
BENEFITS COMMITTEE

**TEACHER RETIREMENT
SYSTEM OF TEXAS**



April 2016

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

(Committee Chair and Members are Subject to Change at the April Board Meeting. Ms. Palmer, Committee Chair; Ms. Charleston; Mr. Moss; Ms. Ramirez; & Ms. Sissney, Committee Members)

AGENDA

**April 7, 2016 – 1:30 p.m.
TRS East Building, 5th Floor, Boardroom**

*All or part of the April 7, 2016 meeting of the TRS Board of Trustees and Benefits Committee may be held by telephone conference call as authorized under Section 551.130 of Texas Government Code. The committee and board intend to have a quorum physically present at the following location: **1000 Red River Austin, Texas 78701 in the TRS East Building, 5th Floor, Boardroom.***

1. Consider the approval of the minutes of the November 19, 2015 committee meeting – Committee Chair.
2. Receive a report on the March 8, 2016 Retiree Advisory Committee meeting – Katrina Daniel.
3. Consider recommending to the Board the appointment of the Active Auxiliary position on the Retiree Advisory Committee – Katrina Daniel.
4. Discuss the role of the Medical Board and deliberate the procurement of services for a Medical Board appointment, including considering a finding that deliberating or conferring on the procurement in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Barbie Pearson.

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 1



Minutes of the Benefits Committee

November 19, 2015

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, November 19, 2015 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:

Anita Palmer, Chair
Karen Charleston
Christopher Moss
Dolores Ramirez
Nanette Sissney

Other Board members present:

Todd Barth
Joe Colonna
David Corpus
David Kelly

Others present:

Brian Guthrie, TRS	Charlotte Clifton, Texas Classroom Teachers Association
Ken Welch, TRS	Amy Cohen, Gabriel Roeder Smith and Company
Britt Harris, TRS	Steve Huff, Reinhart Boerner Van Deuren s.c., Fiduciary Counsel
Jerry Albright, TRS	Philip Mullins, Texas Retired Teachers Association
Carolina de Onís, TRS	Charles Richardson, Fort Worth ISD
Barbie Pearson, TRS	Max Ates, Fort Worth ISD
Katrina Daniel, TRS	Ann Fickel, Texas Classroom Teachers Association
Jan Engler, TRS	Ted Melina Raab, Texas American Federation of Teachers
Wm. Clarke Howard, TRS	Stella Mendoza, Eagle Mountain Saginaw ISD
Heather Traeger, TRS	Jane Valdez, Eagle Mountain Saginaw ISD
Bob Jordan, TRS	Tim Lee, Texas Retired Teachers Association
Dan Junell, TRS	Mike Nelson, Aetna
Lynn Lau, TRS	Pat Del Rio, Aetna
Katy Hoffman, TRS	Sally Imig, Aetna
Art Mata, TRS	Becky Chmielewski, Aetna
Edward Esquivel, TRS	Greg Wood, Aetna
Dr. Keith Brown, Investment Advisor	Leslie Adkins, BlueCross BlueShield of Texas
Steve Voss, Aon Hewitt	Bert Marshall BlueCross BlueShield of Texas
Mike Comstock, Aon Hewitt	Carol Riley, BlueCross BlueShield of Texas
Gail Shoots, Aetna	Damien Lamendola, WellDyne and WellSystems
Tony Magliano, Aetna	

With a quorum of the committee present, the meeting convened at 3:02 p.m.

1. Consider the approval of the proposed minutes of the October 22, 2015 committee meeting – Committee Chair.

On a motion by Ms. Sissney, seconded by Ms. Ramirez, the committee unanimously approved the proposed minutes of the October 22, 2015 committee meeting, as presented.

2. Receive an update on issues impacting open enrollment in TRS-ActiveCare – Mike Nelson, Aetna.

Mr. Nelson provided an update on TRS-ActiveCare enrollment issues during the recent active open enrollment period. He apologized for the disruption caused to the administration of the plan. He described organizational changes that had occurred within WellSystems, Aetna's sub-contractor handling the enrollment filing process.

Mr. Greg Wood of Aetna described Aetna's service recovery plan. He discussed key challenges as well as service enhancements that were implemented to address the challenges and root cause of current issues. He described changes Aetna was requiring of WellSystems regarding quality improvement, including improving customer service, quality protocols, and human resources. He also described changes needed for reporting, technology, process and control, and better collaboration with third-party administrators (TPAs).

