

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES**

AGENDA

December 7, 2015 – 1:00 p.m.

**Region 10 Educational Service Center, 2nd Floor, Houston Room,
400 East Spring Valley Road, Richardson, TX 75081**

*All or part of the December 7, 2015 meeting of the TRS Board of Trustees may be held by telephone conference call as authorized under Section 551.130 of Texas Government Code. The Board intends to have a quorum physically present at the following location: **400 East Spring Valley Road, Richardson, TX 75081**. The Board may take up the items posted on its agenda in any order at its meeting on December 7, 2015 beginning at the time and place specified on this agenda.*

The open portions of the December 7, 2015 Board meeting are being broadcast over the Internet. Access to the Internet broadcast of the Board meeting is provided on TRS' website at www.trs.state.tx.us.

1. Call roll of Board members.
2. Consider the following administrative matters – David Kelly:
 - A. Approval of the proposed November 19-20, 2015 Board meeting minutes.
 - B. Setting, rescheduling, or canceling future Board meetings.
3. Provide an opportunity for public comment on the following – David Kelly:
 - A. General TRS matters.
 - B. Health benefits matters.
4. Receive an update on TRS-ActiveCare matters – Mike Nelson, Sally Imig, and Tony Magliano, Aetna, and Brian Guthrie and Katrina Daniel.
5. Discuss and provide direction to staff on TRS-ActiveCare matters, and consider making a finding that deliberating or conferring in an open meeting about related procurement matters would have a detrimental effect on the position of the retirement system in negotiations with a third person – David Kelly.
6. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director, Chief Investment Officer, or Chief Audit Executive – David Kelly
7. Consult with the Board's attorney(s) in executive session on any item listed above on this meeting agenda as authorized by section 551.071 of the Texas Open Meetings Act (Chapter 551 of the Texas Government Code) – David Kelly.

Minutes of the Board of Trustees December 7, 2015

The Board of Trustees of the Teacher Retirement System of Texas met on December 7, 2015 in the Houston Room on the second floor of the Region 10 Educational Service Center at 400 East Spring Valley Road in Richardson, Texas. The following board members were present:

David Kelly, Chair
Nanette Sissney, Vice-Chair
Todd Barth (via telephone conferencing)
Karen Charleston
Joe Colonna
David Corpus
Christopher Moss (via telephone conferencing)
Anita Palmer
Dolores Ramirez

Others present:

Brian Guthrie, TRS	Bill Hickman, Gabriel, Roeder, Smith & Company
Ken Welch, TRS	Karen Almon, Denton ISD
Carolina de Onís, TRS	Amy Cohen, Gabriel, Roeder, Smith & Company
Katrina Daniel, TRS	Carol Riley, BlueCross BlueShield
Yimei Zhao, TRS	Bert Marshall, BlueCross BlueShield
Bob Jordan, TRS	Leslie Adkins, BlueCross BlueShield
Charles Richardson, Forth Worth ISD	Lisa Porter, Mesquite ISD
Max Ates, Forth Worth ISD	Yvonne Smeltzer, Mesquite ISD
Ann Fickel, Texas Classroom Teachers Association	Nancy Alexander, Plano ISD
Sally Inmig, Aetna	Richard Peace, FTSS
Mike Nelson, Aetna	Chris Wood, MGM
Becky Chmielewski, Aetna	Glenn Turch, MGM
Greg Wood, Aetna	Stella Mendoza, Eagle Mountain ISD
Patricia Del Rio, Aetna	Jane Valdez, Eagle Mountain ISD
Rose Pullen, Aetna	Johnna Durham, Coppell ISD
Shelly Hudson, Aetna	Elsie Scherer, Fort Worth ISD
Gal Shoots, Aetna	Jeff Webb, Royse City ISD
Tony Magliano, Aetna	Carolyn Power, DKG – Area 9 – TSO Leg. Com.
Susan Thomas, Richardson ISD	Brenda Nicholson, Red Oak ISD
Carrie Rambo, Richardson ISD	Josh Sanderson, Association of Texas Professional Educators
Mia Stroy, Irving ISD	Pam Binkley, Richardson ISD
Debbie Monschke, Denton ISD	

Mr. Kelly called the meeting to order at 1:05 p.m.

