

TRS-Active Care Quarterly Connect Call with TRS Leadership

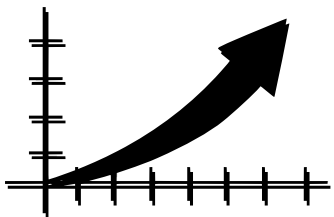
*Monday, December 9, 2024
11 a.m.*



Agenda



I. District Leadership Survey



II. Enrollment Trends



III. New Affordability Analysis

Focus is on our core values:

- **Educator Focused-** Public educators are our only client, and we tailor benefits to meet their distinct needs.
- **Value-** We pursue lowering costs without compromising benefits.
- **Stability-** We can be counted on today and tomorrow.
- **Innovation-** Committed to pursuing change that helps deliver on our values.

District Leadership Survey: Help Us Shape the Future of TRS-ActiveCare



Survey delivered to district leaders in mid-November. Its purpose:

- To determine your interest and comfort level with **alternatives to our current ActiveCare plan designs and related costs.**
 - *What kind of trade-offs are acceptable?*
- To date, we've heard back from 267 districts.
- **It's easy to complete:** On average completion of the survey is taking only 15 minutes.
- If you haven't responded yet, please do so after this call! We've included a link to the survey in the chat.

**Look for survey
results in our next
Connect Call!**

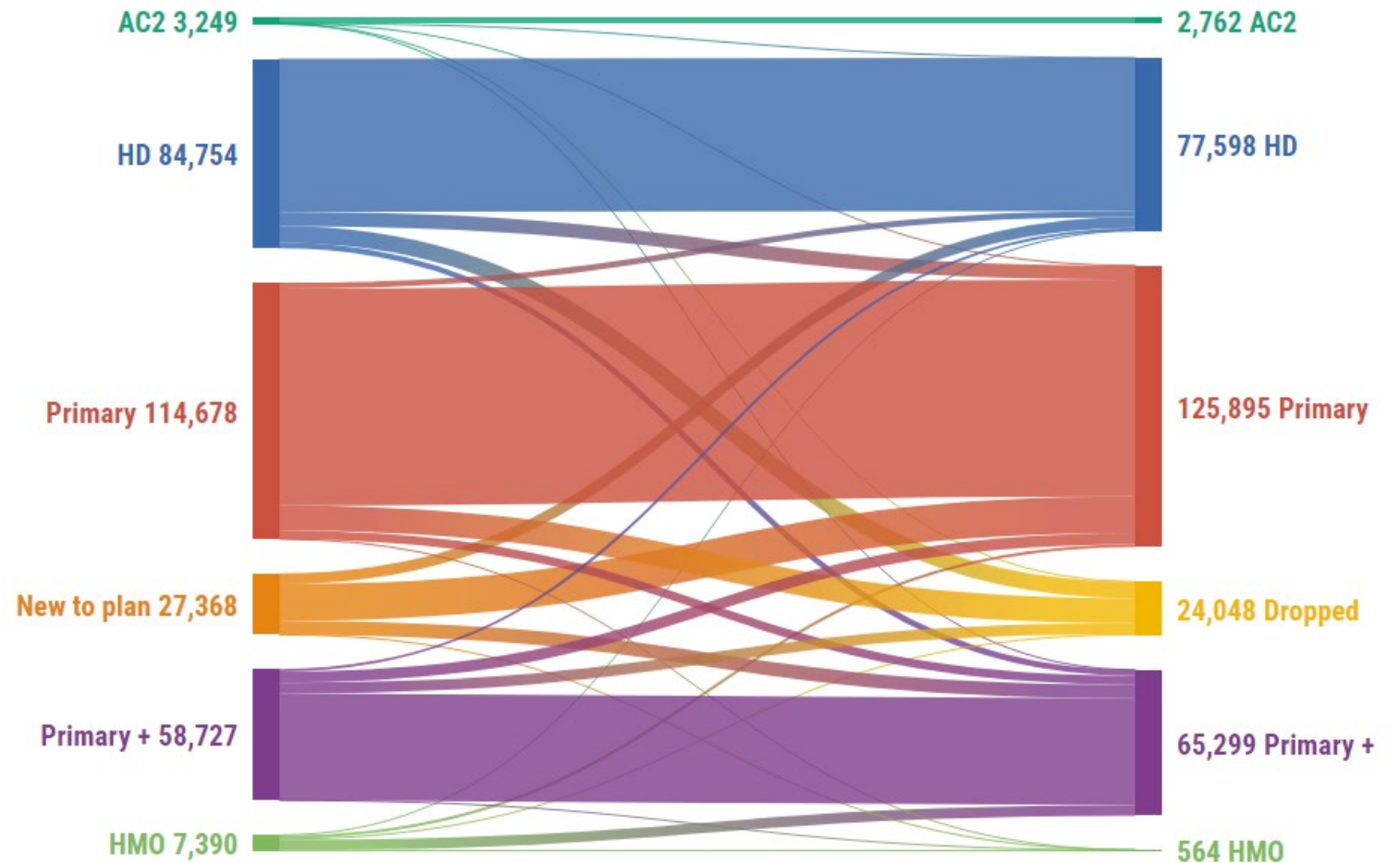
TRS-ActiveCare Enrollment Update for Plan Year 25

