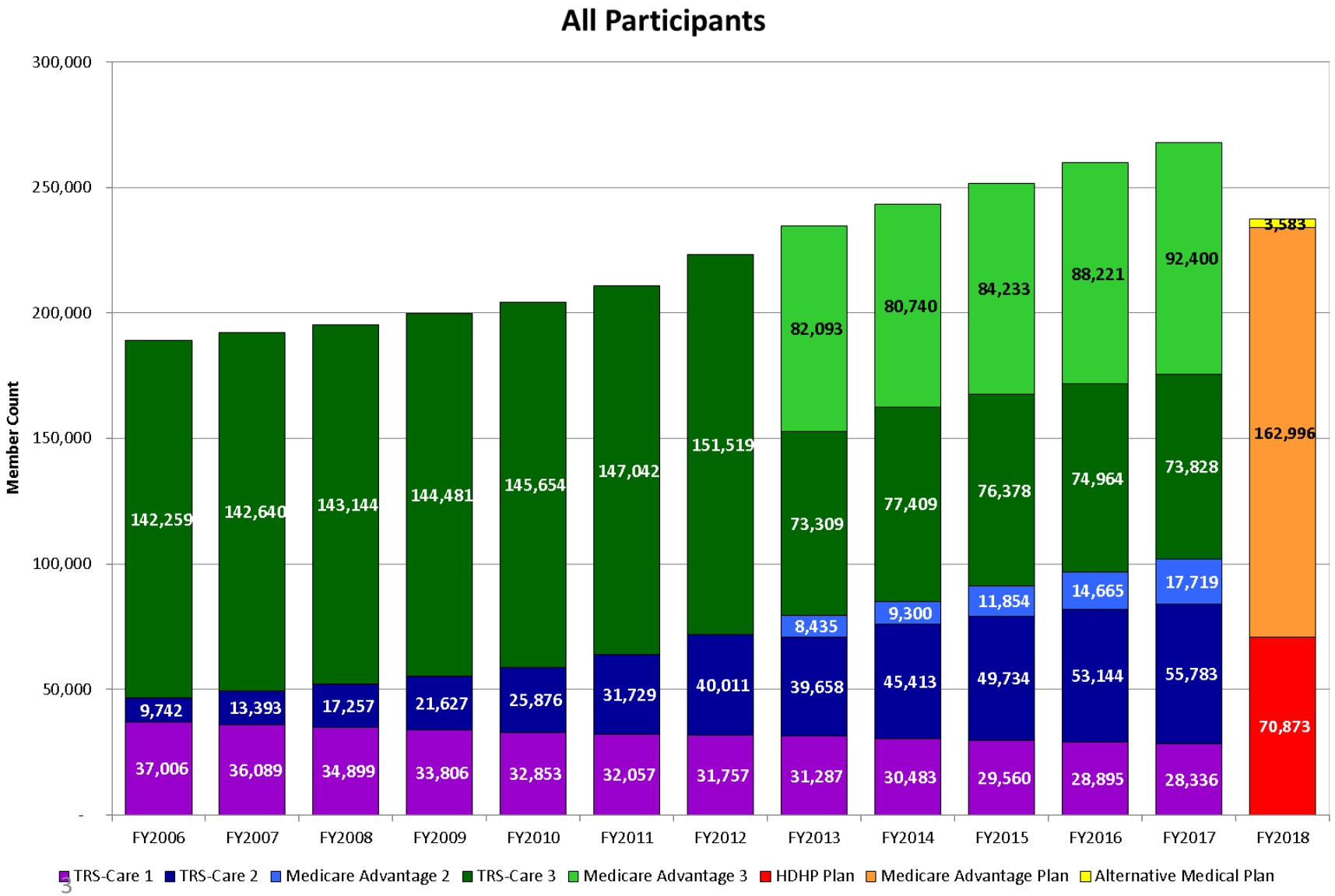
TRS-Care Enrollment History



- In December 2017, TRS-Care covered 268,891 participants
- TRS-Care 1, TRS-Care 2 and TRS-Care 3 plans were discontinued for 2018
- The increase in retiree contributions and plan benefit changes for January 1, 2018 resulted in a reduction of more than 30,000 participants.

TRS-Care August 2018 Enrollment

Medicare Status	Relationship to Insured	HDHP Plan	Medicare Advantage Plan	Alternative Medical	Total
Medicare A&B	Retirees	0	132,351	0	132,351
	Dependents	0	23,128	0	23,128
Medicare A Only	Retirees	0	0	1,755	1,755
	Dependents	0	0	129	129
Medicare B Only	Retirees	0	5,869	466	6,335
	Dependents	0	108	29	137
Non-Medicare	Retirees	49,855	0	761	50,598
	Dependents	18,068	0	76	18,144
Total		**67,923**	**161,456**	**3,216**	**232,595**