Mr. Guthrie expressed his concerns regarding the worsening of the situation reported to the board by the representatives of the affected districts. He asked the Aetna representatives how long the problems may persist. Mr. Wood stated that Aetna had been aggressively working with the Fort Worth district and their TPA each week and would continue to work with the districts on a proactive basis to address their concerns. Mr. Guthrie asked what proactive measures Aetna was taking to address those concerns. Mr. Magliano stated that Aetna had taken steps to directly improve WellSystems' operations, including implementing a new service model and overseeing WellSystems. He confirmed for Mr. Guthrie that Aetna would provide TRS a complete list of the affected districts.

Per Ms. Palmer's request, Mr. Lamendola, WellSystems CEO, addressed the committee. He discussed plans to resolve the issues with Aetna. Mr. Kelly stated that he would like to know what remediation actions, such as training and reprocessing, had been taken. He encouraged board members to seriously consider putting the contract out for bid. Mr. Lamendola admitted that the level of service was unacceptable and stated that he was committed to providing the expected level of services and to eliminating the problems. Mr. Guthrie noted that the decision of whether to issue a new solicitation would depend on the resolution of other issues such as delivery model, cost metrics, and sustainability. He asked Aetna to provide mitigating factors. Mr. Nelson stated that Aetna had promised to better control costs than before, and he guaranteed that there would be zero cost increases. He stated that all the claims at issue should be considered complete by March 2016 and that early results had been positive. Ms. Imig described the data review process. Further discussion followed regarding documenting Aetna's member satisfaction, Aetna's contract performance, and comparisons with previous contracted health plan administrators.

Ms. Palmer announced that the committee would go into executive session on agenda item 2 under section 551.071 of the Government Code to seek advice from legal counsel. She asked all members of the public and staff not needed for the executive session to leave the meeting room and take their belongings with them.



Whereupon, at 3:45 p.m., the committee went into executive session.

At 5:09 p.m., Ms. Palmer announced that the committee had reconvened in open session. She opened the floor for further discussion on the agenda item. Mr. Moss suggested that the committee recommend that the board call a meeting in the Dallas area on December 7, 2015 to discuss next steps to resolve the issues. On a motion by Mr. Moss, seconded by Ms. Ramirez, the committee unanimously voted to recommend to the board that a special meeting be conducted on December 7, 2015 to further discuss the contract with Aetna and other related matters.

3. Discuss and consider recommending to the Board appointments to the Retirees Advisory Committee – Katrina Daniel.

Ms. Daniel described the background and function of the Retirees Advisory Committee (RAC). She stated that the terms of four committee members would expire on January 31, 2016, including the positions of:

- Active teacher,
- Active member of the auxiliary personnel of a school district,
- Retired teacher, and
- Retired school administrator.

She stated that in addition, there were three vacancies to be filled, including the positions of:

- Active teacher,
- Active school administrator, and
- Retired member of the auxiliary personnel of a school district.

She presented staff's recommendation on each position. The committee conducted a voice vote on each nominee for each position and selected the nominee(s) who received the most votes.

The committee voted to recommend that the board appoint Dr. Celeste Cardenas and Teresa Koehler to the two Active Teacher positions, Grace Mueller to the Retired Teacher position, Dr. John Fuller to the Retired School Administrator position, Dr. Bruce Gearing to the School Administrator position, and Jesus Soto to the Retired Auxiliary Personnel position.

For the Active Auxiliary Personnel position, Ms. Palmer stated that no nominee had been recommended. She stated that future applications for the position can be submitted to Ms. Daniel.

4. Consider making a recommendation to the Board regarding the existing contract between TRS and Genworth Life Insurance Company, the carrier authorized by TRS to provide group long-term insurance under Chapter 1576 of the Texas Insurance Code – Katrina Daniel and Edward Esquivel.

Ms. Daniel stated that TRS had a six-year contract ending August 2015 with Genworth to provide group long-term care insurance. She explained that the contract was automatically renewed each year upon receipt of the annual premium. She presented staff's recommendation to extend the



contract through August 31, 2016. She provided an update on coverage, including program enrollment, underwriting standards, and changes in costs and benefits. Mr. Esquivel explained the premium variance based on a participant's age. Ms. Daniel reported that the program had about 7,200 enrollees.

On a motion by Mr. Ramirez, seconded by Ms. Sissney, the committee voted unanimously to recommend that the board adopt the proposed resolution ratifying the extension of the contract between TRS and Genworth Life Insurance Company for one year, as recommended by staff.