The Ways We've Grown



- **Total membership increased by 1.2% to 424,000** in September 2024 due to change in employer participation
- **Primary and Primary+ participation increased by 10 and 11%, respectively; 82% of new enrollees** chose Primary and Primary+ plans
- **Reduction in participation in HD plan**, TRS' HSA-qualified high deductible plan
- **HMO participation reduced by 93%:** 80% migrated to Primary/Primary+ plans, 5% migrated to HD, only 8% dropped

Migration of TRS-ActiveCare **Employees** within Employers Participating as of September 2024



Migration of employees between August 2024 and September 2024 among districts participating for FY25. Image created with [flourish studio](#).

Cost Transparency

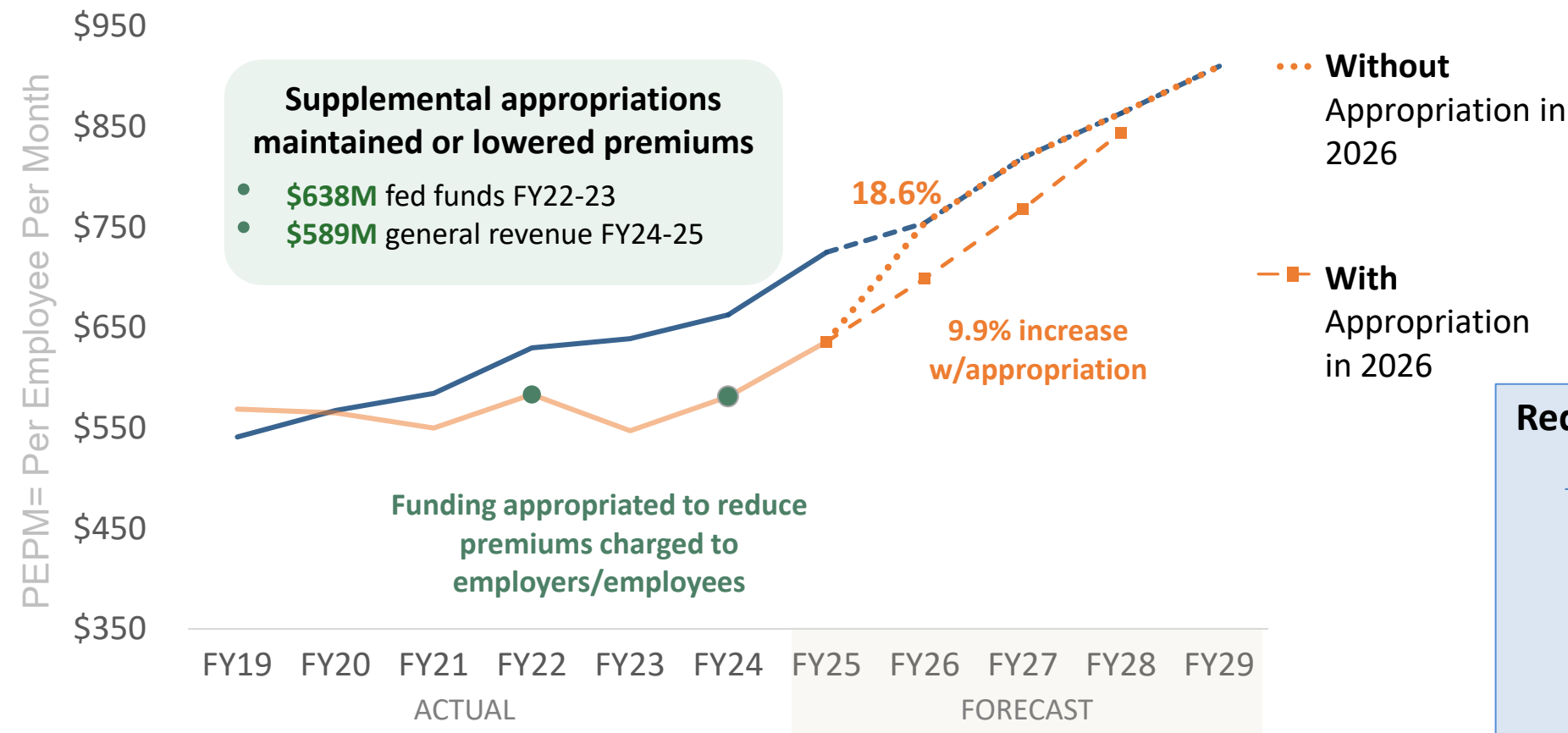
- *At TRS-ActiveCare, we believe in sharing information with employers about our health plans' advantages, as well as their challenges. We endorse the old adage: "Informed people make informed choices."*



The story begins with a look back to our supplemental funding requests over the last few years, and how those funds allowed us to maintain, on average across all regions, a product that beats the competition in value.