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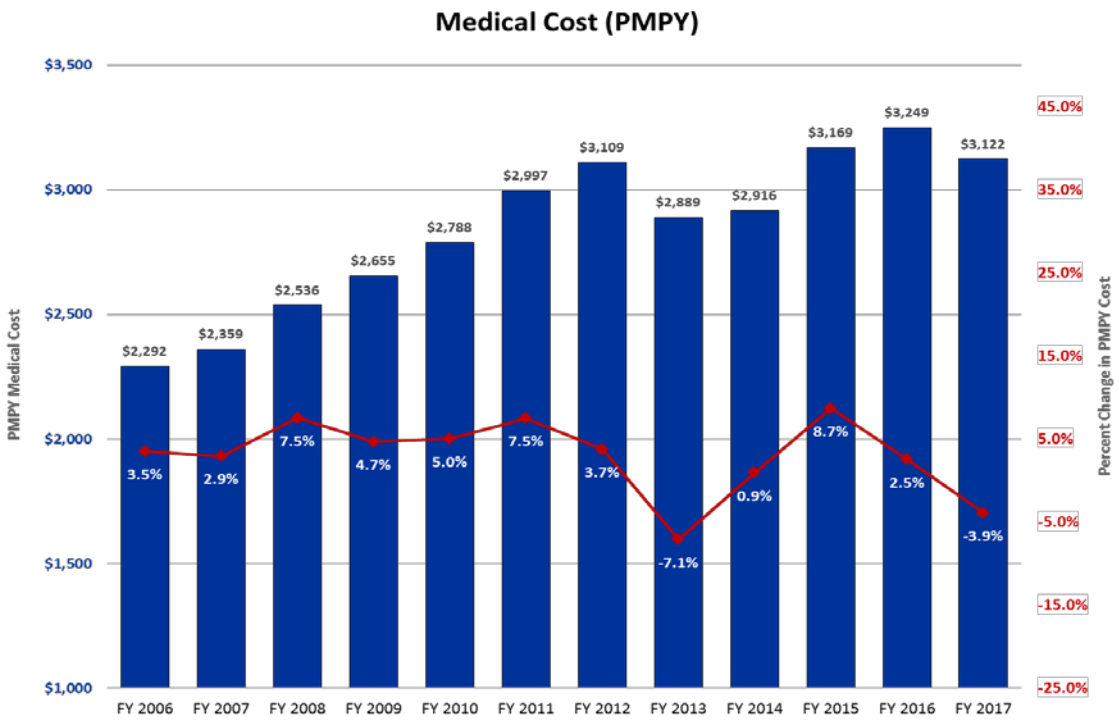
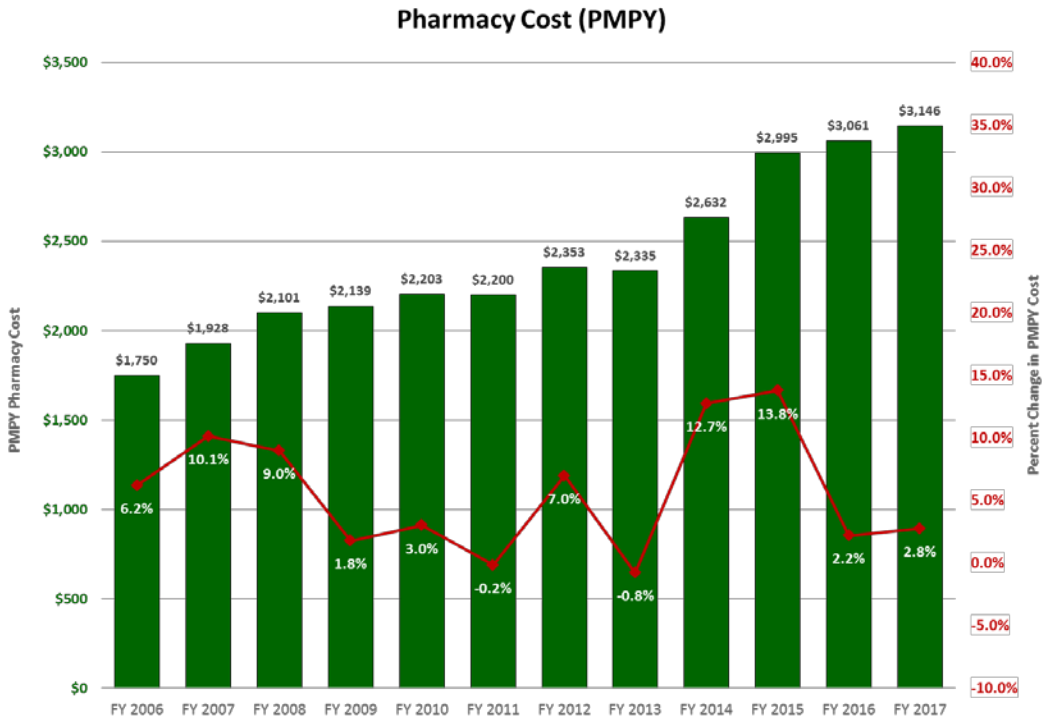
TRS-Care Historical PMPY Costs

- At the end of FY17, TRS-Care overall health care cost trend is currently -1.2%.





- Historical medical trends have typically been between 2.5 and 9%.
- Projections include a 6.75% trend rate assumption.