1. Call roll of Board members.

Ms. de Onís called the roll. A quorum was present. Mr. Barth and Mr. Moss attended the meeting via telephone conferencing.

2. Consider the following administrative matters:

A. Approval of the proposed November 19-20, 2015 Board meeting minutes – David Kelly.

Mr. Kelly stated that the board would defer consideration of the proposed minutes of the November 19-20, 2015 board meeting to the board meeting in February 2016.

B. Setting, rescheduling, or canceling future Board meetings.

The board did not take up agenda item 2B.

3. Provide opportunity for public comments on the following – David Kelly.

A. General TRS matters.

B. Health benefits matters.

Mr. Charles Richardson of Fort Worth ISD stated that, although he was disappointed that Aetna did not offer corrective action or a plan at the November 2015 board meeting, he was encouraged by a recent telephone conference with Aetna. He said that Aetna representatives spent considerable time discussing errors in billing, discrepancies, and questions about coverage with five administrators from Fort Worth ISD. He stated that this kind of communication was expected to continue monthly. He also stated that Fort Worth ISD had filled out the required forms to have access to Aetna's database to verify coverage. He urged that Aetna representatives meet with benefit administrators across the state to rethink, re-engage, and collaborate in administering the TRS-ActiveCare program. He also stated that Fort Worth ISD expected that the board would authorize staff to publish a Request for Proposals (RFP) for the TRS-ActiveCare program.

Ms. Stella Mendoza of Eagle Mountain-Saginaw ISD stated that the district had resolved its billing errors with Aetna and WellSystems. She stated that she would like to ensure that files from third parties would continue to be transferred and updated properly in the Aetna file system. She stressed the importance of avoiding a recurrence of the same problems.

4. Receive an update on TRS-ActiveCare matters – Mike Nelson, Sally Imig, and Tony Magliano, Aetna, and Brian Guthrie and Katrina Daniel.

Mr. Nelson of Aetna provided an update on resolving TRS-ActiveCare data issues. He stated that Aetna had underestimated how much Aetna needed to communicate regularly with the school districts. He stated that Aetna had gathered ideas from the districts for improving Aetna's relationships with them and might incorporate them into the process. Ms. Imig provided an overview of the outreach program Aetna had set up to gather comments from districts related to annual enrollment, WellSystems services, billing, reporting, and the Aetna Benefits Administrator Advocate Team. She related some of the comments gathered from the districts. She stated that Aetna would develop the program into a monthly process and maintain ongoing communications and reporting.

Mr. Magliano provided an update on resolving the issues raised at the November board meeting. Concerning inaccurate bills, he reported that the December bills were accurate and any future issues would be corrected immediately. Concerning the timeliness of Consolidated Omnibus Budget Reconciliation Act (COBRA) administration, he reported that currently 98.8 percent of COBRA transactions were generated within 14 days, with a relatively small number taking longer than 14 days. He stated that Aetna would continue to improve the turnaround time. Concerning terminated members who were still being billed for premiums, he reported that the issue had been fully resolved.

Mr. Magliano also provided an update on the oversight of WellSystems. He stated that leadership change within WellSystems would continue to improve the third-party administrator's performance. He stated that Aetna had renewed its partnership with the owner of WellSystems parent company, WellDyneRX. He stated that WellSystems also recognized the need to infuse best practices into their processes and service levels. He also stated that Greg Wood and Beth Yukanin, two seasoned Aetna Service Operations leaders, had been placed in WellSystems' operations. He then introduced a new service model that would move the responsibility for telephonic service and e-mail correspondence from WellSystems to Aetna. He also stated that WellSystems was increasing its staffing levels in serving TRS-ActiveCare and cross-training existing employees.

