



# Driving Value for Health Plan Participants

TRS Health Benefits Report | 2022



February 2023



## TRS Mission

Improving the retirement security  
of our members by prudently  
investing and managing  
trust assets and delivering benefits  
that make a positive difference  
in their lives.

# Contents

Statutory Reporting Requirements .....	3
Fiscal Year 2022 and Looking Ahead: TRS Drives Value for Health Plan Participants ....	4
We Serve the Public Education Sector Across Texas through TRS-Care and TRS-ActiveCare .....	5
Providing High-Value Benefits Tailored to Educators .....	6
We Increase Value by Diligently Managing Costs .....	7
TRS' Low Administrative Costs Means More Funds Go to Health Care .....	8
TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability .....	10
With the Move to Regional Rating, TRS Total Costs are Competitive in All Regions of the State .....	15
TRS Engaged District Leaders and Shared Data and Benchmarking Reporting .....	18
TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability .....	19
TRS-ActiveCare: Funding Comes Through Schools .....	20
TRS Offered New Ways to Access High-Value Benefits at a Lower Total Cost in FY2023 .....	23
TRS-Care Improved Affordability and Access .....	24
Opportunity for Reenrollment .....	25
TRS-Care Health Fairs – A New Way to Engage with Retirees .....	25
TRS-Care Enrollment Trends .....	26
Through Engagement, TRS Helps Members and Employers Make the Most of Health Benefits .....	27
TRS' Strategic Plan for Health Care .....	28
Appendix .....	29



## Statutory Reporting Requirements

TRS-Care information in this report fulfills the requirements of Texas Insurance Code 1575.453.

Appendix O of this report fulfills the reporting requirements of Texas Insurance Code 1579.106.

Appendix M of this report fulfills the management directive issued by the Sunset Commission review for the 87th Regular Session. As recorded in the June 2021 report, the Sunset Commission directed TRS to provide “more comprehensive information on TRS-Care health care costs to the legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as copayments, deductibles, and noncovered services.”



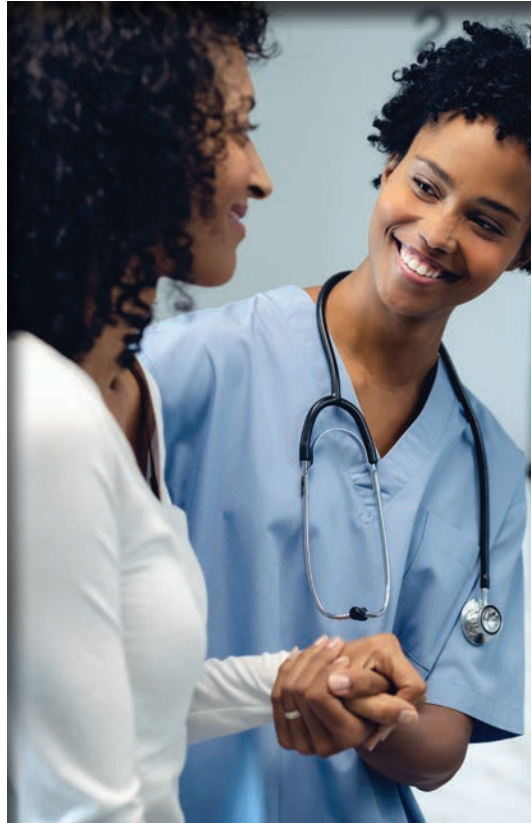
## Fiscal Year 2022 and Looking Ahead: TRS Drives Value for Health Plan Participants

TRS health plans bring high-quality care to over 670,000 participants. The plans have evolved over the years due to funding and legislation affecting both active and retiree plans. At each juncture, we ensured the plans provide value through high-quality, cost-effective care. TRS is uniquely positioned to negotiate rates for health care, and the measures we take minimize cost growth and promote access to high-value benefits for public educators.

### FY 2022 Highlights

#### TRS-ActiveCare

- **99% of participating employers** chose to remain with TRS-ActiveCare for the 2023-24 plan year, which is the second year under new legislation that gives districts the option to leave TRS-ActiveCare and choose a different health plan (p. 10).
- TRS implemented regional rates for TRS-ActiveCare. The resulting premiums are competitive in the comparable market in every region — **and are 18% less expensive on average** (p. 13).
- TRS used COVID relief funds from the governor and the legislature to **keep premiums from increasing** and decreased rates in many regions of the state when other employers were seeing significant increases. This saved employees an average of \$1,500 in premium costs in the 2022-23 plan year.



#### TRS-Care

- TRS used COVID relief funds from the legislature to cover many out-of-pocket costs and sent more than 185,000 TRS-Care policyholders a **one-time \$448.12 payment** in March 2022. These payments totaled more than \$80 million.
- More than **2,700 retirees attended TRS-Care health care events**, including the first in-person meetings with retirees across the state in three years.
- TRS negotiated a lower deductible for Medicare-eligible participants who will see their **deductible decrease from \$500 to \$400 in 2023**.

We Serve the Public Education Sector Across Texas through TRS-Care and TRS-ActiveCare

**OVER 670,000**  
PARTICIPANTS

450K+ in  
TRS-ActiveCare  
220K+ in  
TRS-Care



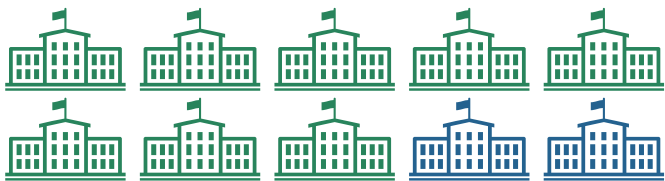
**1 IN 43**  
**TEXANS**



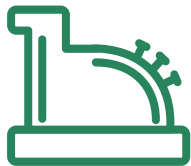
**23 MILLION CLAIMS**

6M MEDICAL + 17M RX CLAIMS IN FY 2022

**+\$11 MILLION** PER DAY  
IN TOTAL CLAIMS PAID IN FY 2022



**79%** OF 1,238 PUBLIC  
EDUCATION EMPLOYERS



**\$1** EVERY \$1 IN HEALTH  
CARE SPENDING  
GENERATES **\$3.56** IN  
ECONOMIC ACTIVITY

**6,234** BABIES BORN  
IN FY2022



## Providing High-Value Benefits Tailored to Educators

TRS designs benefits that reflect the unique needs of public education employees and their families with the objectives of improving access to care while reducing unnecessary costs. We recognize that access to affordable, quality medical care has a large impact on the daily lives of our participants.

That's why we engage with education employers, retirees, and active employees throughout the year. We do this through the TRS-Care Retirees Advisory Committee (RAC), in-person and virtual events, accessible complaint procedures, and customer service surveys. The information we gather from these initiatives help us make informed plan changes each year.

