BENEFITS COMMITTEE

TEACHER RETIREMENT SYSTEM OF TEXAS

June 2016

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

(Ms. Palmer, Committee Chair; Ms. Charleston, Mr. Moss, Ms. Ramirez, & Vacant Position, Committee Members. Committee members subject to change at the June meeting.)

AGENDA

June 16, 2016 – 1:15 p.m.
TRS East Building, 5th Floor, Boardroom

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

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

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.

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

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

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
April 7, 2016

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, April 7, 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:
Anita Palmer, Chair
Karen Charleston
Christopher Moss
Dolores Ramirez
Nanette Sissney

Other Board members present:
Todd Barth
David Corpus
David Kelly

Others present:

Brian Guthrie, TRS	Adam Fambrough, TRS
Ken Welch, TRS	Dan Junell, TRS
Carolina de Onís, TRS	Lynn Lau, TRS
Barbie Pearson, TRS	Bill Hickman, Gabriel Roeder Smith and Company
Katrina Daniel, TRS	Amy Cohen, Gabriel Roeder Smith and Company
Wm. Clarke Howard, TRS	Steve Huff, Reinhart Boerner Van Deuren s.c., Fiduciary Counsel
Heather Traeger, TRS	Philip Mullins, Texas Retired Teachers Association
Yimei Zhao, TRS	Ann Fickel, Texas Classroom Teachers Association
Ronnie Bounds, TRS	Tim Lee, Texas Retired Teachers Association
Edward Esquivel, TRS	

With a **quorum of the committee present, the meeting convened at 1:40 p.m.**

1. Consider the approval of the minutes of the November 19, 2015 committee meeting – Committee Chair.

On a motion by Mr. Moss, seconded by Ms. Charleston, the committee unanimously approved the proposed minutes of the November 19, 2015 committee meeting, as presented.

2. Receive a report on the March 8, 2016 Retiree Advisory Committee meeting – Katrina Daniel.

Ms. Daniel reported that the Retiree Advisory Committee (RAC) met on March 8. Before the RAC meeting, she noted, staff oriented the new members appointed by the board on travel guidelines, open meeting procedures, overview of TRS' responsibilities and the administration of the health benefit program, and contract monitoring and processes. She stated that Gabriel Roeder Smith and Company (GRS) also provided an overview of the TRS-Care program. At the committee meeting, she said, Mr. Guthrie provided a legislative overview; GRS provided a financial status update on

TRS- Care; ExpressScripts discussed specialty drug trends; Aetna discussed cost challenges on the healthcare side; and Ms. Yimei Zhao discussed the oversite of contract administration.

3. Consider recommending to the Board the appointment of the Active Auxiliary position on the Retiree Advisory Committee – Katrina Daniel.

Ms. Daniel laid out the process of the Retiree Advisory Committee nomination and evaluation process. She stated that the active member of the auxiliary personnel of a school district was currently vacant and had two candidates who were qualified at this time. She provided a brief profile of each candidate.

The committee voted to recommend that the board appoint Andrea Avery to the Active Auxiliary position.

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.

Ms. Pearson referred the committee to the memo describing the duties of the Medical Board. She stated that the term of Dr. Larry Wilson, current chair of the Medical Board, would expire August 31, 2016. She stated that staff was seeking guidance from the committee on filling in the expiring position. She laid out the option of either renewing Dr. Wilson's contract for a period of three to five years, or beginning the process of recruiting for that position. She stated that the staff's recommendation was to renew Dr. Wilson's contract for a period not to exceed five years based on the Board's procurement policy. Ms. Pearson confirmed for Mr. Moss that Dr. Wilson had expressed his interest in continuing his position on the Medical Board. Ms. de Onís noted that the board would need a statement on the record that the procurement decision was in the best interest of the system. The committee expressed a general consensus to renew Dr. Wilson's contract. Ms. Pearson stated that staff would bring back the item for the board's consideration in June.

The meeting adjourned at 1:55 p.m.

MINUTES APPROVED BY THE **BENEFITS COMMITTEE** OF THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 16TH DAY OF JUNE 2016.

ATTESTED BY:

_____ _____

Dan Junell Date
Secretary to the TRS Board of Trustees

TAB 2

Retirees Advisory Committee Meeting Agenda

Thursday, May 19, 2016
1 p.m. to 3 p.m.
Executive Board Room (East Building 5th floor)
Teacher Retirement System of Texas
1000 Red River Street, Austin, TX 78701

1. Call to order – RAC Chair
2. Roll call of Committee Members
3. Approval of Minutes from March 8, 2016 RAC Meeting
4. Public Comments
5. Legislative updates including interim changes – Brian Guthrie, Executive Director, TRS
6. TRS Board of Trustees meeting highlights and updates – Katrina Daniel, Chief Health Care Officer, TRS
7. TRS-Care benefit program updates—Maggie Parker and Becca Slezak, Aetna
8. Further discussion on any item listed above on this meeting agenda and public comments on issues affecting TRS-Care – all attendees