Expenses vs Premium Revenues

With and Without Funding



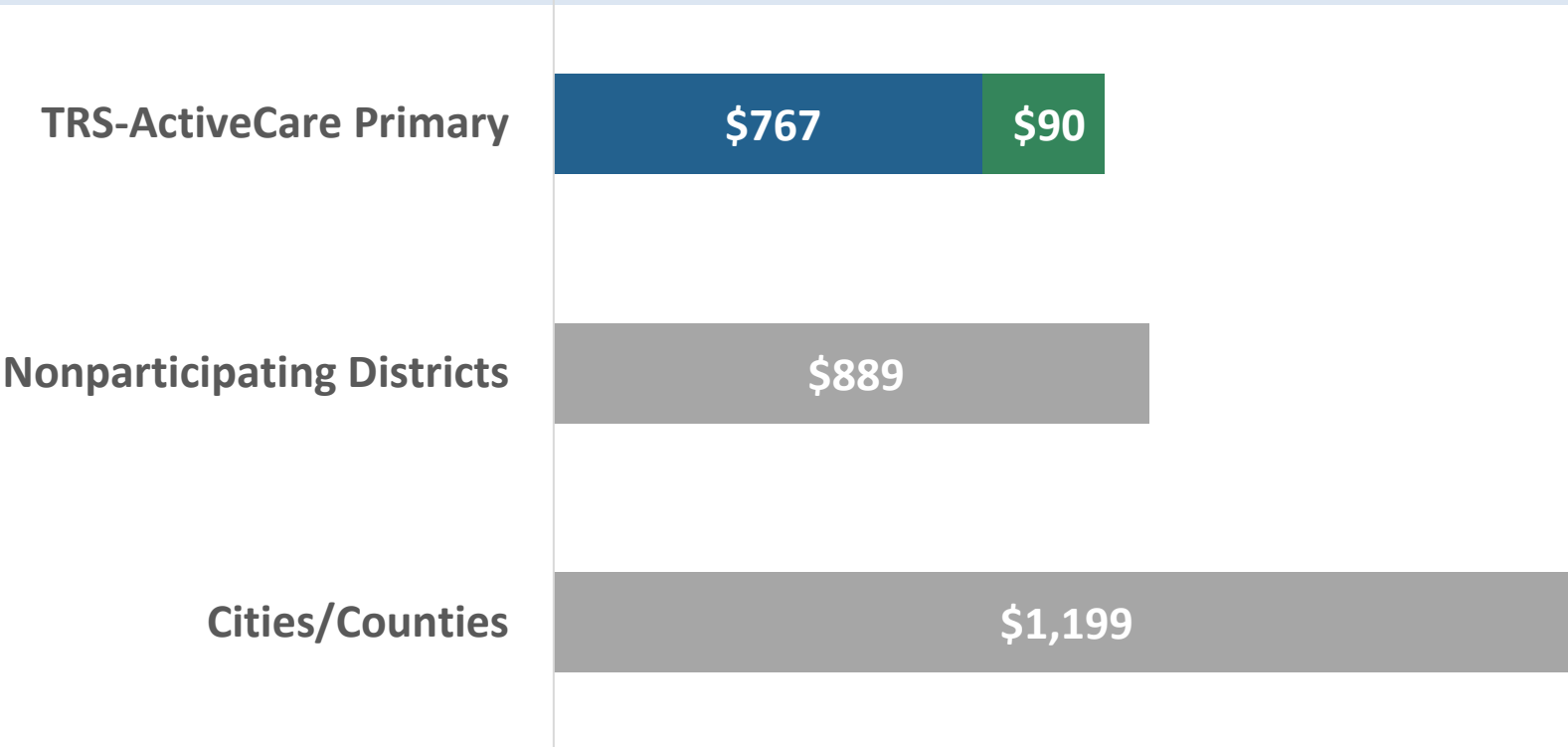
Reduction in Average Rates in 3 of Last 5 Years	
FY 2020	- 0.2%
FY 2021	- 2.9%
FY 2022	6.2%
FY 2023	- 6.1%
FY 2024	6.5%

Average premium increase based on per employee per month (PEPM) expenses across all plans and tiers. Based on medical trend indicators, health care costs expected to grow 5.4% each year; premiums/funding amounts may need to increase depending on actual costs. Assumes 20,000 new lives in FY26 at a higher average cost and return of eligible districts in FY28. Data and estimates as of May 2024. Actual amounts will change as more data is received. Increase in public educator contributions assumes no increases in employer contributions. FY and Plan Years are the same.

TRS-ActiveCare Focuses on Delivering an Affordable Product to Employers



- TRS ActiveCare **Primary costs 14% less than similar coverage** in nonparticipating employers after premiums are reduced due to supplemental funding.
- With TRS-ActiveCare **Primary costs at 4% less on average even without supplemental funding**, TRS-ActiveCare is outperforming the market.