Mr. Magliano updated the board on efforts to improve processes and technology, specifically in sending discrepancy reports and processing eligibility files. Mr. Magliano confirmed for Mr. Colonnetta that Mr. Glen McLellan of WellSystems was no longer servicing the TRS account for Aetna and that Mr. Damien Lamendola, the owner of WellSystems' parent company, had taken charge of the account. He also confirmed that Aetna was satisfied with the change of leadership at WellSystems. He stated that Aetna would treat WellSystems as an extension of the Aetna team, hold its employees accountable as if they were Aetna's, and apply Aetna's best practices for premium billing and eligibility reconciliation to the WellSystems environment. Responding to a question from Ms. Palmer concerning suggestions to improve the discrepancy reports, Ms. Gail Shoots of Aetna explained that the reports would now show the discrepancies, which were the meaningful data the districts wanted.

Mr. Wood confirmed for Ms. Sissney that five districts still had unresolved discrepancies. Mr. Magliano also confirmed for Ms. Sissney that WellSystems employees were currently only granted read-only access to Aetna systems. Responding to a question from Mr. Corpus as to why it took so long to resolve the billing issues, Mr. Nelson answered that Aetna had relied too much on WellSystems. He admitted that Aetna had not grasped WellSystems' service operating model or the problems related to it, but did now and was implementing a new one. He also told Mr. Corpus that, although changing the model would increase costs, Aetna would not increase their fees. He also said that Aetna would focus on customer satisfaction. Mr. Nelson noted that Aetna had offered TRS to extend guarantees and financial penalties related to eligibility and billing performance that were not in the original contract. Mr. Magliano also confirmed for Mr. Guthrie that Aetna would have absolute authority to implement changes and manage operations without going through the parent company of WellSystems.

- 5. Discuss and provide direction to staff on TRS-ActiveCare matters, and consider making a finding that deliberating or conferring in an open meeting about related procurement matters would have a detrimental effect on the position of the retirement system in negotiations with a third person – David Kelly.**

Mr. Kelly called for a motion to find that deliberating or conferring in an open meeting about TRS-ActiveCare procurement issues would have a detrimental effect on TRS' position in negotiations with a third party. On a motion by Ms. Sissney, seconded by Ms. Charleston, the board voted unanimously to enter into closed session on agenda item 5.

Mr. Kelly announced that the board would go into executive session on agenda item 5 under § 825.115(e) of the Government Code to deliberate procurement matters and under § 551.071 of the Government Code to consult with legal counsel, as needed. He 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, the open session of the board meeting recessed at 2:03 p.m. to go into executive session.

The board meeting reconvened in open session at 3:06 p.m.

Mr. Kelly invited board members to give comments. Mr. Colonna stated that Aetna officials had made a good-faith effort to address the issues, though whether they had the power to address them remained to be seen. He suggested that Mr. Guthrie use his existing delegated authority to finalize negotiations with Aetna in amending the existing contract on satisfactory terms that would benefit TRS and its members. Ms. Sissney stated that, because of the time constraint, TRS and Aetna needed to agree on amended contract terms by December 18, 2015. She stated that, if an agreement could not be reached by that date, then TRS would need to take further action in the interests of its members. Ms. de Onís confirmed for Mr. Kelly that staff would need to involve the Attorney General's Office in reviewing a proposed Request for Proposals (RFP) before releasing it. Mr. Guthrie confirmed for Mr. Kelly that the RFP was ready to be sent to the Attorney General's Office. He confirmed that staff had begun negotiations with Aetna and would initiate the RFP process if the parties could not reach a satisfactory conclusion.

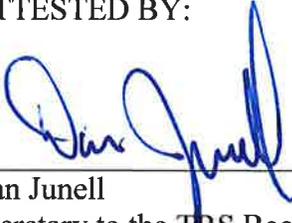
- 6. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Executive Director, Chief Investment Officer, or Chief Audit Executive – David Kelly**
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The board took up no further business under agenda item 6 or 7.

The meeting adjourned at 3:13 p.m.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM
OF TEXAS ON THE 24TH DAY OF FEBRUARY 2016.

ATTESTED BY:



Dan Junell
Secretary to the TRS Board of Trustees

3/18/2014

Date