The meeting adjourned at 5:38 p.m.

MINUTES APPROVED BY THE **BENEFITS COMMITTEE** OF THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 7th DAY OF APRIL 2015.

ATTESTED BY:

Dan Junell
Secretary to the TRS Board of Trustees

Date



Tab 3

MEMORANDUM

Date: March 24, 2016

To: TRS Benefits Committee
TRS Board of Trustees

From: Katrina Daniel, Chief Health Care Officer

Subject: TRS-Care Retirees Advisory Committee Nomination / Vacancy / Active Member
Auxiliary Personnel Position

TRS has received two eligible nominations for a position on the Retirees Advisory Committee (RAC). These nominations are for the position of “active member of the auxiliary personnel of a school district.” During its April 2016 meetings, the TRS Benefits Committee and Board of Trustees are scheduled to consider the possible appointment of one of these candidates.

Subchapter I of Chapter 1575 of the Insurance Code establishes a nine-member RAC appointed by the Board of Trustees. The law specifies that the RAC will have the following members:

- One member who is an active school administrator;
- One member who is a retired school administrator;
- Two members who are active teachers;
- Three members who are retired teachers;
- One member who is an active member of the auxiliary personnel of a school district; and
- One member who is a retired member of the auxiliary personnel of a school district.

The duties of the committee as outlined in Subchapter I of Chapter 1575 are to:

- Hold public hearings on group coverage;
- Recommend to the trustee minimum standards and features of a plan under the group program that the committee considers appropriate; and
- Recommend to the trustee desirable changes in rules and legislation affecting the group program.

State law also provides that the members of the RAC shall serve staggered four-year terms. The position below has been vacant since May 21, 2014, and this term will expire January 31, 2020:

- One active member of the auxiliary personnel of a school district (which includes bus drivers, cafeteria workers, custodians, and administrative staff).

TRS staff has evaluated the nominees, Ms. Andrea Avery and Ms. Sheri Vaughn, based on the following criteria:

- Member of the auxiliary personnel of a school district
- Length of experience as a TRS member and/or retiree
- Participation in education-related volunteer programs
- Professional activities and experience serving on committees, boards, or decision-making organizations, especially related to healthcare benefits or other benefits
- Credentials, awards, or other meritorious recognition
- Geographic diversity compared to other RAC members
- Experience in the field of healthcare benefits or a related field

Please consider the information contained in the enclosed "Candidate Nomination Summary" in applying the above listed qualifications for this position on the RAC.

TRS staff would be happy to assist you with further analysis of the candidates. Thank you for your consideration in this matter.

Enclosures

cc: Brian Guthrie
Ken Welch

TRS Retirees Advisory Committee
Names/term dates only*

Grace Mueller (Chair)
Retired Teacher

Term expires: 01/31/2020

Bill Barnes (Vice-Chair)
Retired Teacher

Term expires: 01/31/2018

Marcy McNeil
Retired Teacher

Term expires: 01/31/2018

Dr. Celeste Cardenas
Active Teacher

Term expires: 01/31/2018

Dr. H John Fuller
Retired School Administrator

Term expires: 01/31/2020

Dr. Bruce Gearing
Active School Administrator

Term expires: 01/31/2018

Teresa Koehler
Active Teacher

Term expires: 01/31/2020

Jesus H. Soto
Retired Auxiliary Staff

Term expires: 01/31/2018

Position currently vacant
Active Auxiliary Staff

Term expires:

**Retirees Advisory Committee
Candidate Nomination Summary**

Active Auxiliary Staff (1 open position) 2 eligible nominees

Andrea Avery	<ul style="list-style-type: none">• Nominated by TRS Board of Trustee T. Karen Charleston• Currently the Food Service Manager with Dallas ISD (for 18 years)• Has extended managerial experience prior to service with DISD• Attended El Centro Community College in Dallas, TX and is enrolled in TRS-ActiveCare 2• Currently resides in Lancaster, Texas
Sheri Vaughn	<ul style="list-style-type: none">• Nominated by Deer Park ISD Board of Trustees President Albert Lee Giddens• Currently the Executive Secretary to the Superintendent of Schools of Deer Park ISD (for 22 years)• Has been in Deer Park ISD since 1980 (as a teacher's aide, an attendance clerk and an executive secretary)• Has volunteered with the high school choir and booster club, Chamber of Commerce and served on the district's Insurance Committee• 1979 graduate of Deer Park High School and was enrolled in TRS-ActiveCare• Currently resides in Deer Park, Texas

ANDREA AVERY

1339 Pennsylvania ave, Lancaster, Tx 75134 | (H) 9722242142 | (C) 4695441727 | ANAVERY@DALLASISD.ORG

Professional Summary

Food management. Effective leader with excellent organizational, interpersonal communication and supervisory skills.