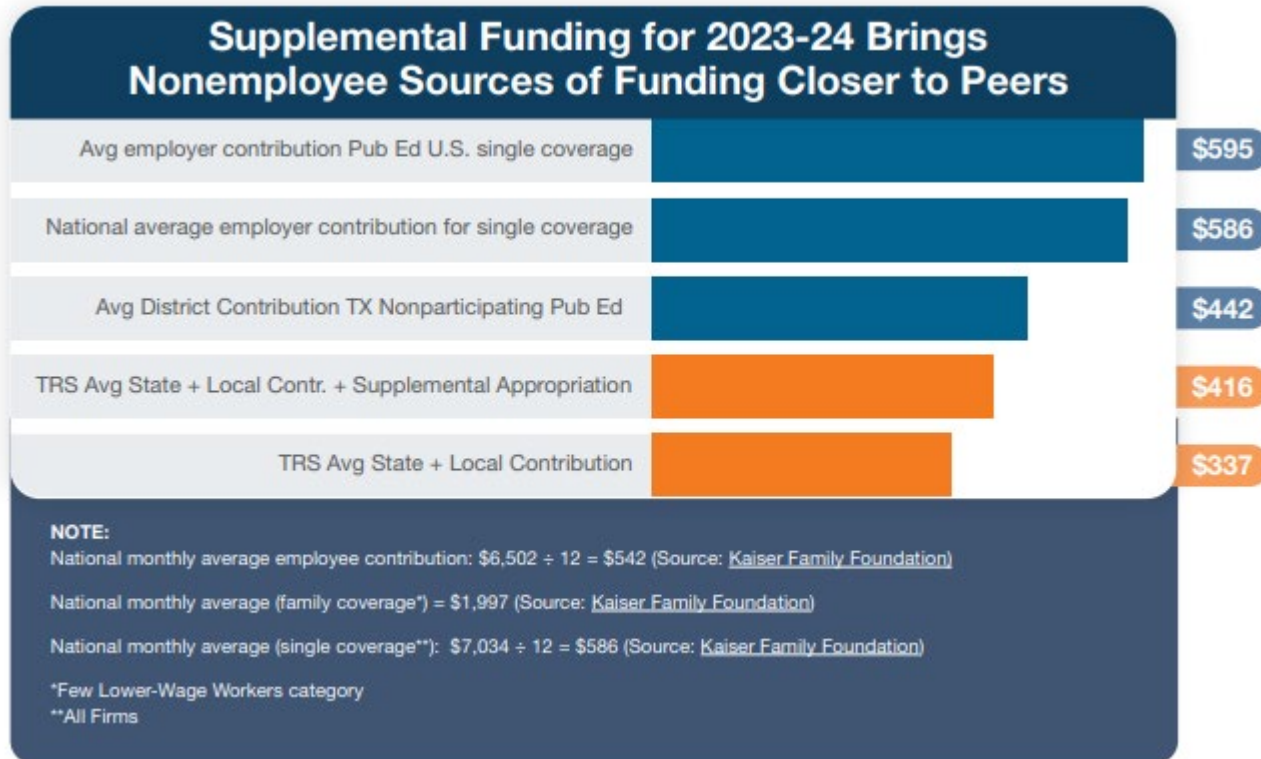
Employers are choosing to remain in and join the plan:

- Last year (Plan Year 2024): Retained 99% of employers and 100% of membership
- Current year (Plan Year 2025): Added 10 new employers, net increase in membership; 1 employer with 4 campuses left

Effective data Sept. 1, 2024

Taking a closer look at health plan contributions

How the average monthly contribution compares among other entities



Note the difference in the **monthly average employer contribution**

- **\$442/mo. – Districts not participating in TRS-ActiveCare**

Versus

- **\$337/mo. – TRS-ActiveCare participating districts**

The minimum employer contribution is \$225/month; that amount is based on a 2001 law, not the cost of health care.