TAB 3 A

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

TRS-Care Rates and Benefits for FY2017

Katrina Daniel, Bill Hickman and Amy Cohen

June 16, 1016

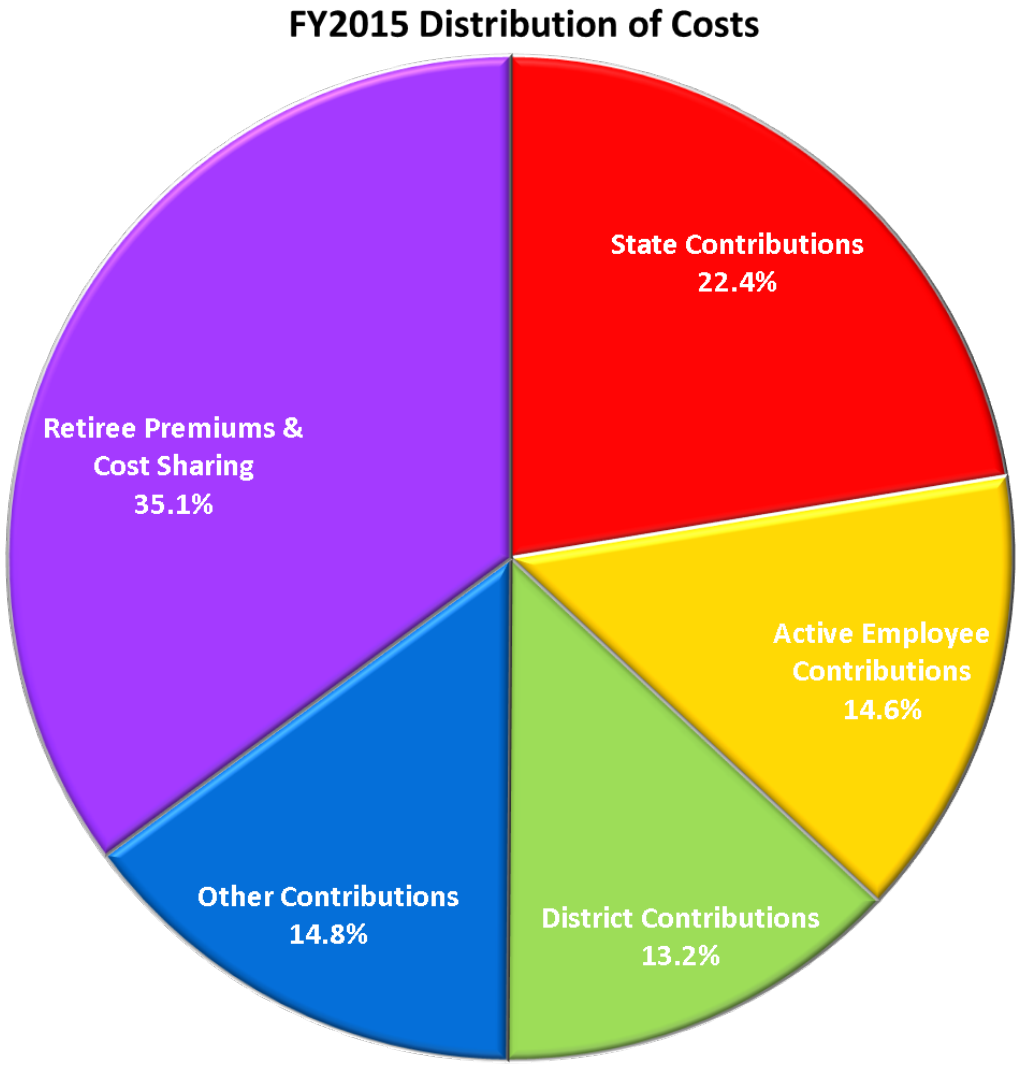
TRS-Care Plan Design

- Law requires a basic plan at no cost for retiree only coverage.
- Optional coverage may be offered at a cost to retirees.
- Retiree premium for optional coverage is based on Medicare status and years of service.

Laws impacting TRS-Care Premiums and Benefits

- HB 3357
  - Trustee may spend a part of the money for part of the cost of optional coverage if program is projected to remain solvent during the currently funded biennium.
- Rider added to Appropriations Bill
  - It is the intent of the Legislature that the TRS Board of Trustees shall not increase retiree health insurance premiums for the 2016-2017 biennium.

Laws impacting TRS-Care Premiums and Benefits



- Law requires that retirees pay at least 30% of the total costs.
- Reasonable interpretation is that retirees share is a combination of both premiums and out-of-pocket costs of covered charges.

Laws impacting TRS-Care Premiums and Benefits

- Affordable Care Act
  - For TRS-Care standard plans
    - Effective FY2017, $6,850 out-of-pocket maximum for medical benefits includes deductible, coinsurance and copayments.
    - If the plans were to loose grandfathered status then the out-of-pocket maximum for would also include pharmacy copayments.

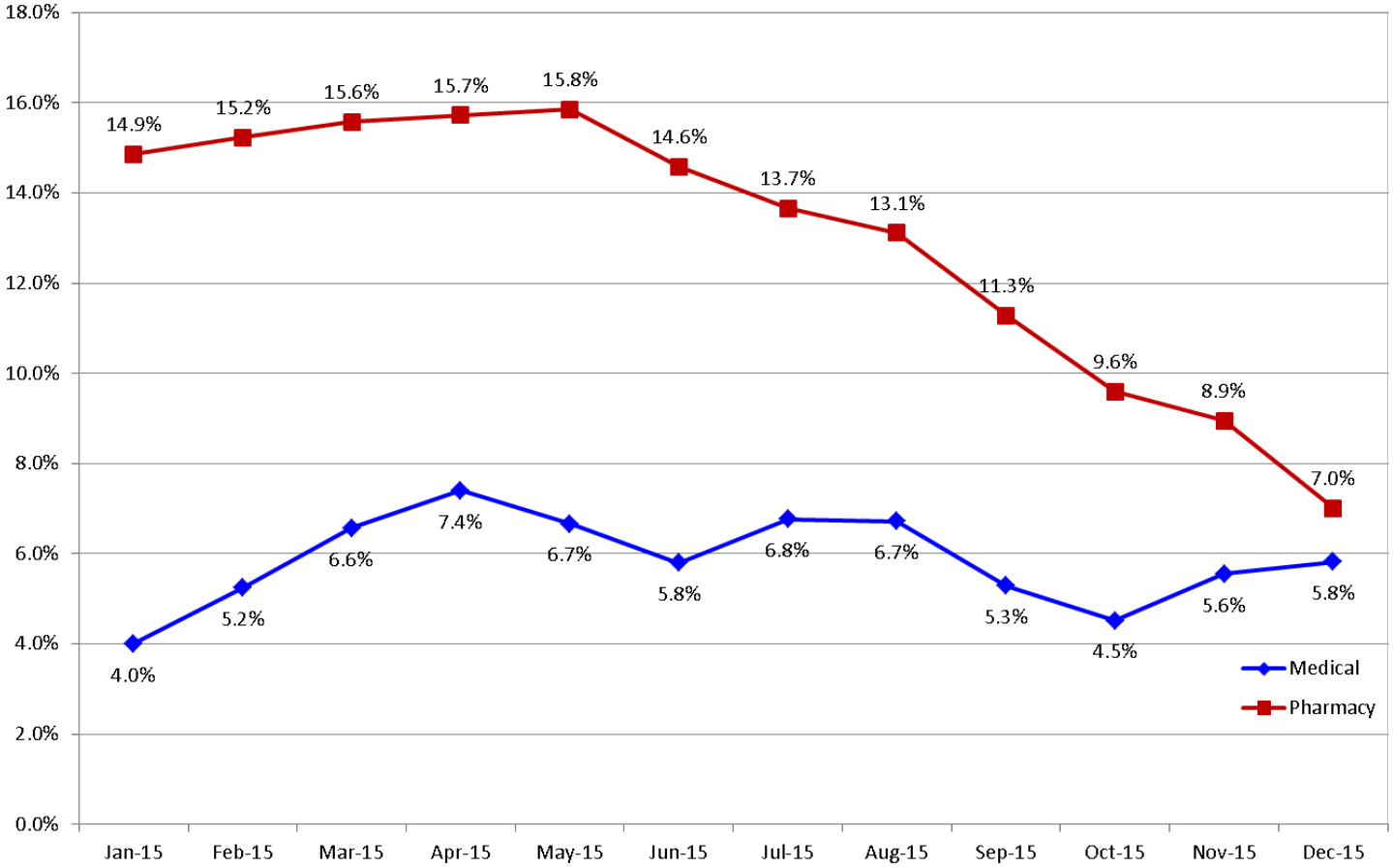
TRS-Care Historical Trend

Fiscal Year	Medical Trend	Prescription Drug Trend
FY2007	2.93%	9.28%
FY2008	7.53%	7.79%
FY2009	4.67%	4.58%
FY2010	5.03%	8.00%
FY2011	7.47%	2.09%
FY2012	3.69%	5.64%
FY2013	24.95%	3.00%
FY2014	14.55%	16.07%
FY2015	6.72%	13.11%

*Trend rates shown above are reflective of the self-funded medical and pharmacy plans. Large medical trends in FY2013-FY2014 are a result of the implementation of the fully insured Medicare Advantage plans. Large pharmacy trends in FY2014-FY2015 are the result of compound and specialty drug experience.