- Recent pharmacy trends have been between 4 and 15%.
- Projections include an 10.5% trend rate assumption.

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TRS-Care
Rates and Benefits Recommendation

	CY2018 Current			CY2019 Recommended		
	Standard HDHP Plan	Medicare Advantage Plan	Alternative Medical Plan	Standard HDHP Plan	Medicare Advantage Plan	Alternative Medical Plan
Deductible (Individual/Family)						
In-Network	$1,500/$3,000	$500	$1,300/$2,600	No Change	No Change	No Change
Out-of-Network	$3,000/$6,000					
Maximum Out-of-Pocket Limits (Individual/Family)						
In-Network	$5,650/$11,300	$3,500	$7,150/$14,150	No Change	No Change	No Change
Out-of-Network	$11,300/$22,600					
Coinsurance						
In-Network	80%/20%	95%/5%	80%/20%	No Change	No Change	No Change
Out-of-Network	60%/40%		60%/40%			

- The Alternative Medical Plan is available for certain participants who are Medicare eligible but not enrolled in either Medicare Part A or Medicare Part B, or cannot access a provider through the TRS-Care Medicare Advantage plan.

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TRS-Care
Rates and Benefits Recommendation

	CY2018 Current			CY2019 Recommendation		
	Standard HDHP Plan	Medicare Part D Plan	Alternative Prescription Drug Plan	Standard HDHP Plan	Medicare Part D Plan	Alternative Prescription Drug Plan
Retail Pharmacy						
Generic	80/20%	$5	$13	No change		
Preferred Brand		$25	$40			
Non-Preferred Brand		$50	$65			
Retail Pharmacy – Maintenance Drugs (2nd and subsequent fills)						
Generic	80/20% ($0 copay for certain generic preventive maintenance medications)	Not applicable	$23	No change		
Preferred Brand			$50			
Non-Preferred Brand			$75			
Mail Order/Retail 90 Pharmacy						
Generic	80/20% ($0 copay for certain generic preventive maintenance medications)	$15	$25	No change		
Preferred Brand		$70	$100			
Non-Preferred Brand		$125	$165			

- Prescription drug benefits for non-Medicare participants will be integrated with medical benefits and subject to the plan's deductible and out-of-pocket maximums.
- Prescription drug benefits for Medicare participants will be provided through a Medicare Part D plan.

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TRS-Care
Rates and Benefits Recommendation

	CY2018 Current Premiums		CY2019 Stair-step Premium Option	
Coverage Tier	Non-Medicare Retiree[1]	Medicare Retiree	Non-Medicare Retiree[1]	Medicare Retiree
Retiree Only	$200	$135	$250	No change
Retiree & Spouse	$689	$529	$739	No change
Retiree & Child(ren)[2]	$408	$468	$458	No change
Retiree & Family[2]	$999	$820	$1,049	No change
Surviving Children	$208	$208	$208	No change

[1] Monthly contributions from non-Medicare retirees who are disabled as of 1/1/2017 are reduced by $200 beginning 1/1/2018 and ending when the retiree reaches Medicare status or 8/31/2021, whichever is earlier.

[2] Monthly contributions for families covering a disabled child(ren) are reduced by $200 beginning 1/1/2018.