### Addressing These Unique Needs:

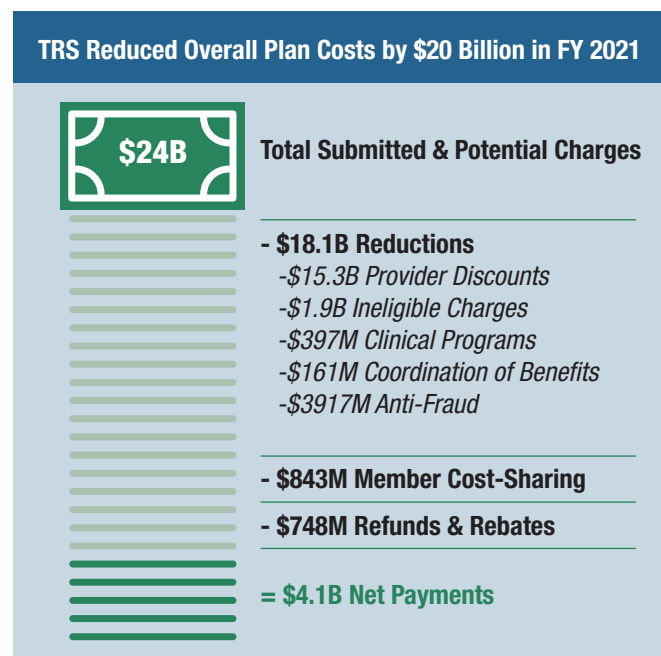
Active working population	
2/3 female and average age of 44 among enrolled employees	Education about preventive benefits and recommended health screenings available at no cost
Hard to get away for care during workday	Telemedicine on plans and at no cost on primary-care driven plans
They are on their feet	Back and joint pain therapy (in person and virtual) offering care at no cost; year-one pilots in DFW and Houston regions
Demanding, high-stakes work	Mental health benefits including virtual and office-based therapy for low copays on primary-care driven plans
Many women in childbearing years	Proactive communications about prenatal care and support through Ovia Health; personal support for high-risk pregnancies and 24/7 Nurseline
Often cover children on their plan	Reduced premiums for tiers that cover children in the FY 21 year
Retired population	
2/3 female and average age of 72 among policy holders	Education about preventive benefits and recommended health screenings available at no cost
Greater reliance on health benefits	Emphasis on member outreach, customer service excellence, and reducing barriers to access through telemedicine and new HouseCalls program where providers come to Medicare-eligible members' homes
More value on broader network of providers	Broad networks on plans and Medicare-eligible participants can see any provider that accepts Medicare

## We Increase Value by Diligently Managing Costs

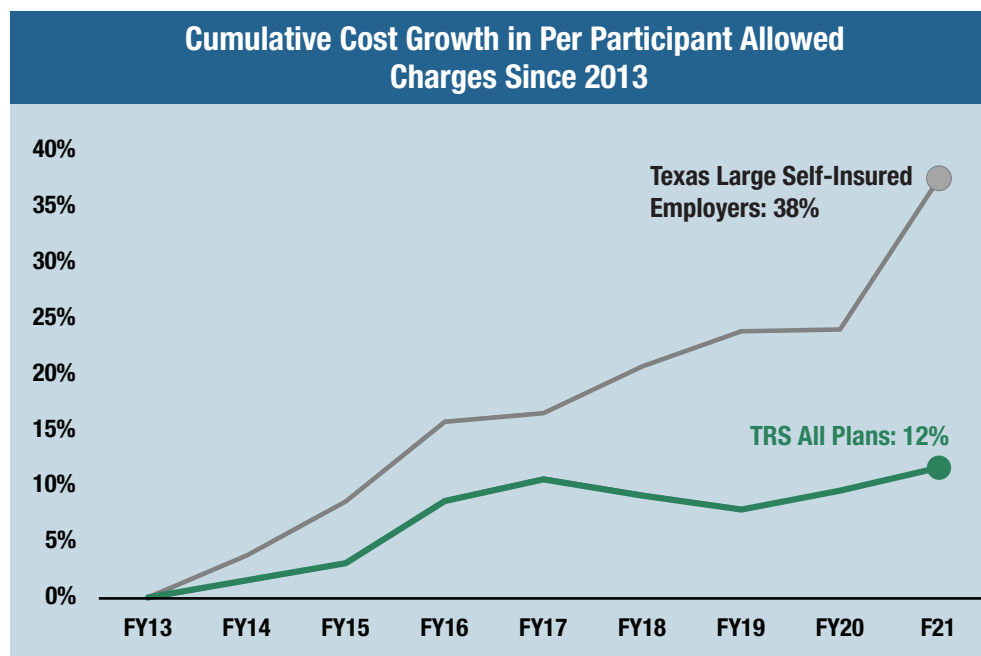
TRS saved \$20 billion in fiscal year 2021 through cost containment strategies which allows for the plan to pay out more in claims. We:

- access market-leading discounts through our contracts with best-in-class medical administrators and pharmacy benefit managers.
- have measures in place to ensure we pay for medically necessary care.
- offset costs through sizable rebates and refunds.
- reduce the amount that TRS' plans pay toward care through member's out-of-pocket costs. See Appendix M for detail on TRS-Care cost-sharing.

**Year over year, these cost management practices mean that TRS has experienced only 1/3 the growth of member cost-sharing that peers have seen.**



Note: Clinical programs and anti-fraud estimates are based on estimates provided by TRS vendors.



Note: Allowed charges represent the cost to both the plan and the participants. TRS plans include all self-insured plans. Milliman data for Texas ASO does not include pharmacy rebates. Excluding rebates from All TRS Plans would increase growth to 17%. The comparison does not adjust for changes in plan design or demographics over time.



## TRS' Low Administrative Costs Means More Funds Go to Health Care

**Our cost efficiency means 97% of all the funds we receive go directly toward health care.**

In fiscal year 2022, more than 97% of TRS health funds directly paid for medical and prescription drug claims. Only 2.76% of funds went to administrative costs. This included the costs of TRS employee salaries and vendor expenses. By managing the plans efficiently, we ensure that nearly all funds go toward health care for our participants.

To ensure participants can access their benefits and get timely answers to their questions, TRS contracts with market-leading vendors to administer benefits and holds them to high standards of service.

This includes procuring and working with medical and pharmacy carriers so claims are paid correctly and on time, suspicious claims are investigated, and benefits are cost-effective and high quality .

Employers with a smaller number of participants often need to purchase fully insured products to provide these services. The administrative costs for these can be as high as 15% of expenses.

By spreading risk across many employers and participants, TRS offers competitive, cost-efficient products. We pay claims directly and absorb the cost of processing claims, providing customer service and developing networks with

carriers for all our health plans. Even with fully insured products, TRS negotiates favorable terms and minimizes administrative costs. These cost savings are passed on to participants, ensuring more medical care can be provided for each premium dollar.

In addition to procuring medical administrators and pharmacy benefit managers, we share data and insights with employers and the legislature about the plans. This data provides districts with insights on the health of their employees as well as the strength of the program.

TRS uses best practices in customer service and communications to help participants understand the plans and make cost-effective health care decisions.

By providing these services, we remove the burden from employers of having to procure them on their own.