TRS

TRS-Care
Rolling 12-Month Trend



- Based on recent incurred claim experience, projections are based upon the following trend rate assumptions:
  - Medical – 7.0%
  - Rx – 12.0%

TRS-Care Funding Projection

as of April 30, 2016

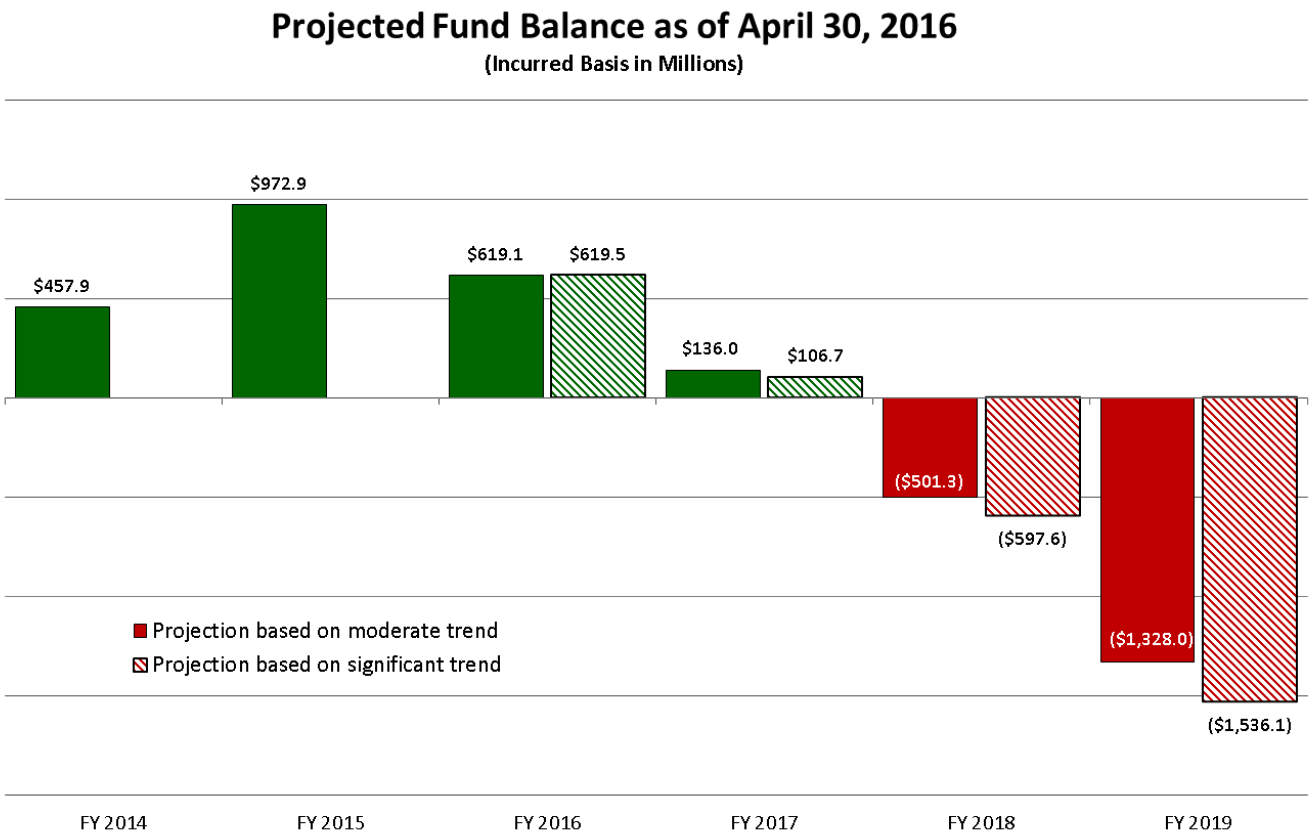
	Contributions								Expenditures				
Fiscal Year	Retiree Contributions	State Contributions	Supplemental Appropriations	Active Employee Contributions	District Contributions	Investment Income	CMS& Part D Subsidies	ERRP Subsidy	Medical Incurred	Drug Incurred	Medicare Advantage Premiums	Administrative Costs	Ending Balance (Incurred Basis)
FY 1986	$0	$0	$250,000	$17,625,194	$0	$572,153	$0	$0	$0	$0	$0	$362,371	$18,084,976
FY 1987	$22,617,624	$25,931,680	$0	$18,522,629	$0	$2,568,998	$0	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$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	$0	$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	$0	$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	$0	$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	$0	$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	$0	$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	$66,258,008	$70,629,797	$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	$71,575,942	($2,941,996)	$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	$0	$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	$0	$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	$0	$746,668,738	$649,457,501	$59,000,080	$51,150,088	$972,919,239
FY 2016	$378,541,770	$318,638,623	$0	$207,115,105	$186,709,933	$3,689,726	$179,269,716	$0	$766,206,642	$732,778,137	$76,331,377	$52,494,293	$619,073,664
FY 2017	$384,948,245	$325,011,396	$0	$211,257,407	$190,214,958	$2,050,158	$208,730,924	$0	$814,463,184	$867,809,065	$69,978,304	$53,039,876	$135,996,322
FY 2018	$390,055,764	$331,511,624	$0	$215,482,555	$193,790,084	$272,225	$239,964,957	$0	$855,094,853	$1,016,424,119	$83,634,357	$53,189,911	($501,269,709)
FY 2019	$395,454,928	$338,141,856	$0	$219,792,207	$197,436,711	$0	$273,805,762	$0	$898,773,933	$1,180,052,942	$118,493,842	$54,067,859	($1,328,026,820)
FY 2020	$400,159,068	$344,904,693	$0	$224,188,051	$201,156,272	$0	$310,510,385	$0	$943,767,989	$1,357,664,868	$136,282,057	$54,448,229	($2,339,271,496)
FY 2021	$401,938,735	$351,802,787	$0	$228,671,812	$204,950,223	$0	$350,024,046	$0	$987,610,186	$1,544,408,899	$156,256,183	$55,293,095	($3,545,452,256)