TRS-Care Funding Projection

as of June 30, 2018

	Contributions							Expenditures				
Fiscal Year	Retiree Contributions	State Contributions	Supplemental Appropriations	Active Employee Contributions	District Contributions	Investment Income	CMS, Part D and ERRP Subsidies	Medical Incurred	Drug Incurred	Medicare Advantage Premiums	Administrative Costs	Ending Balance (Incurred Basis)
FY 1986	$0	$0	$250,000	$17,625,194	$0	$572,153	$0	$0	$0	$0	$362,371	$18,084,976
FY 1987	$22,617,624	$25,931,680	$0	$18,522,629	$0	$2,568,998	$0	$50,988,845	$7,044,825	$0	$3,941,936	$25,750,301
FY 1988	$23,948,600	$31,357,632	$0	$19,598,520	$0	$5,703,832	$0	$16,157,649	$12,441,672	$0	$4,614,755	$73,144,809
FY 1989	$25,428,632	$37,420,711	$0	$20,789,215	$0	$8,802,914	$0	$32,926,324	$15,458,710	$0	$5,212,073	$111,989,174
FY 1990	$37,556,561	$44,369,915	$0	$22,184,958	$0	$13,098,835	$0	$50,171,919	$19,835,965	$0	$7,186,851	$152,004,708
FY 1991	$46,563,787	$47,277,743	$0	$23,638,871	$0	$15,801,047	$0	$82,697,189	$28,683,081	$0	$8,258,029	$165,647,857
FY 1992	$56,395,797	$50,392,512	$0	$25,196,592	$0	$17,314,372	$0	$74,307,953	$33,829,694	$0	$8,862,560	$197,946,923
FY 1993	$65,154,653	$54,029,406	$0	$27,014,703	$0	$17,181,190	$0	$101,627,864	$40,700,513	$0	$10,067,359	$208,931,140
FY 1994	$80,128,944	$56,912,083	$0	$28,456,041	$0	$16,467,438	$0	$108,284,693	$45,712,060	$0	$11,668,828	$225,230,065
FY 1995	$89,006,331	$59,849,850	$0	$29,924,925	$0	$16,841,673	$0	$122,054,551	$50,782,093	$0	$12,219,847	$235,796,353
FY 1996	$82,622,236	$63,634,087	$0	$31,817,043	$0	$16,818,747	$0	$135,982,304	$57,074,921	$0	$13,593,578	$224,037,663
FY 1997	$87,657,784	$67,616,395	$0	$33,808,197	$0	$16,202,440	$0	$148,823,489	$62,530,982	$0	$14,097,454	$203,870,554
FY 1998	$91,390,173	$72,210,190	$0	$36,105,095	$0	$15,260,517	$0	$156,537,913	$76,256,158	$0	$14,616,678	$171,425,780
FY 1999	$96,474,107	$76,488,424	$0	$38,244,213	$0	$9,762,741	$0	$184,398,533	$93,459,890	$0	$14,905,196	$99,631,646
FY 2000	$120,227,960	$85,505,637	$0	$42,738,069	$0	$6,923,485	$0	$203,029,971	$110,903,247	$0	$16,837,127	$24,256,451
FY 2001	$131,213,445	$90,118,787	$76,281,781	$45,059,394	$0	$5,824,134	$0	$250,691,898	$139,774,848	$0	$18,237,767	($35,950,521)
FY 2002	$143,797,748	$94,792,026	$285,515,036	$47,378,092	$0	$7,140,560	$0	$287,729,918	$163,979,754	$0	$19,017,292	$71,945,978
FY 2003	$162,954,010	$98,340,798	$124,661,063	$49,170,399	$0	$3,394,956	$0	$368,462,963	$203,281,400	$0	$21,690,329	($82,967,487)
FY 2004	$248,552,679	$198,594,194	$298,197,463	$99,297,097	$79,457,387	$4,840,982	$0	$366,840,457	$214,514,500	$0	$26,332,200	$238,285,158
FY 2005	$322,780,191	$202,397,566	$64,172,167	$101,198,783	$80,914,228	$11,300,868	$0	$431,036,095	$229,522,988	$0	$33,333,010	$327,156,868
FY 2006	$326,844,982	$215,666,940	$0	$140,183,511	$118,607,527	$21,435,792	$34,611,607	$427,553,404	$259,532,887	$0	$34,434,969	$462,985,967
FY 2007	$323,957,945	$238,190,720	$0	$154,823,968	$136,008,512	$32,671,539	$52,329,617	$437,519,747	$304,773,401	$0	$35,878,194	$622,796,927
FY 2008	$328,505,433	$254,722,174	$0	$165,569,413	$141,672,630	$29,252,347	$59,486,239	$498,767,038	$334,742,500	$0	$39,656,301	$728,839,324
FY 2009	$329,723,191	$267,471,299	$0	$173,856,344	$149,562,613	$17,482,143	$61,530,735	$531,239,020	$353,893,845	$0	$43,184,393	$800,148,391
FY 2010	$332,481,933	$279,250,547	$0	$181,512,856	$155,918,241	$11,679,229	$70,795,686	$575,539,788	$395,817,017	$0	$45,465,776	$814,964,302
FY 2011	$345,164,271	$282,782,431	$0	$183,808,580	$158,724,010	$8,168,640	$136,887,805	$608,461,321	$384,017,059	$0	$47,151,354	$890,870,304
FY 2012	$363,348,030	$271,925,242	$0	$176,751,407	$154,607,926	$5,189,934	$68,633,946	$687,987,585	$454,143,825	$0	$48,181,723	$741,013,656
FY 2013	$355,685,504	$139,213,557	$102,363,704	$180,824,522	$160,952,396	$3,041,001	$98,628,841	$686,321,003	$496,229,923	$1,075,388	$47,048,587	$551,048,281
FY 2014	$363,631,292	$290,775,235	$36,058,148	$189,003,903	$169,847,447	$2,061,745	$135,536,021	$663,776,623	$539,842,962	$27,507,107	$48,894,894	$457,940,487
FY 2015	$369,066,459	$304,917,343	$768,100,754	$198,196,273	$179,157,485	$1,495,680	$200,321,166	$746,668,738	$649,457,501	$59,000,080	$51,150,088	$972,919,240
FY 2016	$374,736,269	$320,895,370	$0	$208,581,991	$189,111,901	$5,421,446	$198,315,301	$789,756,266	$716,536,786	$69,228,872	$52,973,441	$641,486,153
FY 2017	$404,027,710	$328,063,352	$15,559,552	$213,241,179	$191,057,800	$5,225,993	$195,396,219	$746,038,376	$734,805,874	$61,792,672	$51,885,051	$399,535,986
FY 2018	$493,893,270	$418,280,774	$394,600,000	$217,506,002	$261,610,425	$2,677,768	$196,613,367	$761,688,783	$707,678,598	$120,789,896	$48,379,467	$746,180,848
FY 2019	$554,700,934	$430,829,197	$0	$224,031,182	$269,139,479	$2,631,589	$203,879,733	$778,191,697	$1,050,625,444	$127,466,273	$45,655,109	$429,454,438
FY 2020	$564,021,650	$439,445,781	$0	$228,511,806	$274,309,429	$1,599,206	$231,807,631	$753,315,182	$1,095,856,203	$170,634,510	$46,048,783	$103,295,263
FY 2021	$573,408,288	$448,234,696	$0	$233,082,042	$279,582,778	$214,256	$261,454,449	$791,823,764	$1,252,235,722	$218,506,078	$46,532,057	($409,825,848)
FY 2022	$585,915,522	$457,199,390	$0	$237,743,683	$284,961,595	$0	$293,921,079	$821,535,547	$1,423,022,462	$247,786,190	$46,986,137	($1,089,414,915)
FY 2023	$596,747,300	$466,343,378	$0	$242,498,557	$290,447,988	$0	$329,309,657	$850,599,841	$1,609,190,197	$280,025,460	$47,465,593	($1,951,349,126)