Higher Participation Means Lower, More Stable Costs

Key message from new TRS Health analysis

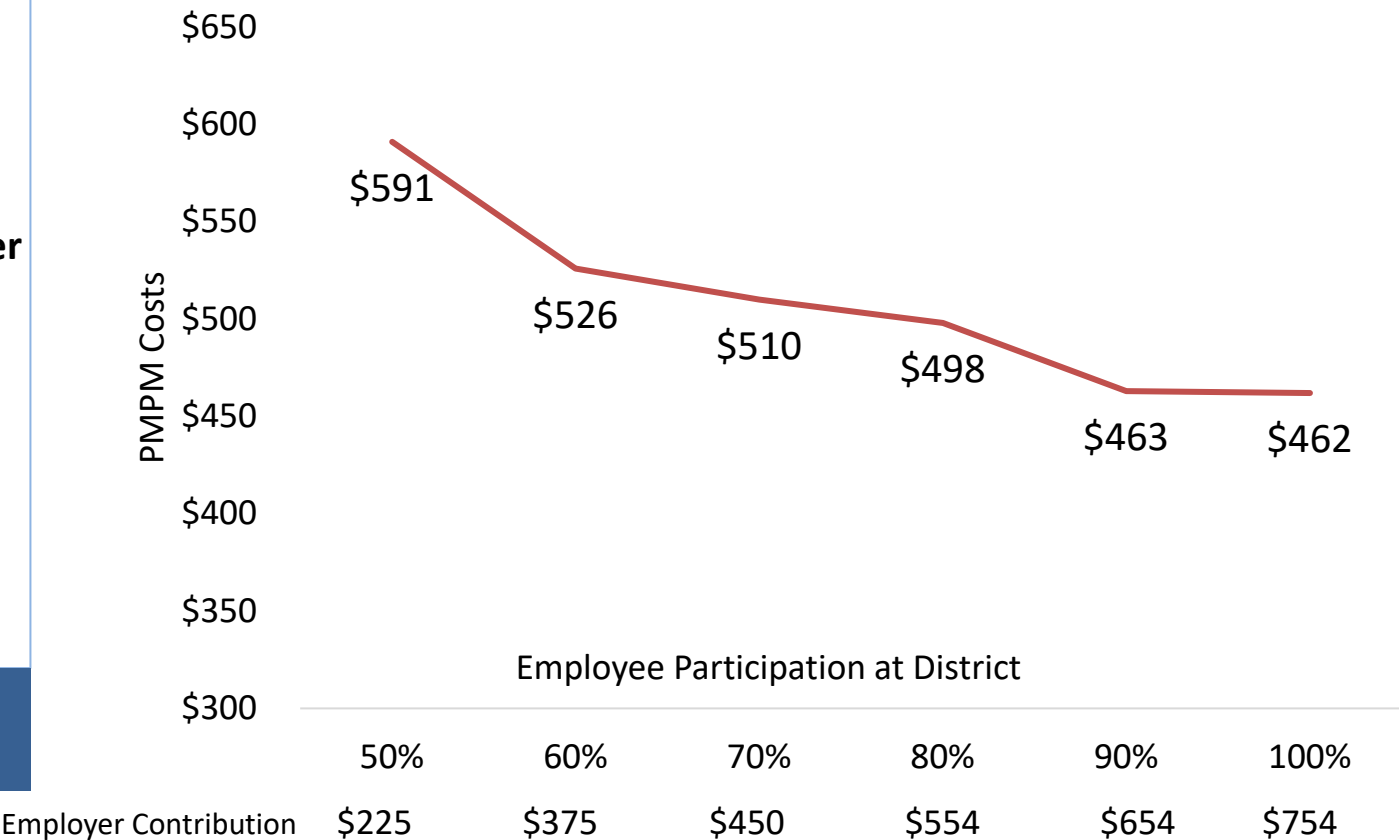


TRS Health continually analyzes factors that impact plan costs

- Higher employee participation is associated with lower overall per member per month costs, as lower-cost members join the pool:
 - For every 1% increase in participation, per member per month costs are lower by \$2.41 on average.
- The primary driver of participation is how much an employer contributes to their employees' health coverage:
 - Every \$10 more an employer contributes is associated with a 1% increase in participation.

Most fully funded plans in the marketplace require participation rates ranging from 65% to 75%.