NOTES

- *Invoice data through April 30, 2016*
- *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.*
- *68% participation in Medicare Advantage and 80% participation in Part D plan, which was effective 1/1/2013.*
- *State Contribution rate of 1%; District Contribution rate of 0.55%; and Active Contribution rate of 0.65%.*
- *Enrollment assumptions based on headcounts assumed in annual Other Post Employment Benefits (OPEB) valuation report.*
- *4.5% payroll growth in FY2016; 2% increase in payroll growth thereafter.*
- *Medical trends: 7.0% for Care 1; 7.0% for Care 2; 7.0% for Care 3 through FY2017; reduced by 0.25 each year thereafter.*
- *Pharmacy trends: 12% for Care 2; 12% for Care 3; 12% for Medicare Part D plans, reduced by 0.50 each year thereafter.*
- *Interest Rate = 0.4%*
- *Medicare Part D Risk Score of 0.870 beginning January 1, 2016*

TRS-Care Funding Projection

as of April 30, 2016



*Due to the volatility of future health care costs, projected fiscal years are also shown assuming actual medical and pharmacy trends exceed current trend levels by 2 percentage points.

- We expect the fund to be solvent on an *incurred basis* at the end of FY2017.

TRS-Care
Cash Balance Projection

- Because a portion of the funds revenue sources will not be received until after the end of FY2017, there is a possibility that the cash balance at the end of FY2017 may be negative.

		Pharmacy Trend					
		10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
Medical Trend	5.0%	$43.2	$34.9	$26.7	$18.4	$10.2	$1.9
	6.0%	$36.5	$28.3	$20.0	$11.8	$3.5	($4.7)
	7.0%	$29.8	$21.6	$13.3	$5.1	($3.2)	($11.4)
	8.0%	$23.2	$14.9	$6.7	($1.6)	($9.8)	($18.1)
	9.0%	$16.5	$8.2	$0	($8.3)	($16.5)	($24.8)
	10.0%	$9.8	$1.6	($6.7)	($14.9)	($23.2)	($31.4)

*Projected cash balances shown above are in millions.

FY2017 TRS-Care
Rates and Benefits Recommendation

- No increase in retiree premium contributions.
  - Each 1% increase in TRS-Care retiree premium contributions represents approximately $4 million for FY2017.
- Increase medical deductibles and maximum out-of-pocket limits within grandfathering limits.
- Increase pharmacy copays within grandfathering limits.
- Implement a Retail Maintenance copay structure for maintenance drugs for the traditional prescription drug plan.
- Effective January 1, 2017, the prescription drug plan for Medicare eligible members will be the Medicare Part D plan, with those who do not have either Part A or Part B remaining in the traditional plan.
  - No change to the current pharmacy copays on the Medicare Part D plan.

FY2017 TRS-Care

Rates and Benefits Recommendation

	FY2016			FY2017 Recommendation			FY2017 Alternative		
	TRS-Care-1	TRS-Care-2	TRS-Care-3	TRS-Care-1	TRS-Care-2	TRS-Care-3	TRS-Care-1	TRS-Care-2	TRS-Care-3
Deductible									
Individual	$1,800 Part A&B $3,000 Part B Only $4,000 Non-Medicare	$1,000	$300	$2,350 Part A&B $3,900 Part B Only $5,250 Non-Medicare	$1,300	$400	$2,000 Part A&B $3,350 Part B Only $4,450 Non-Medicare	$1,100	$350
Family	$3,600 Part A&B $6,000 Part B Only $8,000 Non-Medicare	$2,000	$600	$4,700 Part A&B $7,800 Part B Only $10,500 Non-Medicare	$2,600	$800	$4,000 Part A&B $6,700 Part B Only $8,900 Non-Medicare	$2,200	$700
Maximum Out-of-Pocket Limits									
Individual	$4,800 Part A&B $6,000 Part B Only $6,350 Non-Medicare	$4,400	$3,700	$6,250 Part A&B $7,800 Part B Only $8,250 Non-Medicare	$5,800	$4,900	$5,300 Part A&B $6,700 Part B Only $7,050 Non-Medicare	$4,900	$4,500
Family	$9,600 Part A&B $12,000 Part B Only $12,700 Non-Medicare	$8,800	$7,400	$12,500 Part A&B $15,600 Part B Only $16,500 Non-Medicare	$11,600	$9,800	$10,600 Part A&B $13,400 Part B Only $14,100 Non-Medicare	$9,800	$9,000

FY2017 TRS-Care
Rates and Benefits Recommendation

	FY2016				FY2017 Recommendation			
	TRS-Care-2	TRS-Care-3	Medicare Part D for TRS-Care-2	Medicare Part D for TRS-Care-3	TRS-Care-2 for non-Medicare	TRS-Care-3 for non-Medicare	Medicare Part D for TRS-Care-2	Medicare Part D for TRS-Care-3
Retail Pharmacy								
Generic	$10	$10	$5	$5	$13	$13	$5	$5
Preferred Brand	$30	$25	$25	$20	$40	$30	$25	$20
Non-Preferred Brand	$50	$40	$50	$40	$65	$50	$50	$40
Retail Pharmacy – Maintenance Drugs								
Generic	Not applicable				$23	$23	Not applicable	
Preferred Brand					$50	$40		
Non-Preferred Brand					$75	$60		
Mail Order/Retail 90 Pharmacy								
Generic	$20	$20	$15	$15	$25	$25	$15	$15
Preferred Brand	$75	$50	$70	$45	$100	$65	$70	$45
Non-Preferred Brand	$125	$80	$125	$80	$165	$105	$125	$80

- Existing copays are increased by $3 to $25 by tier for the traditional plans
- Implement a convenience fee of $10 after the first fill for maintenance drugs dispensed at a retail pharmacy.