Skills

- ServSafe certification
- Thrives in fast-paced environment
- High energy
- Flexible schedule capability
- Staff training/development
- Employee scheduling
- Effective leader
- Deadline-oriented
- Organized
- Conflict resolution

Work History

BREAKFAST MANAGER

05/1985 to 06/1990

GRANDY'S – Lewisville, TX

- Assisted in cashiering and Point of Sale (POS) system procedures during busy hours.
- Effectively listened to, understood and clarified guest concerns and issues.
- Assisted employees whenever possible.
- Delivered quality service by providing a warm and welcoming environment.

Coordinated a monthly budget that included employee labor, product inventory and promotion. Maintained weekly scheduling for employees

FOOD SERVICE MANAGER

01/1998 to Current

DALLAS INDEPENDENT SCHOOL DISTRICT – Dallas, TX

- Verified proper portion sizes and consistently attained high food quality standards.
- Maintained a skilled kitchen employees by properly coaching, counseling and disciplining employees.
- Instructed employees in proper food preparation, food storage, use of kitchen equipment and utensils, sanitation and safety issues.

Education

some college: El Centro Community

College - Dallas, TX



February 1, 2016

Mr. Edward Esquivel
Assistant Director of Health and Insurance Benefits
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701

RE: Advisory Committee - Active School Auxiliary Staff Position

Dear Mr. Esquivel:

My name is Sheri Vaughn and I am interested in serving on the Retirees Advisory Committee in the Active School Auxiliary Staff Position for TRS-Care.

I am deeply interested in TRS-Care both for retirees and current employees. Both my mother and father-in-law are retired teachers, my father is a retired teacher and former school board member, my husband just recently retired after 30 years of teaching and six years in school administration, my daughter has been teaching 11 years to date, and I am currently an active employee and will complete my 36th year of service at the end of this year. So as you can see, I have a substantial interest in what happens with TRS-Care.

I started out in 1979 in the college setting and completed one year of service at that level before moving to my current employer, Deer Park Independent School District. I have served in the capacities of teacher aide, attendance clerk, building secretary, executive secretary, and am now the Coordinator for the Superintendent and Board of Trustees at Deer Park ISD. Through the years, I have served on a number of committees including our Deer Park ISD Insurance Committee. My supervisor, Superintendent Victor White, is fully aware of the time commitment (approximately two to three meetings a year) and is supportive of my nomination as well.

While I realize the committee is advisory in nature, I would be honored to serve and provide my honest opinions, feedback and insight with regard to TRS-Care.

Sincerely,

Sheri Vaughn
Coordinator for Superintendent and Board Services
Office Phone: 832-668-7080
Mobile Phone: 281-830-0029

Enclosures:

Bio/Resume for Sheri Vaughn
Letter of Support and Nomination from Board President Albert Lee Giddens

Sheri Ladd-Vaughn

1979 Graduate of Deer Park High School

President of Student Body

Student Council

Honor Society

Top 1%

Class Favorite

DAR Good Citizen Award

Junior Rotarian

Choir Officer/ Deer Escort President and Colonel (Merry Maid)

Band

Career

Executive Secretary to Vice President of San Jacinto College (1 year)

Progressed through the ranks of Deer Park ISD to top Position in her field

- Teacher Aid at Parkwood Elementary (1 year)
- Attendance Clerk / Secretary at Deepwater Elementary (8 years)
- Executive Secretary to the Assistant Superintendent for Instruction (4 years)
- Executive Secretary to the Superintendent of Schools [22 years
- Coordinator for Superintendent and Board Services]

Volunteer Work

Choreographer for Deer Park High School Choral Department - 4 years - (Program dedication one year)

20 Years Choreographer for Ross Sterling High School Choral Department

Teaching Computer Skills to Under Privileged Adults at Area Apartment Complexes (2 years)

Volunteer Work on Various Deer Park Chamber of Commerce Activities (24 Years) including Parades, Men Who Cook, Secretary of the Year Luncheons, Salute to Education, etc.