Medical Per Member Per Month Costs by District Participation



Affordability for Employees and Their Families Remains a Concern



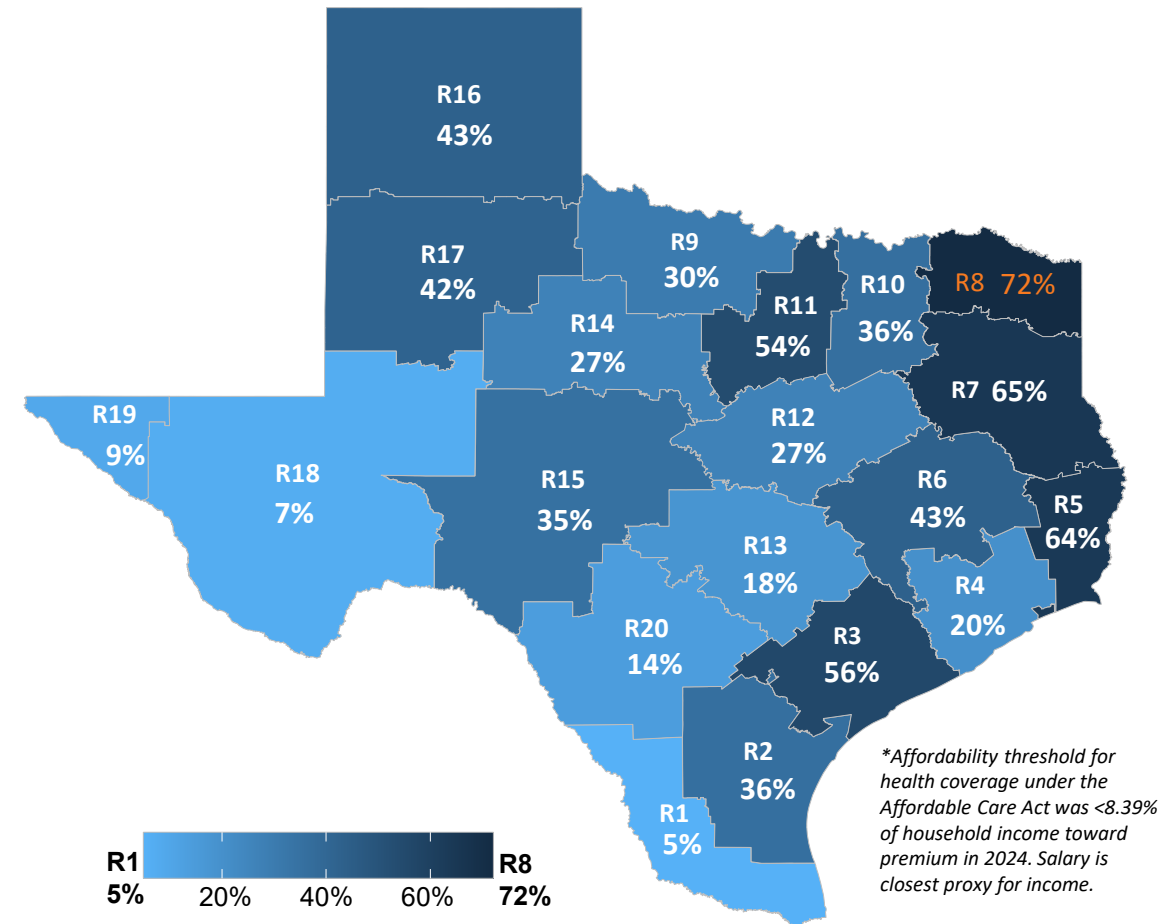
While TRS-ActiveCare offers competitive gross premiums to employers, over time employees have come to bear a higher share of the total premium.

The Affordability Challenge of the Family Tier

- In plan year 2024, employees paid **20% of salary for family premium** compared to **4% for public employees working in the South**.
- Due to contributions, affordability is a major challenge for employees covering dependents: **37% of employees pay more than 8.39% of salary to cover children** in TRS-ActiveCare's lowest-cost plan (see map).