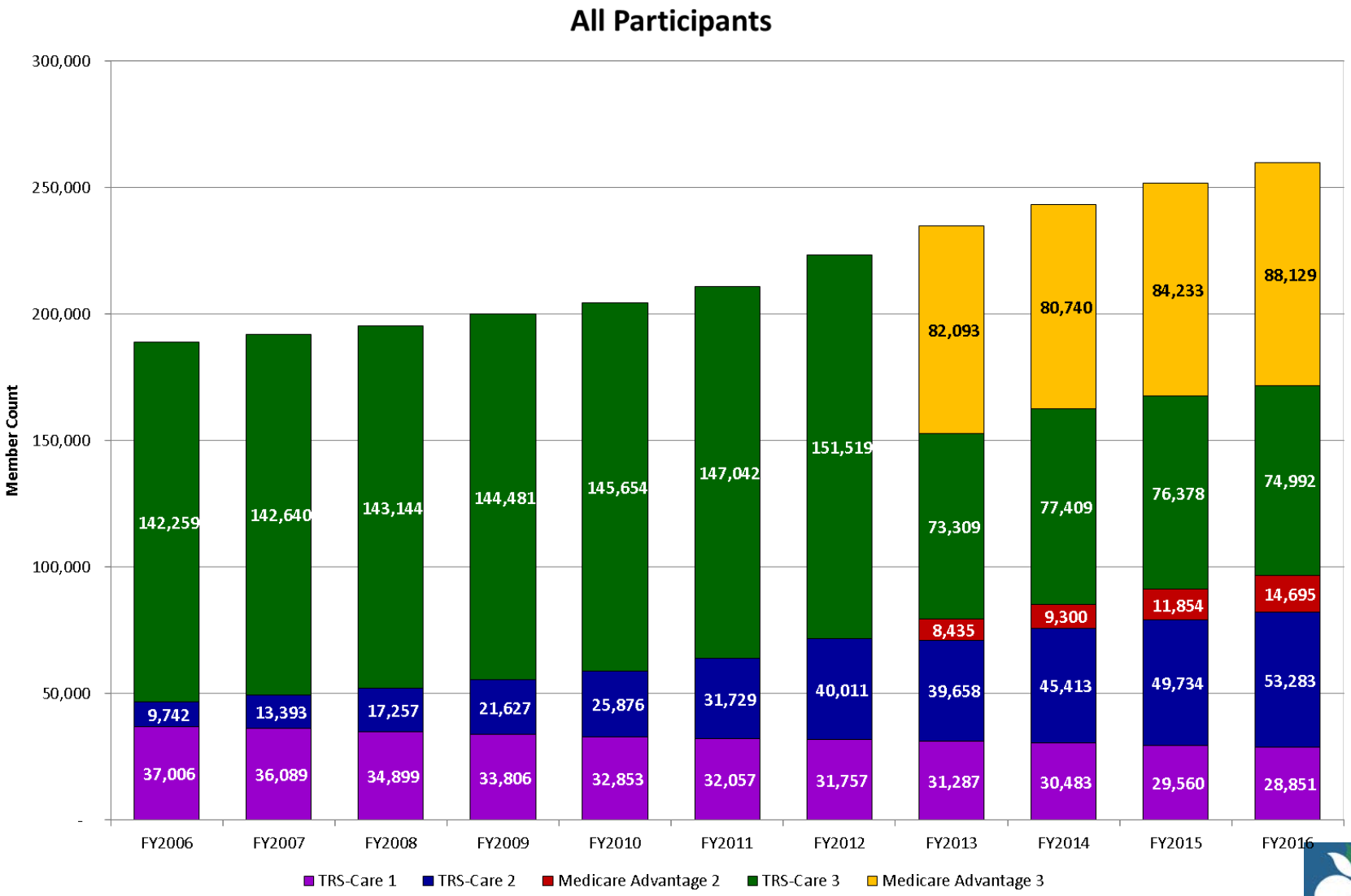
TRS

FY2017 TRS-Care
Rates and Benefits Recommendation

	Recommendation	Recommendation	Alternative
Retiree Premiums	▪ No change in retiree premium contributions	$0	$0
Medical	▪ Increase deductibles ▪ Increase maximum out-of-pocket limits	$21.9M	$9.9M
Pharmacy	▪ Increase Traditional plan pharmacy copays	$3.6M	$3.6M
	▪ Implement a convenience fee of $10 per fill for maintenance drugs filled at a retail pharmacy to create an incentive for members to utilize Mail Order and Retail-Plus pharmacy network.	$10.2M	$10.2M
	▪ Medicare Part D enrollment for all Medicare eligible members enrolled in TRS-Care 2 and TRS-Care 3 plan levels with either Medicare Part A or Part B.	$4.0M	$4.0M
Total Projected Savings		$39.7 M	$27.8M

FY2017 Ending Fund Balance	+$175.7M	+$163.8M
FY2017 Ending Cash Balance	+$57.5M	+$47.1M

TRS-Care
Enrollment History



Teacher Retirement System of Texas

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

June 16 - 17, 2016

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.

Staff Recommendation

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 action 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 Preferred Brand Non-Preferred Brand	 $10 copay $30 copay $50 copay	 $13 copay $40 copay $65 copay
Maintenance Drugs at a Retail Pharmacy Generic Preferred Brand Non-Preferred Brand	N/A	 $23 copay $50 copay $75 copay
Mail Order Pharmacy Generic Preferred Brand Non-Preferred Brand	 $20 copay $75 copay $125 copay	 $25 copay $100 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 Preferred Brand Non-Preferred Brand	 $10 copay $25 copay $40 copay	 $13 copay $30 copay $50 copay
Maintenance Drugs at a Retail Pharmacy Generic Preferred Brand Non-Preferred Brand	N/A	 $23 copay $40 copay $60 copay
Mail Order Pharmacy Generic Preferred Brand Non-Preferred Brand	 $20 copay $50 copay $80 copay	 $25 copay $65 copay $105 copay

Alternative One

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 action by the Board:

Medicare Status	From FY2016	To FY2017
Individual/Family Deductibles		
Medicare Part A & B	$1,800/$3,600	$2,000/$4,000
Medicare Part B Only	$3,000/$6,000	$3,350/$6,700
Non-Medicare	$4,000/$8,000	$4,450/$8,900
Maximum Out-of-Pocket Limits		
Medicare Part A & B	$4,800/$9,600	$5,300/$10,600
Medicare Part B Only	$6,000/$12,000	$6,700/$13,400
Non-Medicare	$6,350/$12,700	$7,050/$14,100

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	$1,100/$2,200
Maximum Out-of-Pocket Limit	$4,400/$8,800	$4,900/$9,800

Benefit	From FY2016	To FY2017
Prescription Drug – Standard Plan		
Retail Pharmacy Generic Preferred Brand Non-Preferred Brand	 $10 copay $30 copay $50 copay	 $13 copay $40 copay $65 copay
Maintenance Drugs at a Retail Pharmacy Generic Preferred Brand Non-Preferred Brand	N/A	$23 copay $50 copay $75 copay
Mail Order Pharmacy Generic Preferred Brand Non-Preferred Brand	 $20 copay $75 copay $125 copay	 $25 copay $100 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	$350/$700
Maximum Out-of-Pocket Limit	$3,700/$7,400	$4,500/$9,000
Prescription Drug – Standard Plan		
Retail Pharmacy Generic Preferred Brand Non-Preferred Brand	 $10 copay $25 copay $40 copay	 $13 copay $30 copay $50 copay
Maintenance Drugs at a Retail Pharmacy Generic Preferred Brand Non-Preferred Brand	N/A	$23 copay $40 copay $60 copay
Mail Order Pharmacy Generic Preferred Brand Non-Preferred Brand	 $20 copay $50 copay $80 copay	 $25 copay $65 copay $105 copay

TAB 3 B

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

TRS-ActiveCare Rates and Benefits for FY2017

Katrina Daniel, Bill Hickman and Amy Cohen

June 16, 1016

TRS-ActiveCare Funding

- 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 (some districts may contribute more).
  - Employees contribute the remainder of projected gross premiums.