- Benefits and retiree contributions are held constant after 2018

NOTES

- *Invoice data through June 30, 2018*
- *This 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.*
- *3.0% payroll growth in FY2018 and FY2019; 2% increase in payroll growth thereafter.*
- *Enrollment assumptions based on headcounts assumed in annual Other Post Employment Benefits (OPEB) valuation report.*
- *Medical trends: 6.75% in FY2018; reduced by 0.25 each year thereafter.*
- *Pharmacy trends: 10.5% in FY2018; reduced by 0.25 each year thereafter.*

TRS

TRS-Care Funding Projection

as of June 30, 2018

	Contributions							Expenditures				
Fiscal Year	Retiree Contributions	State Contributions	Supplemental Appropriations	Active Employee Contributions	District Contributions	Investment Income	CMS, Part D and ERRP Subsidies	Medical Incurred	Drug Incurred	Medicare Advantage Premiums	Administrative Costs	Ending Balance (Incurred Basis)
FY 1986	$0	$0	$250,000	$17,625,194	$0	$572,153	$0	$0	$0	$0	$362,371	$18,084,976
FY 1987	$22,617,624	$25,931,680	$0	$18,522,629	$0	$2,568,998	$0	$50,988,845	$7,044,825	$0	$3,941,936	$25,750,301
FY 1988	$23,948,600	$31,357,632	$0	$19,598,520	$0	$5,703,832	$0	$16,157,649	$12,441,672	$0	$4,614,755	$73,144,809
FY 1989	$25,428,632	$37,420,711	$0	$20,789,215	$0	$8,802,914	$0	$32,926,324	$15,458,710	$0	$5,212,073	$111,989,174
FY 1990	$37,556,561	$44,369,915	$0	$22,184,958	$0	$13,098,835	$0	$50,171,919	$19,835,965	$0	$7,186,851	$152,004,708
FY 1991	$46,563,787	$47,277,743	$0	$23,638,871	$0	$15,801,047	$0	$82,697,189	$28,683,081	$0	$8,258,029	$165,647,857
FY 1992	$56,395,797	$50,392,512	$0	$25,196,592	$0	$17,314,372	$0	$74,307,953	$33,829,694	$0	$8,862,560	$197,946,923
FY 1993	$65,154,653	$54,029,406	$0	$27,014,703	$0	$17,181,190	$0	$101,627,864	$40,700,513	$0	$10,067,359	$208,931,140
FY 1994	$80,128,944	$56,912,083	$0	$28,456,041	$0	$16,467,438	$0	$108,284,693	$45,712,060	$0	$11,668,828	$225,230,065
FY 1995	$89,006,331	$59,849,850	$0	$29,924,925	$0	$16,841,673	$0	$122,054,551	$50,782,093	$0	$12,219,847	$235,796,353
FY 1996	$82,622,236	$63,634,087	$0	$31,817,043	$0	$16,818,747	$0	$135,982,304	$57,074,921	$0	$13,593,578	$224,037,663
FY 1997	$87,657,784	$67,616,395	$0	$33,808,197	$0	$16,202,440	$0	$148,823,489	$62,530,982	$0	$14,097,454	$203,870,554
FY 1998	$91,390,173	$72,210,190	$0	$36,105,095	$0	$15,260,517	$0	$156,537,913	$76,256,158	$0	$14,616,678	$171,425,780
FY 1999	$96,474,107	$76,488,424	$0	$38,244,213	$0	$9,762,741	$0	$184,398,533	$93,459,890	$0	$14,905,196	$99,631,646
FY 2000	$120,227,960	$85,505,637	$0	$42,738,069	$0	$6,923,485	$0	$203,029,971	$110,903,247	$0	$16,837,127	$24,256,451
FY 2001	$131,213,445	$90,118,787	$76,281,781	$45,059,394	$0	$5,824,134	$0	$250,691,898	$139,774,848	$0	$18,237,767	($35,950,521)
FY 2002	$143,797,748	$94,792,026	$285,515,036	$47,378,092	$0	$7,140,560	$0	$287,729,918	$163,979,754	$0	$19,017,292	$71,945,978
FY 2003	$162,954,010	$98,340,798	$124,661,063	$49,170,399	$0	$3,394,956	$0	$368,462,963	$203,281,400	$0	$21,690,329	($82,967,487)
FY 2004	$248,552,679	$198,594,194	$298,197,463	$99,297,097	$79,457,387	$4,840,982	$0	$366,840,457	$214,514,500	$0	$26,332,200	$238,285,158
FY 2005	$322,780,191	$202,397,566	$64,172,167	$101,198,783	$80,914,228	$11,300,868	$0	$431,036,095	$229,522,988	$0	$33,333,010	$327,156,868
FY 2006	$326,844,982	$215,666,940	$0	$140,183,511	$118,607,527	$21,435,792	$34,611,607	$427,553,404	$259,532,887	$0	$34,434,969	$462,985,967