### Lowering Costs By:



*Claims are paid correctly and on time.*



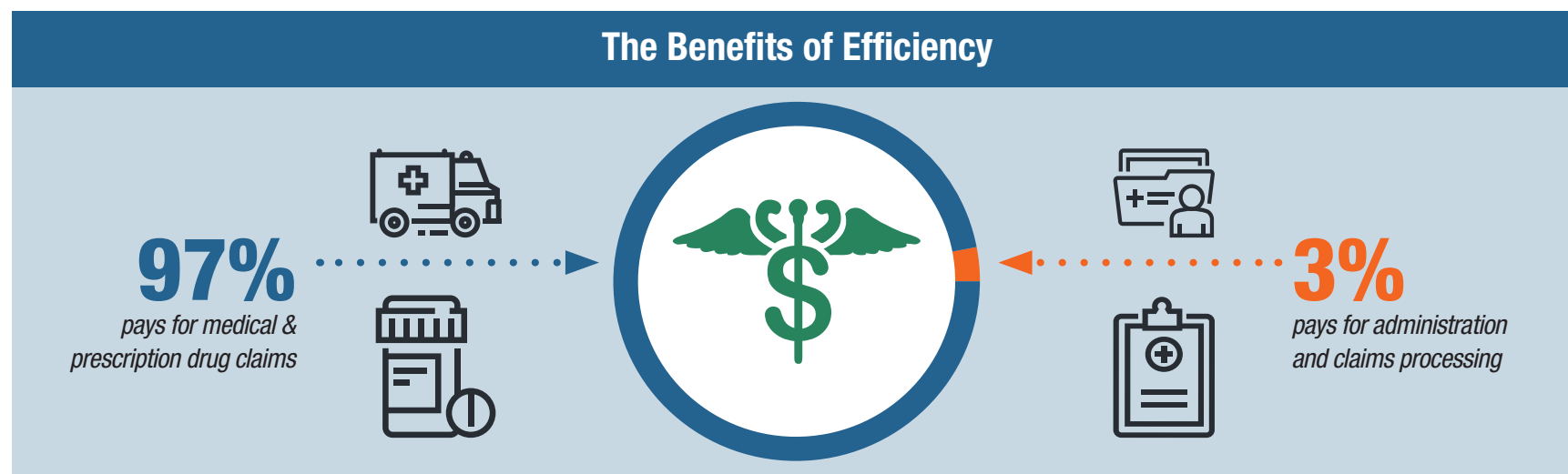
*Suspicious claims are investigated.*



*Benefits are cost-effective and high quality.*



## Maintaining Low Administrative Costs Means More Funds Go to Health Care (continued)

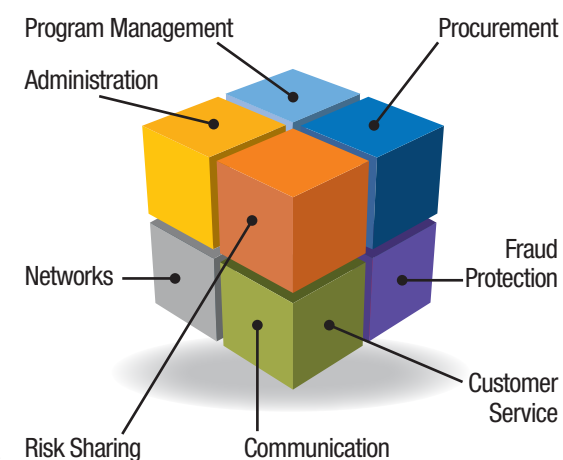


### What's Included in the Nearly 3%

- **Program Management:** Benefits planning, cost containment measures, actuarial expertise, research and data analysis.
- **Administration:** Vendor management, claims processing, budget, plan operations, implementation of legislation, compliance.
- **Networks:** Broad, robust network of providers; strategies to promote use of high-value health care.
- **Risk Sharing:** Spreading risk across many employers and participants promotes stability and cost-efficiency.

- **Procurement:** Contracting with market leading vendors for robust networks and competitive drug prices.
- **Fraud Protection:** Analysis and audits to protect plan resources.
- **Customer Service:** Timely, high-quality service addressing participant questions; dedicated support personnel for districts; providing employers with insights and data.
- **Communication:** Comprehensive communications for participants and employers to educate about benefits and resources.

### The Building Blocks of Administration and Claims Processing



# TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability

## TRS Retained 90% of Districts in Year One and 99% in Year Two of New Law Providing Districts with More Choice

The 87<sup>th</sup> Texas Legislature passed Senate Bill 1444 (SB 1444) in 2021, giving public education employers more flexibility when choosing their health care while also protecting the stability of TRS-ActiveCare.

Prior to SB 1444, state law did not allow employers to opt out of TRS-ActiveCare. The new law means that an employer that participates in TRS-ActiveCare can routinely evaluate their options and decide to remain in the program or leave. Districts are required to notify TRS by Dec. 31 of the year preceding the first day of the plan year in which the election will be effective of their intention to join or leave TRS-ActiveCare effective Sept. 1 of the following year.

In its first year of enactment:

- 90% of participating employers chose TRS-ActiveCare for the 2022-23 plan year,
- TRS retained 90% of districts in year one and 99% in year two, and
- leaving our scale and stability unmatched in the market.

Employee enrollment increased by 22.8K within employers that stayed in TRS-ActiveCare, and employee enrollment decreased by 30.9K within employers that left, creating a net decrease of 8.1K.

In the second year, TRS retained 99% of districts for the 2023-24 plan year:

- Only 14 districts notified TRS of their intent to leave,
- Three districts elected to join TRS-ActiveCare for the plan year that starts on Sept. 1, 2023, and
- TRS-ActiveCare will continue to maintain its scale.

While SB 1444 allows current participating employers to leave TRS-ActiveCare, once an employer leaves, they must remain out for at least five years. It also allows nonparticipating employers to join for a minimum of five years. **Additionally an employer that participates in TRS-ActiveCare cannot offer any alternative group health coverage. These provisions protect the stability of TRS-ActiveCare.**

TRS continues to engage and educate districts about their options and how TRS-ActiveCare compares to other options for employee health coverage in the market.

## After SB 1444: Year One

90%

90% of participating employers chose TRS-ActiveCare for the 2022-23 plan year.

97%

TRS retained 97% of TRS-ActiveCare's membership.



Our scale and stability is unmatched in the market.

## After SB 1444: Year Two

14

14 districts notified TRS of their intent to leave.

3

Three districts joined TRS-ActiveCare for the plan year that starts on Sept. 1, 2023.



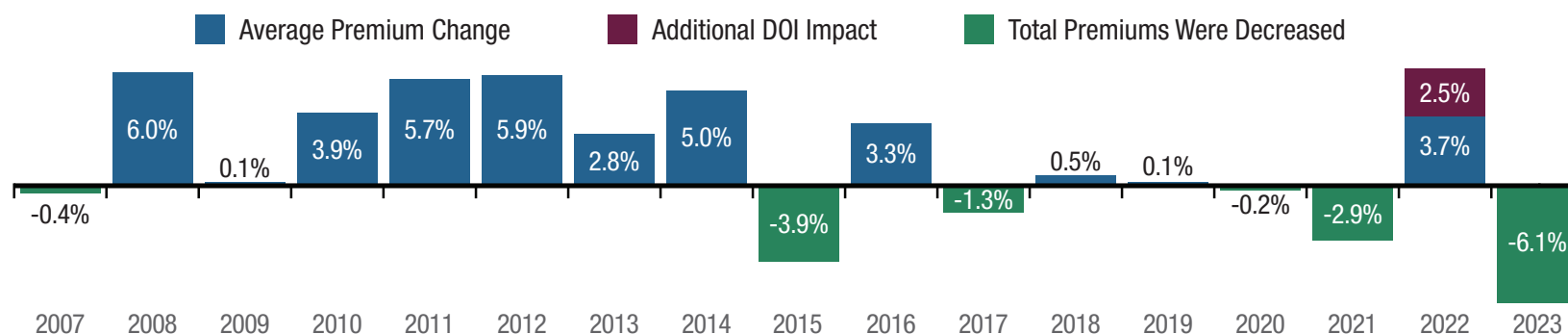
TRS-ActiveCare will continue to maintain its scale.

## TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability (continued)

### TRS Worked with State Leadership to Prevent Rate Increases With Federal Funding

- To improve affordability and support educators dealing with the pandemic, TRS covered certain out-of-pocket costs during the pandemic and secured an appropriation of federal funds for COVID-19 related expenses.
- State leadership appropriated a total of \$721M to TRS, with \$638M directed to offset costs in TRS-ActiveCare, allowing TRS to avoid any increase in premiums and to decrease rates in many regions of the state. The remaining \$83 million was directed to TRS-Care.
- TRS lowered the statewide premium average to prevent employers from experiencing a rate increase while still regionally rating the plans. The average premium collected by TRS for each employee across the state decreased by approximately 6.1%.\*

### Effective Change in Average Total Premium from Prior Fiscal Year



Note: This chart shows the change in the average premium per employee based on actual enrollment. FY2023 is estimated based on September 2022 enrollment and premiums.  
DOI = Districts of Innovation offering competing coverage alongside TRS-ActiveCare. SB 1444 prohibited by districts from offering coverage alongside TRS-ActiveCare effective Sept. 1, 2022

Source: <https://house.texas.gov/media/pdf/committees/reports/86interim/Pension-Committee-Interim-Report-2020.pdf>

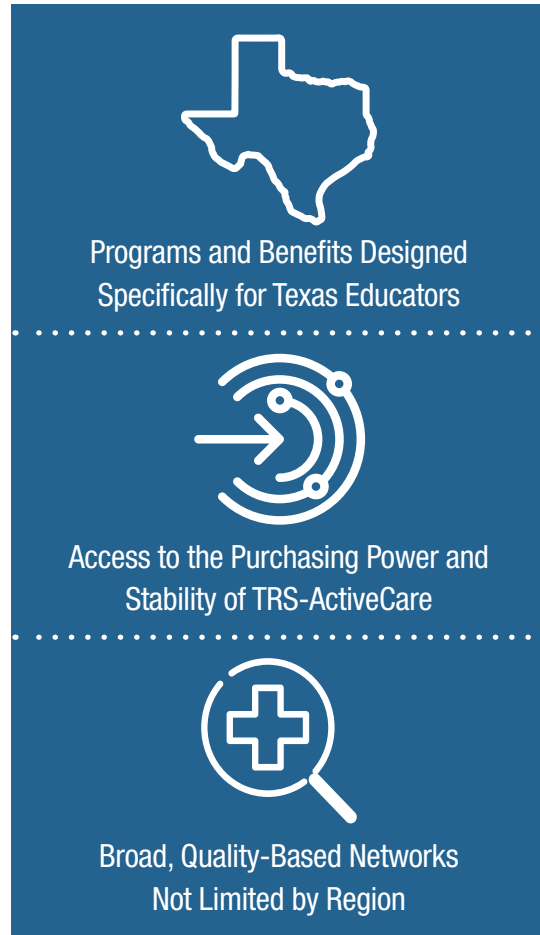
\*Preliminary estimates for FY2023 based on enrollment decisions made by employees for September 2022.

## TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability (continued)

Effective Sept. 1, 2022, TRS implemented regional rating to reflect that the rates across regions was based on their actual cost difference in the TRS-ActiveCare population and claims cost in that region.

If an employer gets a bid for coverage outside of TRS-ActiveCare, that bid will be based on the local cost of care. Regional rating ensures TRS-ActiveCare premiums are competitive in every region of the state.

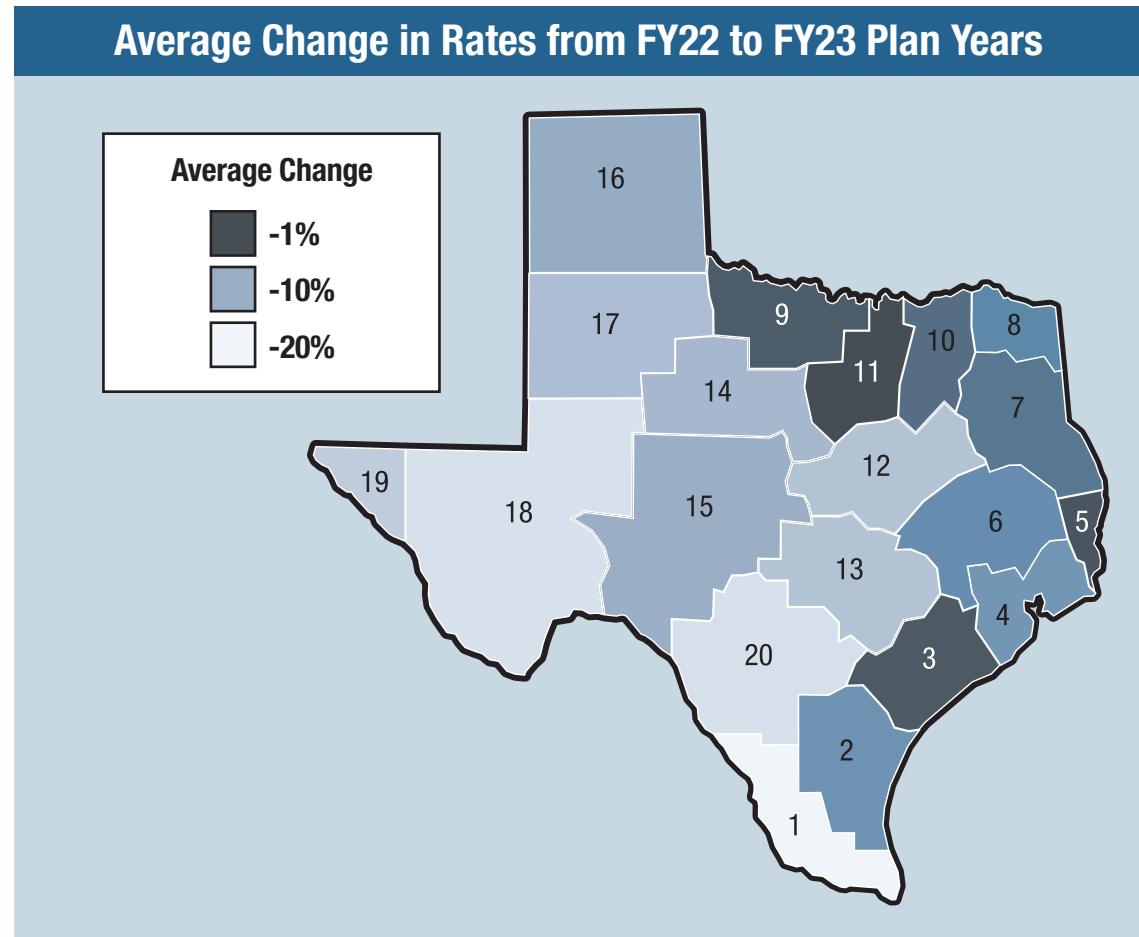
While the price of premiums is regional, participants still enjoy the same plan options, networks, and large statewide risk pool. Education employers get a more competitive health care choice with unique aspects.