TRS-ActiveCare Funding

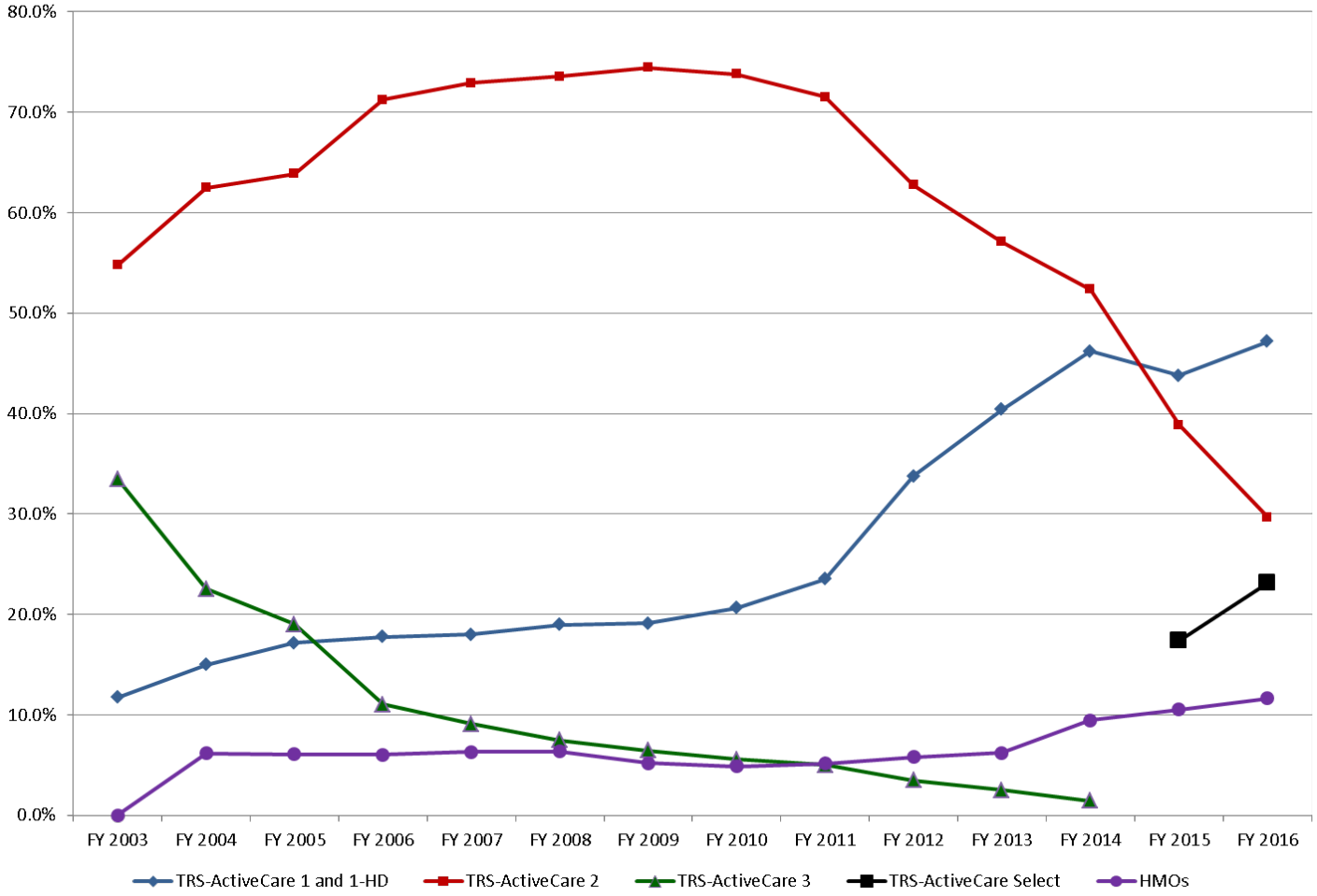
- Funding requirements for the State and Districts have not changed since program inception, September 1, 2002.
- Recent survey of districts*:
  - 32.7% contribute the minimum of $150
  - 24.1% contribute between $151 - $200
  - 20.1% contribute between $201 – 250
  - 6.2% contribute to dependent coverage
  - 48.1% administer a health savings account (HSA) with 2.5% of those districts making a contribution to the HSA.

*FY 2015 Survey conducted by TRS. Out of 1,100 participating districts, 933, or 90% responded to the survey.