FY 2007	$323,957,945	$238,190,720	$0	$154,823,968	$136,008,512	$32,671,539	$52,329,617	$437,519,747	$304,773,401	$0	$35,878,194	$622,796,927
FY 2008	$328,505,433	$254,722,174	$0	$165,569,413	$141,672,630	$29,252,347	$59,486,239	$498,767,038	$334,742,500	$0	$39,656,301	$728,839,324
FY 2009	$329,723,191	$267,471,299	$0	$173,856,344	$149,562,613	$17,482,143	$61,530,735	$531,239,020	$353,893,845	$0	$43,184,393	$800,148,391
FY 2010	$332,481,933	$279,250,547	$0	$181,512,856	$155,918,241	$11,679,229	$70,795,686	$575,539,788	$395,817,017	$0	$45,465,776	$814,964,302
FY 2011	$345,164,271	$282,782,431	$0	$183,808,580	$158,724,010	$8,168,640	$136,887,805	$608,461,321	$384,017,059	$0	$47,151,354	$890,870,304
FY 2012	$363,348,030	$271,925,242	$0	$176,751,407	$154,607,926	$5,189,934	$68,633,946	$687,987,585	$454,143,825	$0	$48,181,723	$741,013,656
FY 2013	$355,685,504	$139,213,557	$102,363,704	$180,824,522	$160,952,396	$3,041,001	$98,628,841	$686,321,003	$496,229,923	$1,075,388	$47,048,587	$551,048,281
FY 2014	$363,631,292	$290,775,235	$36,058,148	$189,003,903	$169,847,447	$2,061,745	$135,536,021	$663,776,623	$539,842,962	$27,507,107	$48,894,894	$457,940,487
FY 2015	$369,066,459	$304,917,343	$768,100,754	$198,196,273	$179,157,485	$1,495,680	$200,321,166	$746,668,738	$649,457,501	$59,000,080	$51,150,088	$972,919,240
FY 2016	$374,736,269	$320,895,370	$0	$208,581,991	$189,111,901	$5,421,446	$198,315,301	$789,756,266	$716,536,786	$69,228,872	$52,973,441	$641,486,153
FY 2017	$404,027,710	$328,063,352	$15,559,552	$213,241,179	$191,057,800	$5,225,993	$195,396,219	$746,038,376	$734,805,874	$61,792,672	$51,885,051	$399,535,986
FY 2018	$493,893,270	$418,280,774	$394,600,000	$217,506,002	$261,610,425	$2,677,768	$196,613,367	$761,688,783	$707,678,598	$120,789,896	$48,379,467	$746,180,848
FY 2019	$575,164,784	$430,829,197	$0	$224,031,182	$269,139,479	$2,659,023	$203,879,733	$778,191,697	$1,050,625,444	$127,466,273	$45,655,109	$449,945,722
FY 2020	$618,343,860	$439,445,781	$0	$228,511,806	$274,309,429	$1,774,641	$231,807,631	$753,315,182	$1,095,856,203	$170,634,510	$46,048,783	$178,284,191
FY 2021	$662,237,838	$448,234,696	$0	$233,082,042	$279,582,778	$445,074	$261,454,449	$791,823,764	$1,252,235,722	$218,506,078	$46,532,057	($245,776,551)
FY 2022	$687,501,742	$457,199,390	$0	$237,743,683	$284,961,595	$0	$293,921,079	$821,535,547	$1,423,022,462	$247,786,190	$46,986,137	($823,779,399)
FY 2023	$697,702,990	$466,343,378	$0	$242,498,557	$290,447,988	$0	$329,309,657	$850,599,841	$1,609,190,197	$280,025,460	$47,465,593	($1,584,757,919)

- Includes stair-stepped non-Medicare retiree contributions
- Benefits are held constant after 2018

NOTES

- *Invoice data through June 30, 2018*
- *This 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.*
- *3.0% payroll growth in FY2018 and FY2019; 2% increase in payroll growth thereafter.*
- *Enrollment assumptions based on headcounts assumed in annual Other Post Employment Benefits (OPEB) valuation report.*
- *Medical trends: 6.75% in FY2018; reduced by 0.25 each year thereafter.*
- *Pharmacy trends: 10.5% in FY2018; reduced by 0.25 each year thereafter.*

TRS

FY2017 TRS-Care Cost Management

$7.71B — **Submitted and avoided costs**
What the plan would pay without any cost management programs

($3.2)B — **Eliminating ineligible charges**
Pre-payment edits to screen for non-covered services or facilities, duplicate claims or medically unnecessary services.