Programs and Benefits Designed Specifically for Texas Educators

Access to the Purchasing Power and Stability of TRS-ActiveCare

Broad, Quality-Based Networks Not Limited by Region



Source: "TRS Health Benefits Report 2021" (Teacher Retirement System of Texas, April 2022)

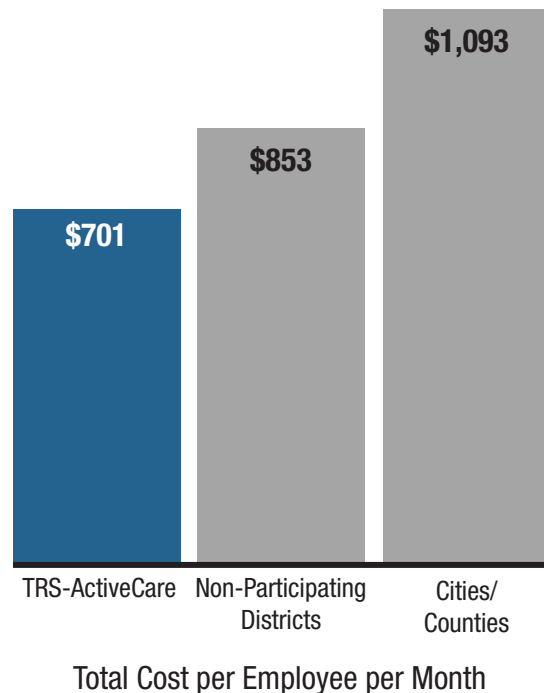


## TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability (continued)

Federal funding appropriated to TRS meant the rates TRS charged to employers in FY 2023 are below market. Additionally, based on a comparison, without the inclusion of federal funds, of TRS-ActiveCare to 235 plans by other public employers in Texas, TRS-ActiveCare total costs are 18% lower per employee per month in the 2022-23 plan year.

***TRS-ActiveCare  
total costs are 18%  
lower per employee  
per month***

This is compared to public education employers and even lower compared to cities and counties. Total costs include employer and employee contributions and average out-of-pocket costs through deductibles, coinsurance, and copayments.



Legislature appropriated \$638M to TRS



Federal funds helped TRS maintain or lower premiums for employers

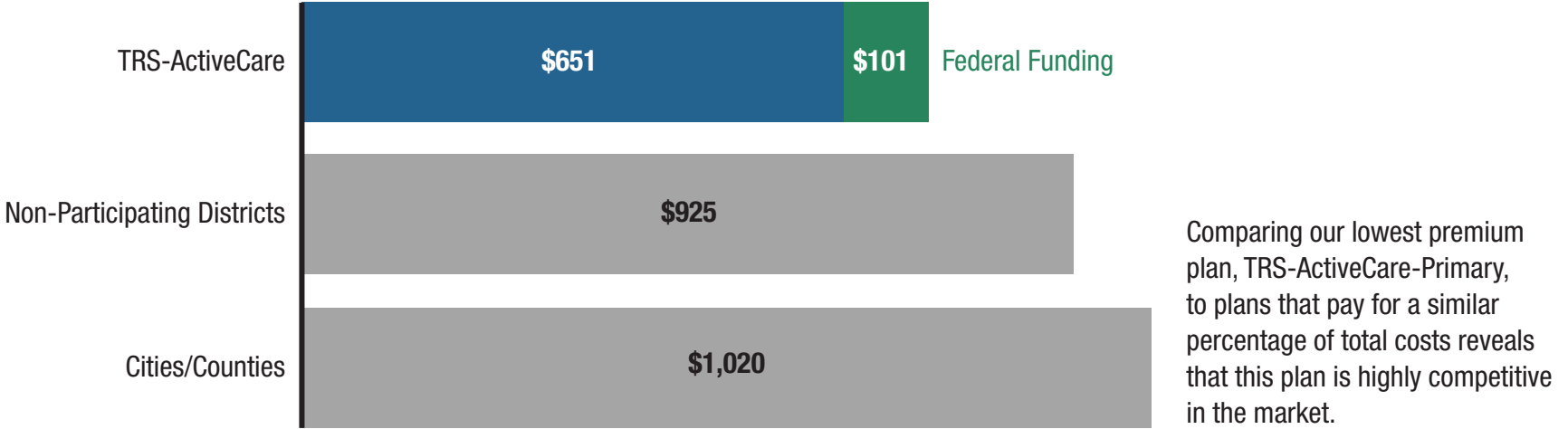
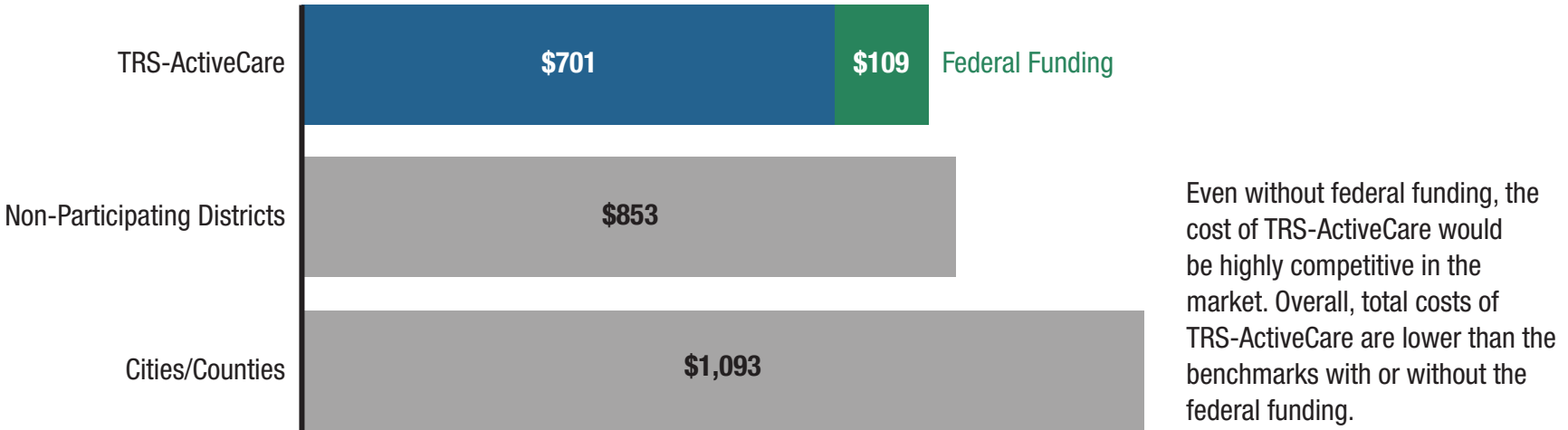


Equates to an annual savings of \$1,500 for educators (on average)

This significantly improved affordability for employees.

TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability (continued)

Even Without Federal Funding, TRS is Competitive in the Market with Employers



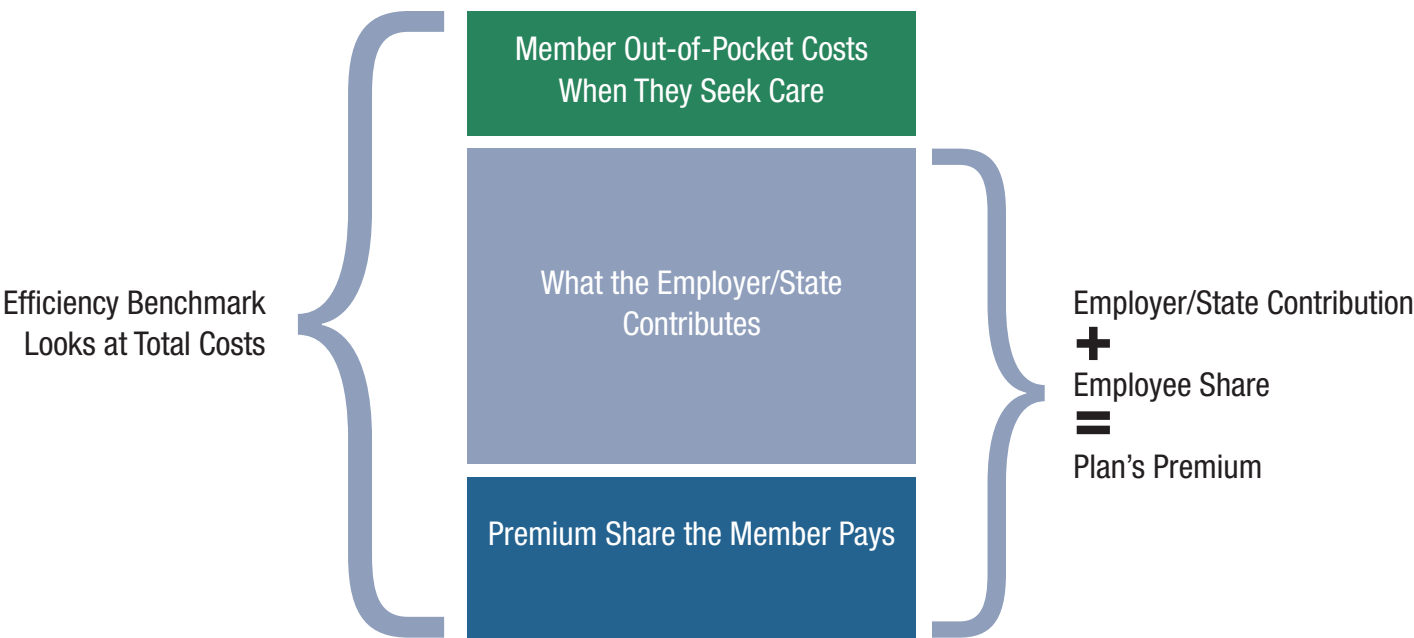
Note: Similar plans are based on the percentage of claims (actuarial value) paid by the plan. This was defined as having an actuarial value +/- 3% of TRS-ActiveCare-Primary.

# With the Move to Regional Rating, TRS Total Costs are Competitive in All Regions of the State

TRS conducted a benchmark study that compared TRS-ActiveCare plans with other plans in nonparticipating education employers, and city and county employers. It included 235 plans across 120 public employers in Texas. Multiple items were examined during the study.

The graphic below shows the contribution comparison by plans across all the ESC regions. Overall, even with higher out-of-pocket costs, TRS-ActiveCare plans are competitive in every region.

- The study benchmarked plans by their efficiency, which looks at total costs. Plan efficiency:
- Measures how efficient plans are by comparing total costs.
  - Captures the amount of health care each dollar buys.
  - Allows for apples-to-apples comparisons across plans by controlling for differences in benefits.



## With the Move to Regional Rating, TRS Total Costs are Competitive in All Regions of the State (continued)

The findings in TRS' study are consistent with findings in a study required by Rider 21 in the General Appropriations Act (87<sup>th</sup> Regular Session).

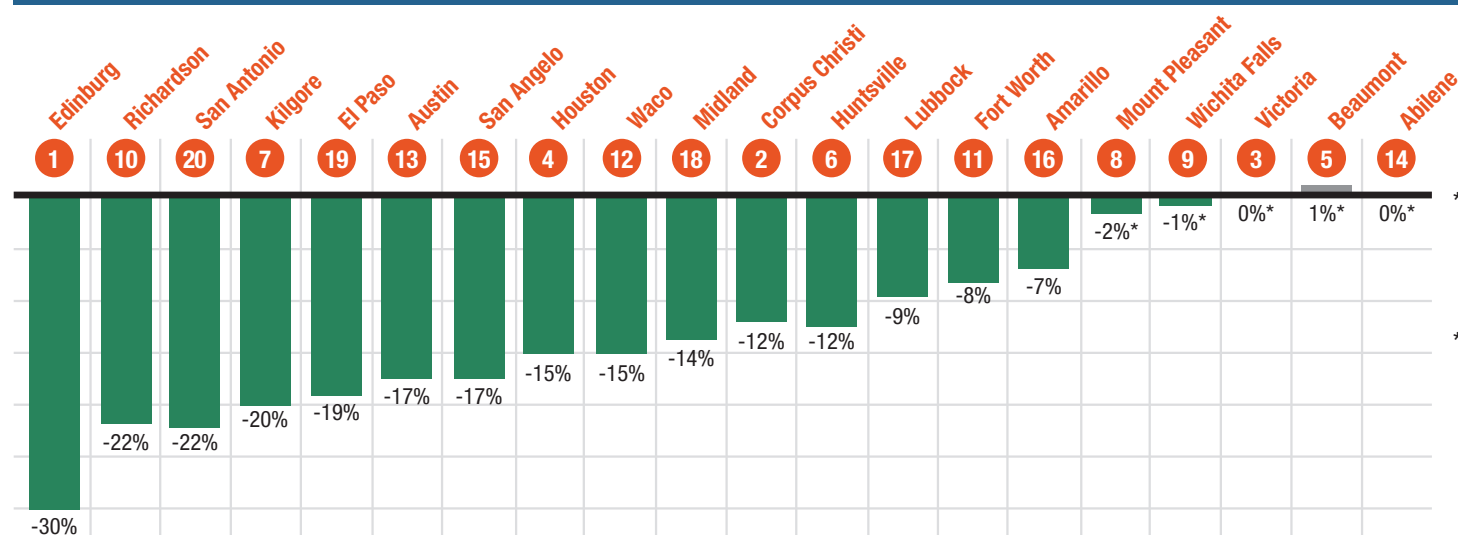
The legislature directed TRS to engage a third-party vendor to examine alternative methods to deliver current benefits supplied under TRS-ActiveCare. TRS selected Segal for the study. Segal provides comprehensive health care consulting to 24 state level health plans.

Segal benchmarked TRS-ActiveCare within Texas and nationally and found:

- “TRS-ActiveCare total premiums are lower than peer states and national state averages”
- “TRS is operating efficiently and is more cost-effective than the comparative groups”
- “Low state and employer funding leads to higher costs for members”
- Areas for alternative methods of delivery include:
  - Specialty drug cost containment,
  - Clinical programs like oncology second opinion,
  - Tiered networks and alternative payment arrangements,
  - Account based plans or flexible design options for districts, and
  - Pricing by district instead of region.
- TRS staff are exploring the most promising areas for positive impact.
- The study is at <https://www.trs.texas.gov/TRS%20Documents/rider-21-alternative-benefits-study.pdf>.