TRS-ActiveCare

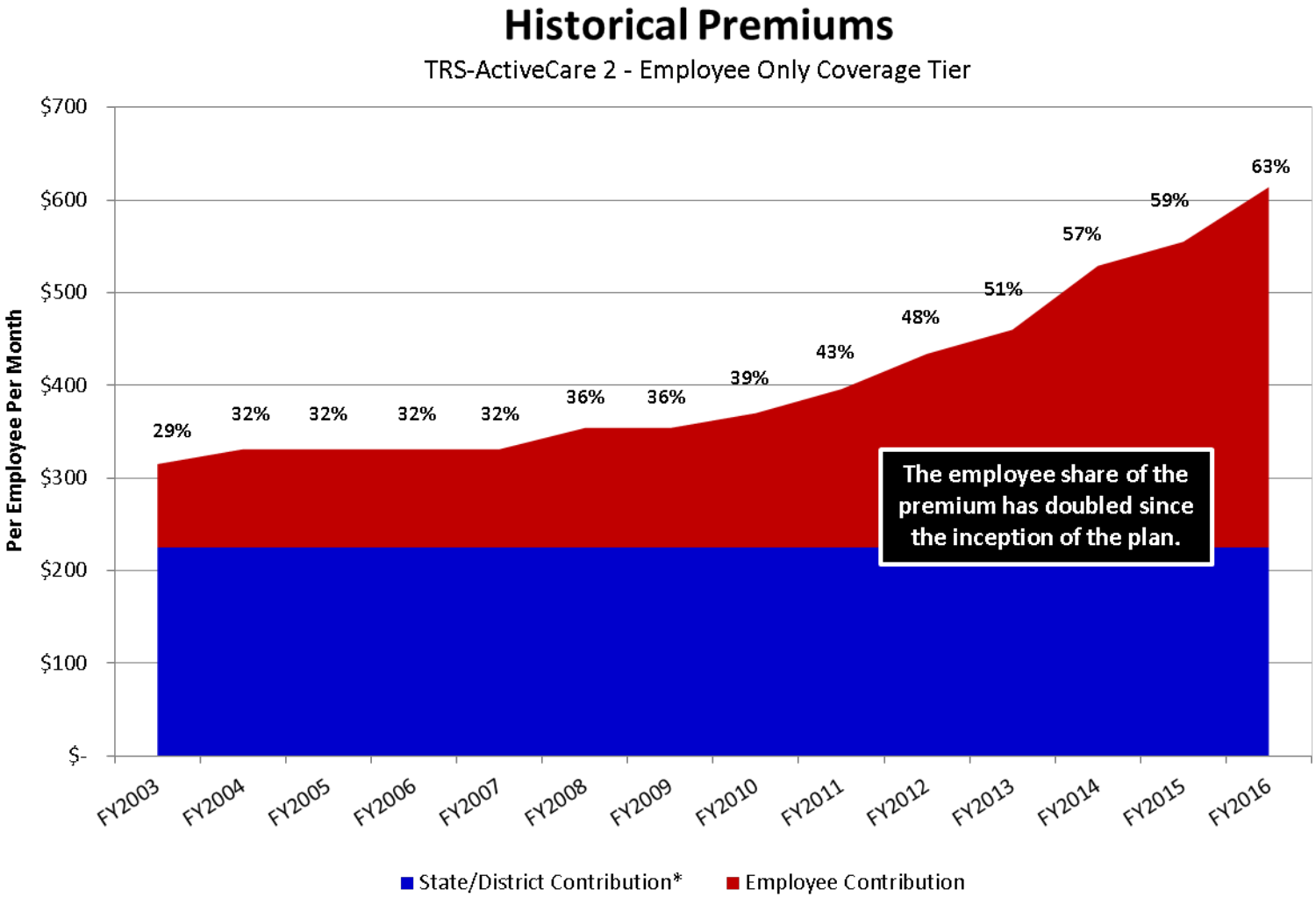
Enrollment History

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



TRS-ActiveCare

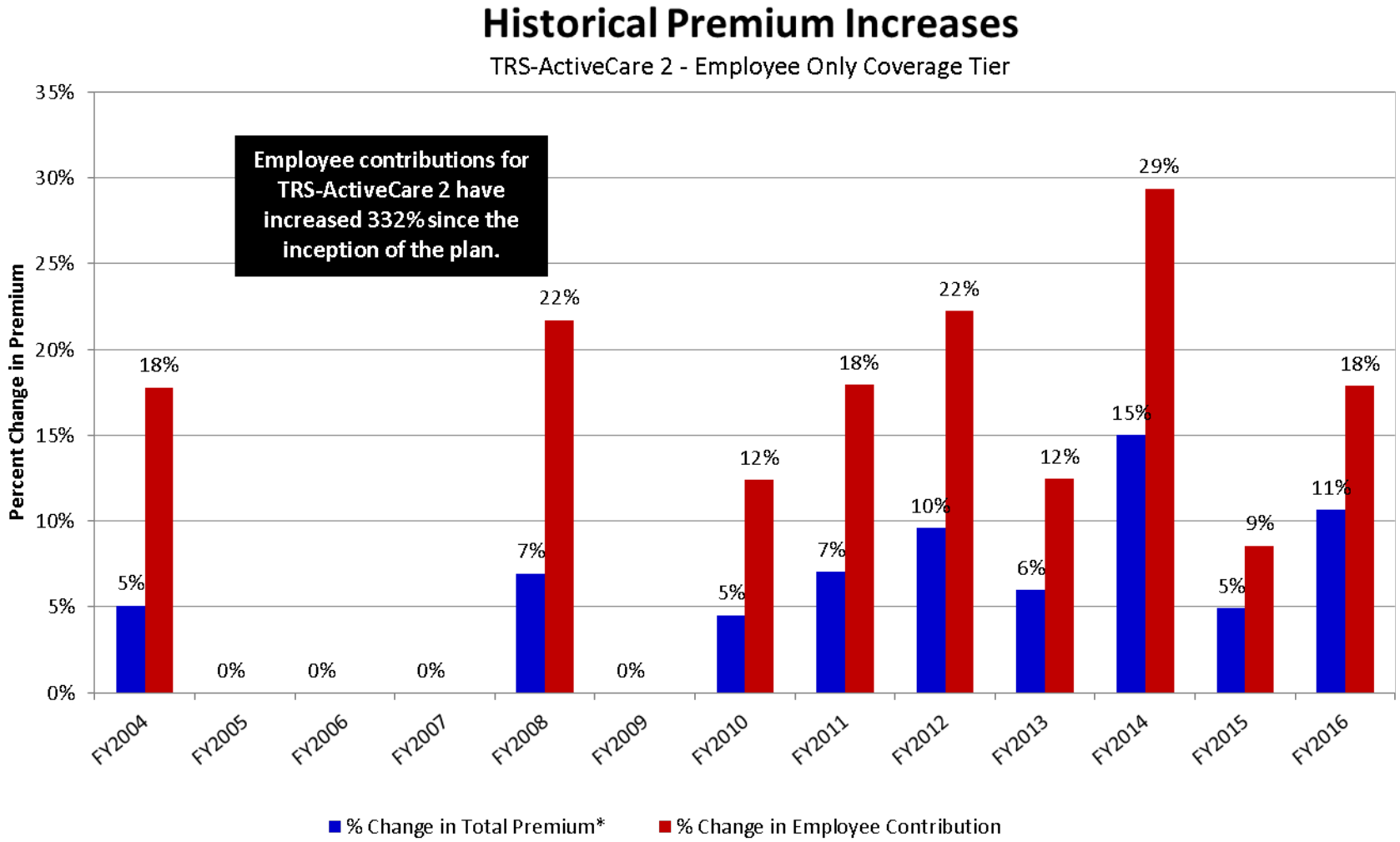
Funding Impact



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

TRS-ActiveCare

Funding Impact



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

TRS-ActiveCare
Funding Projection

	Revenue								Expenses					
Fiscal Year	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	Ending Balance (Incurred Basis)
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	$731,802,825	$0	$1,137,998,477	$178,192,468	$141,534	$1,388,039	$95,215	$2,049,618,557	$1,345,647,742	$331,255,918	$175,094,968	$131,749,098	$1,983,747,726	$153,686,107
FY 2017	$730,765,800	$0	$1,132,012,344	$178,192,468	$141,534	$1,405,298	$95,215	$2,042,612,658	$1,421,789,540	$366,721,447	$175,094,968	$131,908,352	$2,095,514,307	$100,784,458

NOTES

- *Actual data through April 30, 2016*
- *Medical trends: 7.5% through FY2017 for all plans; reduced by 0.25% each year thereafter.*
- *Pharmacy trends: 13% through FY2017 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 0.4%.*

TRS-ActiveCare

FY2017 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 FY2017 is one month of claims, $154.8 million.
- Without plan design changes an average rate increase of 2.9% is required to achieve the target ending fund balance.