($1.7)B — **Managed care savings**
Negotiated unit cost savings with network facilities, physicians and pharmacies

($304.4)M — **Member cost sharing**
The portion of costs paid by participants in terms of deductibles, copay and coinsurance

($504.4)M — **Coordination of Benefits (COB)**
The portion of costs paid by other benefit plans

($273.1)M — **Clinical and Anti –fraud programs**
Estimated costs avoided due to anti-fraud monitoring and patient engagement of clinical management programs.

($373.6)M — **Prescription Drug rebates and subsidies**
TRS-Care receives 100% of revenues from pharmaceutical manufactures and CMS for rebates and Medicare Part D subsidies.

($6.4)M — **Contract Negotiations**
Refunds received from the health plan administrator and the PBM as a result of contractual guarantees

$1.38B — **Net Plan Costs**
TRS-Care's net plan cost for medical and prescription drug benefits

TRS

TRS-Care Funding Projection

as of July 31, 2018

	Contributions							Expenditures				
Fiscal Year	Retiree Contributions	State Contributions	Supplemental Appropriations	Active Employee Contributions	District Contributions	Investment Income	CMS, Part D and ERRP Subsidies	Medical Incurred	Drug Incurred	Medicare Advantage Premiums	Administrative Costs	Ending Balance (Incurred Basis)
FY 1986	$0	$0	$250,000	$17,625,194	$0	$572,153	$0	$0	$0	$0	$362,371	$18,084,976
FY 1987	$22,617,624	$25,931,680	$0	$18,522,629	$0	$2,568,998	$0	$50,988,845	$7,044,825	$0	$3,941,936	$25,750,301
FY 1988	$23,948,600	$31,357,632	$0	$19,598,520	$0	$5,703,832	$0	$16,157,649	$12,441,672	$0	$4,614,755	$73,144,809
FY 1989	$25,428,632	$37,420,711	$0	$20,789,215	$0	$8,802,914	$0	$32,926,324	$15,458,710	$0	$5,212,073	$111,989,174
FY 1990	$37,556,561	$44,369,915	$0	$22,184,958	$0	$13,098,835	$0	$50,171,919	$19,835,965	$0	$7,186,851	$152,004,708
FY 1991	$46,563,787	$47,277,743	$0	$23,638,871	$0	$15,801,047	$0	$82,697,189	$28,683,081	$0	$8,258,029	$165,647,857
FY 1992	$56,395,797	$50,392,512	$0	$25,196,592	$0	$17,314,372	$0	$74,307,953	$33,829,694	$0	$8,862,560	$197,946,923
FY 1993	$65,154,653	$54,029,406	$0	$27,014,703	$0	$17,181,190	$0	$101,627,864	$40,700,513	$0	$10,067,359	$208,931,140
FY 1994	$80,128,944	$56,912,083	$0	$28,456,041	$0	$16,467,438	$0	$108,284,693	$45,712,060	$0	$11,668,828	$225,230,065
FY 1995	$89,006,331	$59,849,850	$0	$29,924,925	$0	$16,841,673	$0	$122,054,551	$50,782,093	$0	$12,219,847	$235,796,353
FY 1996	$82,622,236	$63,634,087	$0	$31,817,043	$0	$16,818,747	$0	$135,982,304	$57,074,921	$0	$13,593,578	$224,037,663
FY 1997	$87,657,784	$67,616,395	$0	$33,808,197	$0	$16,202,440	$0	$148,823,489	$62,530,982	$0	$14,097,454	$203,870,554
FY 1998	$91,390,173	$72,210,190	$0	$36,105,095	$0	$15,260,517	$0	$156,537,913	$76,256,158	$0	$14,616,678	$171,425,780
FY 1999	$96,474,107	$76,488,424	$0	$38,244,213	$0	$9,762,741	$0	$184,398,533	$93,459,890	$0	$14,905,196	$99,631,646
FY 2000	$120,227,960	$85,505,637	$0	$42,738,069	$0	$6,923,485	$0	$203,029,971	$110,903,247	$0	$16,837,127	$24,256,451
FY 2001	$131,213,445	$90,118,787	$76,281,781	$45,059,394	$0	$5,824,134	$0	$250,691,898	$139,774,848	$0	$18,237,767	($35,950,521)
FY 2002	$143,797,748	$94,792,026	$285,515,036	$47,378,092	$0	$7,140,560	$0	$287,729,918	$163,979,754	$0	$19,017,292	$71,945,978
FY 2003	$162,954,010	$98,340,798	$124,661,063	$49,170,399	$0	$3,394,956	$0	$368,462,963	$203,281,400	$0	$21,690,329	($82,967,487)
FY 2004	$248,552,679	$198,594,194	$298,197,463	$99,297,097	$79,457,387	$4,840,982	$0	$366,840,457	$214,514,500	$0	$26,332,200	$238,285,158