Below is the comparison by plans across all the ESC regions. Overall, even with higher out-of-pocket costs, TRS-ActiveCare plans are competitive in every region.

### TRS-ActiveCare is Competitive in All Regions



\*No public information was available for plans offered by nonparticipating districts in ESC 14 (Abilene).

\*Number of nonparticipating districts is lower than average in ESC regions 3, 5, 8, 9.

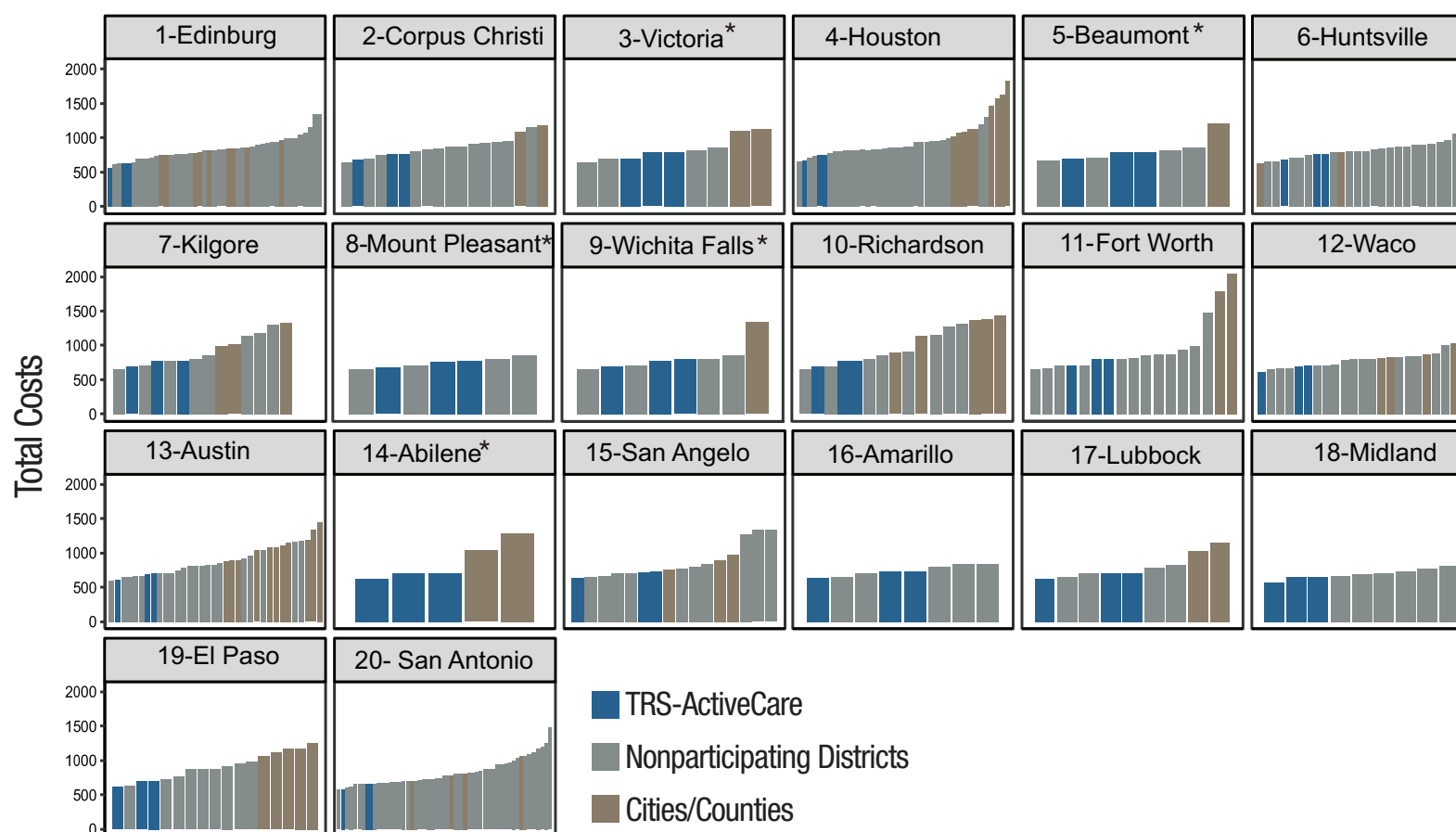


## With the Move to Regional Rating, TRS Total Costs are Competitive in All Regions of the State (continued)

Each chart corresponds to an ESC region in TRS-ActiveCare. Each blue bar represents the total costs of a single TRS-ActiveCare plan. Each gray bar represents one plan at Nonparticipating Districts, and each brown bar represents one plan at a city/county.

TRS' Total Cost reflects costs to employers and employees and is after federal funding provided to TRS. The number of nonparticipating employers included in this study is limited in ESC Regions 3, 5, 8, 9, and 14.

TRS ActiveCare is competitive in every region compared to districts that do not participate in TRS-ActiveCare and cities and counties in the regions.



Each Bar represents one plan at Nonparticipating Districts/Cities and Counties. TRS Total Cost reflects costs to employers and employees and is after federal funding provided to TRS.

\*Number of nonparticipants included in study is limited in ESC Regions 3,5,8,9,14

### TRS Engaged District Leaders and Shared Data and Benchmarking Reporting

With the transition to regional rating, and with high stakes for districts shopping for their own coverage, TRS aims to partner with employers. We provide them with reliable data to compare the cost of TRS plans to market plans. We expanded the type of claims data we provide to districts and show them actionable data to see what drives cost in their regions.


TRS also presents benchmarking information to compare regional costs in claims, such as nonemergent emergency room (ER) usage. This allows individual districts to determine where they need more education or research into what drives costs.

We further support employers in TRS-ActiveCare by providing benefit and wellness resources so they can educate their employees. In fiscal year 2022, TRS and its vendors sent about 600,000 care reminders and members completed about 308,000 preventive visits.


TRS held a virtual statewide summit, seven in-person regional roundtables, and one health care forum with a health economics expert keynote speaker in 2022. The purpose of these events was to engage district leaders. These events explained regional rating, health care cost drivers in each ESC region, results of the benchmarking study, and how hospital pricing impacts health care costs.

TRS and Blue Cross and Blue Shield of Texas (BCBSTX) also worked together to create a District Ambassador (DA) program. The DAs are a concierge service for employers. We set up the District Ambassador (DA) program so districts can get ahead of cost driver concerns. DAs work directly with district leadership to elevate programs and create plans to address their schools' unique needs. They also support them by attending benefits fairs and facilitating benefits presentations.