FY2017 Benefit Recommendations

MEDICAL BENEFITS

	FY2016			FY2017		
	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2
Maximum Out-of-Pocket Limits						
Individual	$6,450	$6,600	$6,600	$6,550	$6,850	$6,850
Family	$12,900	$13,200	$13,200	$13,100	$13,700	$13,700

TRS-ActiveCare
FY2017 Benefit Recommendations

PRESCRIPTION DRUG BENEFITS

	FY2016			FY2017		
	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2	TRS-ActiveCare-1HD	TRS-ActiveCare-Select	TRS-ActiveCare-2
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% coinsurance	$180 copay
RETAIL MAINTENANCE (after 1st fill; up to 31 days supply)						
Generic	20% after deductible	$25 copay	$25 copay	20% after deductible	$35 copay	$35 copay
Preferred Brand		$50 copay	$50 copay		$60 copay	$60 copay
Non-Preferred Brand		50% coinsurance	$80 copay		50% coinsurance	$90 copay
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% coinsurance	$65 copay

- Increase copays for maintenance drugs filled at retail pharmacies.
  - Increasing the convenience fee to $15 encourages utilization of mail order and retail-plus pharmacies.
- Coinsurance waived for drugs on the CDH Preventative Drug List for ActiveCare-1HD enrollees.
  - Added member benefit to improve quality and encourage compliance.

TRS

TRS-ActiveCare
FY2017 Rate Recommendation

- With the recommended medical and prescription drug benefit changes the average rate increase of 2.9% is reduced to 2.5%.

	FY2016 Premium	Proposed FY2017 Premium	Percent Change	Number of Employees
TRS-ActiveCare-1HD				
Employee Only	$341	$341	0.0%	110,488
Employee & Spouse	$914	$914	0.0%	4,108
Employee & Children	$615	$615	0.0%	22,568
Employee & Family	$1,231	$1,231	0.0%	4,178
TRS-ActiveCare-Select				
Employee Only	$473	$484	2.3%	39,692
Employee & Spouse	$1,122	$1,147	2.2%	1,722
Employee & Children	$762	$779	2.2%	14,022
Employee & Family	$1,331	$1,361	2.3%	3,589
TRS-ActiveCare-2				
Employee Only	$614	$645	5.0%	44,711
Employee & Spouse	$1,478	$1,552	5.0%	2,024
Employee & Children	$992	$1,042	5.0%	13,037
Employee & Family	$1,521	$1,597	5.0%	9,755

TRS-ActiveCare
Summary of Recommendations

	No Changes	Recommendation
Medical	None	▪ Increase in Maximum Out-of-Pocket Limits
Pharmacy	None	▪ Increase in Retail pharmacy copays for maintenance drugs to create more incentive for members to utilize Mail Order and Retail-Plus pharmacy network
		▪ Coinsurance waived for drugs on the CDH Preventative Drug List for ActiveCare-1HD enrollees
Gross Premium Increase	+2.9%	+2.5%
Average Employee Increase*	+6.2%	+4.2%

* Assumes the school district contributes the minimum $150 per employee per month.

Teacher Retirement System of Texas

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

June 16 - 17, 2016

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**	**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**	**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 2016 Rate	Proposed FY 2017 Rate	Percent 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%

TAB 3 C

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

TRS-ActiveCare 2016-2017 HMO Rates and Benefits Changes

Katrina Daniel, Bill Hickman and Amy Cohen

June 16, 1016

Overview of Changes

- Increases range from approximately 5% to 13% depending on the HMO and coverage tier

Coverage Tier	Allegian	FirstCare	Scott & White
Employee Only	8.6%	12.8%	5.3%
Employee & Spouse	8.4%	12.4%	5.0%
Employee & Child(ren)	8.5%	12.6%	5.1%
Employee & Family	12.7%	12.2%	5.0%

- Rates include an increase from $7.50 to $10 in the monthly administrative fee charged by TRS

Allegian Health Plans: 2016-2017 Changes

Allegian Premium Changes

Coverage Tier	2015-2016 Premiums	2016-2017 Premiums
Employee Only	$413.38	$449.08
Employee & Spouse	$1,001.88	$1,085.74
Employee & Child(ren)	$647.94	$702.84
Employee & Family	$1,022.16	$1,151.60

Allegian Benefit Changes

Benefit	2015-2016 Plan Year	2016-2017 Plan Year
Deductible	Individual - $500 Family - $1,000	No major benefit changes
Out-of-Pocket Maximum	Individual - $4,500 Family - $9,000	

FirstCare: 2016-2017 Changes

FirstCare Premium Changes

Coverage Tier	2015-2016 Premiums	2016-2017 Premiums
Employee Only	$418.80	$472.50
Employee & Spouse	$1,050.44	$1,180.50
Employee & Child(ren)	$664.74	$748.50
Employee & Family	$1,060.84	$1,190.50

FirstCare Benefit Changes

Benefit	2015-2016 Plan Year	2016-2017 Plan Year
Deductible	Individual - $450 Family - $1,125	Individual - $500 Family - $1,500
Out-of-Pocket Maximum	Individual - $5,000 Family - $10,000	Individual - $6,000 Family - $12,000
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

Scott & White: 2016-2017 Changes

Scott & White Premium Changes

Coverage Tier	2015-2016 Premiums	2016-2017 Premiums
Employee Only	$503.60	$530.16
Employee & Spouse	$1,135.62	$1,192.82
Employee & Child(ren)	$798.30	$839.16
Employee & Family	$1,259.76	$1,322.98

Scott & White Benefit Changes

Benefit	2015-2016 Plan Year	2016-2017 Plan Year
Deductible	Individual - $800 Family - $2,400	Individual - $1,000 Family - $3,000
Out-of-Pocket Maximum	Individual - $5,000 Family - $10,000	No change
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

TRS

Teacher Retirement System of Texas

RESOLUTION APPROVING BENEFITS, PREMIUM RATES AND SERVICE AREAS FOR HMOs ASSOCIATED WITH THE TRS-ACTIVECARE PROGRAM

June 16 - 17, 2016

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 Family -- $ 1,125.00	Individual -- $ 500.00 Family -- $ 1,500.00
Out-of-Pocket Maximum	Individual -- $ 5,000.00 Family -- $10,000.00	Individual -- $ 6,000.00 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%

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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 Family -- $ 2,400.00	Individual -- $ 1,000.00 Family -- $ 3,000.00
Out-of-Pocket Maximum	Individual -- $ 5,000.00 Family -- $10,000.00	No change
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%

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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.