FY 2005	$322,780,191	$202,397,566	$64,172,167	$101,198,783	$80,914,228	$11,300,868	$0	$431,036,095	$229,522,988	$0	$33,333,010	$327,156,868
FY 2006	$326,844,982	$215,666,940	$0	$140,183,511	$118,607,527	$21,435,792	$34,611,607	$427,553,404	$259,532,887	$0	$34,434,969	$462,985,967
FY 2007	$323,957,945	$238,190,720	$0	$154,823,968	$136,008,512	$32,671,539	$52,329,617	$437,519,747	$304,773,401	$0	$35,878,194	$622,796,927
FY 2008	$328,505,433	$254,722,174	$0	$165,569,413	$141,672,630	$29,252,347	$59,486,239	$498,767,038	$334,742,500	$0	$39,656,301	$728,839,324
FY 2009	$329,723,191	$267,471,299	$0	$173,856,344	$149,562,613	$17,482,143	$61,530,735	$531,239,020	$353,893,845	$0	$43,184,393	$800,148,391
FY 2010	$332,481,933	$279,250,547	$0	$181,512,856	$155,918,241	$11,679,229	$70,795,686	$575,539,788	$395,817,017	$0	$45,465,776	$814,964,302
FY 2011	$345,164,271	$282,782,431	$0	$183,808,580	$158,724,010	$8,168,640	$136,887,805	$608,461,321	$384,017,059	$0	$47,151,354	$890,870,304
FY 2012	$363,348,030	$271,925,242	$0	$176,751,407	$154,607,926	$5,189,934	$68,633,946	$687,987,585	$454,143,825	$0	$48,181,723	$741,013,656
FY 2013	$355,685,504	$139,213,557	$102,363,704	$180,824,522	$160,952,396	$3,041,001	$98,628,841	$686,321,003	$496,229,923	$1,075,388	$47,048,587	$551,048,281
FY 2014	$363,631,292	$290,775,235	$36,058,148	$189,003,903	$169,847,447	$2,061,745	$135,536,021	$663,776,623	$539,842,962	$27,507,107	$48,894,894	$457,940,487
FY 2015	$369,066,459	$304,917,343	$768,100,754	$198,196,273	$179,157,485	$1,495,680	$200,321,166	$746,668,738	$649,457,501	$59,000,080	$51,150,088	$972,919,240
FY 2016	$374,736,269	$320,895,370	$0	$208,581,991	$189,111,901	$5,421,446	$198,315,301	$789,756,266	$716,536,786	$69,228,872	$52,973,441	$641,486,153
FY 2017	$404,027,710	$328,063,352	$15,559,552	$213,241,179	$191,057,800	$5,225,993	$195,396,219	$746,038,376	$734,805,874	$61,792,672	$51,885,051	$399,535,986
FY 2018	$492,364,148	$418,280,774	$394,600,000	$217,506,002	$261,610,425	$2,685,976	$192,722,871	$744,539,602	$676,523,956	$120,687,031	$48,735,474	$788,820,118
FY 2019	$553,260,844	$430,829,197	$0	$224,031,182	$269,139,479	$2,992,387	$191,561,875	$846,076,292	$942,327,317	$94,404,942	$45,488,197	$532,338,335
FY 2020	$563,469,441	$439,445,781	$0	$228,511,806	$274,309,429	$2,105,989	$219,093,978	$824,800,296	$1,035,700,376	$115,485,106	$45,885,414	$237,403,568
FY 2021	$573,682,690	$448,234,696	$0	$233,082,042	$279,582,778	$593,994	$246,870,618	$865,157,889	$1,190,184,355	$155,560,557	$46,368,502	($237,820,915)
FY 2022	$586,817,051	$457,199,390	$0	$237,743,683	$284,961,595	$0	$277,299,223	$897,474,353	$1,350,348,460	$176,065,502	$46,823,319	($864,511,607)
FY 2023	$598,356,684	$466,343,378	$0	$242,498,557	$290,447,988	$0	$310,468,829	$928,685,784	$1,524,774,178	$198,540,950	$47,297,263	($1,655,694,346)

- Updated projection using data through July 2018
- Includes 2019 Medicare Advantage Plan renewal premium
- Benefits and retiree contributions are held constant after 2018

NOTES

- *Invoice data through August 31, 2018*
- *This 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.*
- *3.0% payroll growth in FY2018 and FY2019; 2% increase in payroll growth thereafter.*
- *Enrollment assumptions based on headcounts assumed in annual Other Post Employment Benefits (OPEB) valuation report.*
- *Medical trends: 6.50% in FY2019; reduced by 0.25 each year thereafter.*
- *Pharmacy trends: 10.25% in FY2019; reduced by 0.25 each year thereafter.*

TRS