Employee + Child Coverage:

In **ESC Region 8**, **72%** of employees pay more than 8.39% of salary for the lowest-cost plan

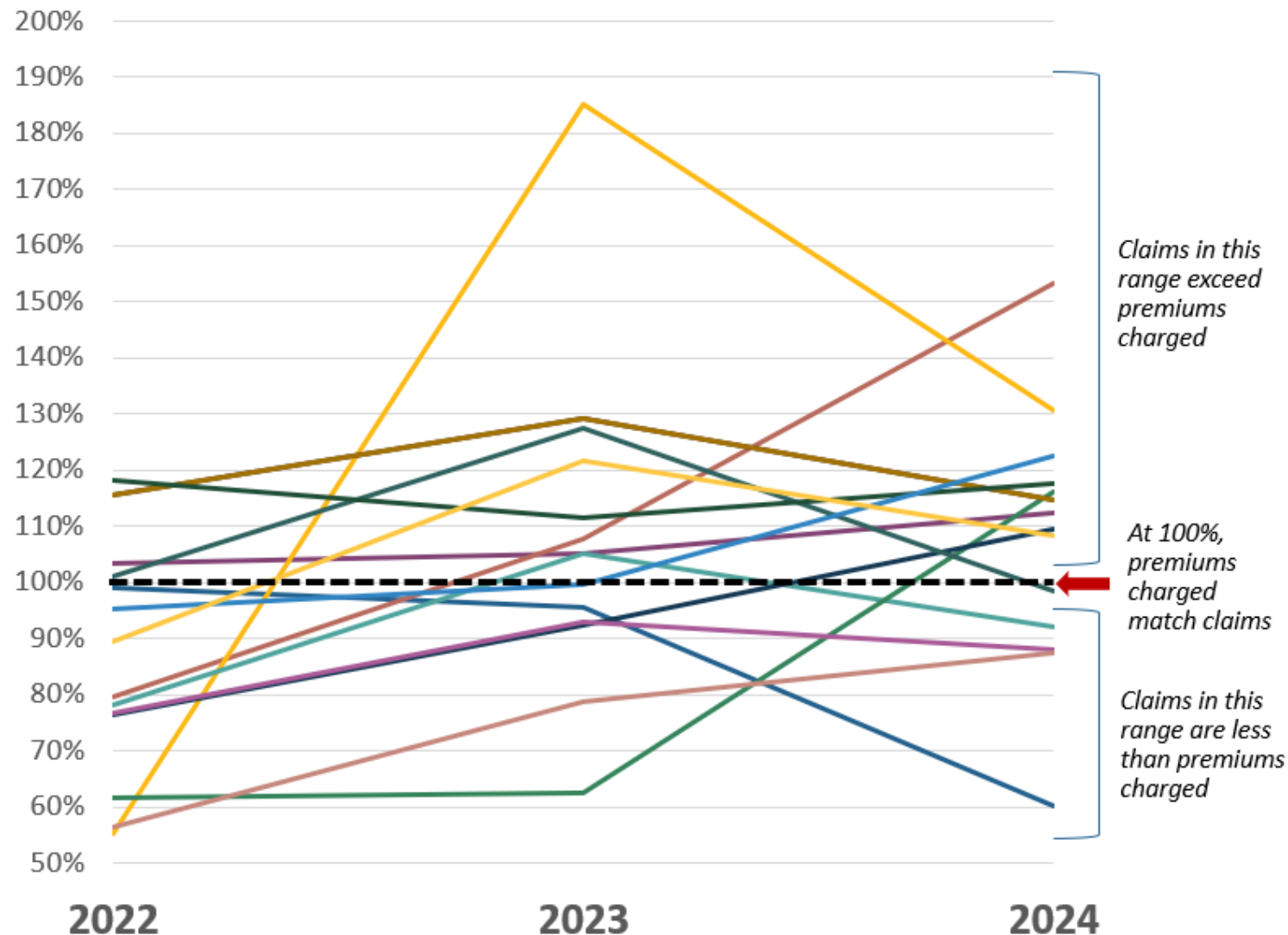


TRS-ActiveCare Provides Stability for Employers



The chart shows claims expenses as a function of total premiums charged for 13 participating employers that requested claims data for the purposes of shopping.

- There is considerable variation in claims year-to-year, regardless of the size of the employer.
- Employers outside TRS-ActiveCare need to plan for claims volatility by purchasing stop loss or funding reserves – costs employers in TRS-ActiveCare do not experience.



Questions and Answers