Volunteer Worker for Rotary BBQ and Bike Rally

Volunteer and Assistant to Vice President of Programs for Texas Computer Educators Association for the 2012 Texas Convention

TMEA Region 10 All-Region and All State tabulator (10+ Years)

UIL Region 10 UIL Contest Tabulator (4+ Years)

Served on Deer Park ISD Insurance Committee for Deepwater Elementary School

Member and Officer of Deer Park Educational Secretaries Association (80-90's)

Member and Officer of Deer Park High School Cheers Booster Club (4 Years)

Member and Officer of Deer Park High School Choir Booster Club (4 Years)

1999 Deer Park Chamber of Commerce Secretary of the Year

Wife to Tim Vaughn for 36 years.

Mom to Jeni Vaughn-Hendrix – Music Teacher at Dabbs Elementary

Grandmother (Mimi) to Twin Grandsons Blaine and Grady Hendrix



February 3, 2016

Mr. Edward Esquivel
Assistant Director of Health and Insurance Benefits
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701

Dear Mr. Esquivel:

RE: Nomination/Recommendation for Sheri Vaughn to Serve on the TRS
Retiree Advisory Committee

It is my pleasure to recommend and/or nominate Mrs. Sheri Vaughn to serve on the TRS Retiree Advisory Committee for TRS-Care. I have known Ms. Vaughn since 1998, the year I was first elected to serve on the Deer Park ISD Board of Trustees. I have worked with Sheri for many years as a board member and officer and most recently as the current President of the Board of Trustees for Deer Park Independent School District. I am well acquainted with her leadership skills, organization, common sense approach to conflict resolution, and most importantly, her ability to work with people—and in all of these areas she is the best-of-the-best. She will be an excellent addition to your advisory group. Sheri is competent, trustworthy, well spoken, and a most trusted and valued member of our Deer Park ISD team.

I wholeheartedly give Sheri Vaughn my endorsement to be named to this committee and would be happy to discuss her further with you if you so desire.

Sincerely,

Albert Lee Giddens
President
Deer Park ISD Board of Trustees

Tab 4

MEMORANDUM

DATE: March 22, 2016

To: TRS Benefits Committee
Brian Guthrie
Ken Welch

FROM: Barbie Pearson, CBO

SUBJECT: **Medical Board Member**

Government Code Section 825.204 states that the Board of Trustees shall appoint a Medical Board composed of three physicians. The TRS Medical Board (board) is composed of three licensed physicians and is charged with determining whether TRS members who apply for disability retirement benefits meet the statutory requirements to receive such benefits. Specifically, members of the board must determine whether a member is mentally or physically disabled from the further performance of duty and whether the disability is probably permanent. The term of one of the current members expires on August 31, 2016. He has served on the board since January 1995 and is currently the chair.

Board members must be physicians licensed to practice medicine in Texas and be in good standing in the medical profession. The position requires review of TRS member applications for disability retirement and supportive documentation provided by the member and the member's physician(s). The majority of TRS disability retirements are related to: neurological; metabolic; neoplastic; psychological; cardiovascular; degenerative joint diseases; or back problems. Board members must be experienced in these areas and in rendering decisions concerning disability. Approximately 1,000 disability applications are filed annually. The board meets every other month to discuss disability retirement applications and other related issues. In the past members were appointed for a six year term. Based on the new Board Procurement Policy it can be no more than five years. The last reappointment has a term of three years. Board members are paid \$36,630 annually for services performed.

There are two options available for filling the board position that will be vacated by Dr. Larry Wilson at the end of August. The Board can choose to reappoint Dr. Wilson for an additional three year or five years or the position can be advertised and filled by an applicant.

The process for advertising and filling the board member position involves soliciting applications through the Texas Medical Association magazine. Interested physicians are required to send a cover letter and resume that highlights their experience required to serve on the board. Applicants that meet the requirements for the position and are in good standing in their profession will be interviewed for the position. This process will take approximately three months. During the July 2016 meeting a recommendation will be presented to you for your approval. Upon your approval the appointment becomes effective on September 1, 2016.

TRS disability retirement statutory requirements and experience requirements make it challenging to fill these positions. Since Dr. Wilson continues to do an excellent job serving on the board, is currently the chair and is willing to continue serving, staff recommends that we move in the direction of reappointing Dr. Wilson for an additional three year or five years beginning on September 1, 2016. If the Committee agrees, we would bring this back in June for the official resolution for reappointment. If the Committee does not agree with staff we will proceed the procurement process for advertising the Medical Board vacant position.