### In 2022, DAs Provided the Following Support to Districts




Interacted with districts **6,417** separate times



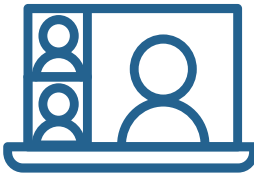
Corresponded via email **4,878** times



Completed **510** in-person visits including **17** conferences



Answered **936** phone calls initiated by the districts

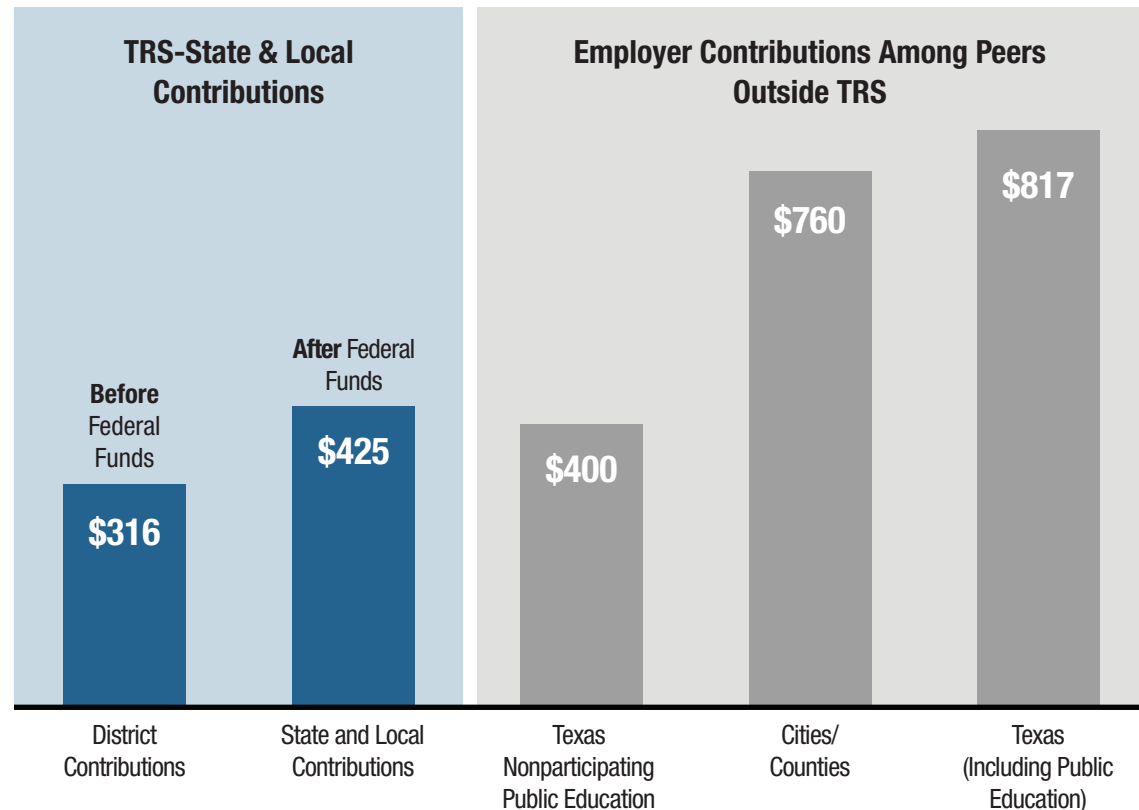


Attended **76** virtual events

## TRS-ActiveCare: Initiatives to Improve Competitiveness of Premiums and Promote Affordability

### Long term affordability for employees remains a major issue

- Without replacing one-time federal funding, the percentage of costs paid by employees will increase substantially in TRS-ActiveCare. Employers in TRS-ActiveCare contribute significantly less than other employers. Employers in Cities/Counties contribute on average \$760 per month, which is about 70% of total cost. This is more than double the \$316 that employers within TRS-ActiveCare contribute, which represents about 39% of the total cost.
- As a result, employees in TRS-ActiveCare contribute 48% toward the total cost. This would be even higher without federal funding.



**30%** Typical share of costs paid by employees in Cities/Counties in Texas

**55%** Employee share of costs paid in TRS-ActiveCare in 2021-22

**48%** Employee share of costs paid in TRS-ActiveCare in 2022-23 after one-time federal funding

## TRS-ActiveCare: Funding Comes Through Schools

Employees' ability to afford health care depends in large part on their share of the premium after the employer and state's contribution. With the exception of recent federal revenue, funding for TRS-ActiveCare is distributed exclusively through the school finance formulas. The legislature, therefore, appropriates funding for schools through the Texas Education Agency. In 2001, state law set the district contribution to TRS-ActiveCare at a minimum of \$150 and the state contribution at \$75 for a total contribution of \$225 per person per month.

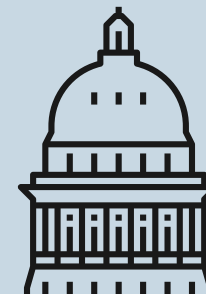
For TRS-ActiveCare, TRS only receives money transferred by school districts to TRS, with the exception of the recent appropriation for COVID-19 expenses. As a result, TRS has no control over how much money is available to ensure employee premiums remain affordable. Instead, TRS sets the total premiums to ensure adequate funding for benefits. Education employers then determine how much they contribute toward their employees' premiums. Education employers use a mix of state and local funding to make this minimum contribution of \$225 to TRS. Employees pay the remainder of the premiums, which vary by employer.

***Minimum funding is based on a 2001 law — not the cost of health care.***

When TRS-ActiveCare was created, a \$225 state and district contribution per employee was equivalent to 90% of the cost of the state employee health plan administered by the Employees Retirement System of Texas (ERS).

To purchase the basic plan offered by TRS, it was anticipated that \$225 would allow TRS to offer a \$0 premium for employee-only coverage. Public education employees also received pay raises so they could purchase a more comprehensive plan equivalent to state employee coverage.

***TRS does not fund our health programs, rather we pay claims through employees' monthly contribution and district and state contributions.***



**School Finance Formulas**





## TRS-ActiveCare: Funding Comes Through Schools (continued)

However, the \$75 state contribution and \$150 employer minimum contribution has not changed since the creation of TRS-ActiveCare in 2001. If adjusted for general economywide inflation, the minimum would be \$362 in 2022 (GDP price deflator). This means the current average employer contributes less than the original minimum contribution amount. If the minimum district contribution in 2022 were \$362, then 71% of employees in

- TRS-ActiveCare would see an average
- reduction of \$776 per year in their
- premiums. The current average employer
- contribution of \$321 in fiscal year 2023 has
- grown since 2001 but has not kept pace
- with inflation.
- Health care costs have risen at higher rates
- than general inflation in the economy. In the
- 2022 [Texas TRS Alternative Benefits Study](#)
- required by budget rider 21 to General
- Appropriations Act, Segal Consulting

- added: “If additional funding was allocated
- to make up the 20-year gap, the total
- state and employer contribution would
- be approximately \$600 per employee per
- month, with the split between the state
- and public school employers needing to be
- decided by the legislature. With this amount
- of funding, contributions and plan designs
- could potentially be changed to allow them
- to be more consistent with the 2001 intent
- of the TRS-ActiveCare program.”



## TRS-ActiveCare: Funding Comes Through Schools (continued)

While recently appropriated federal funds improved affordability for employees, the use of one-time federal funds to maintain and reduce premiums creates a need for significant premium increases for the 2023-24 plan year, and future years if funds are not replaced.

- Based on projections made in the summer of 2022, total premiums for TRS-ActiveCare would need to increase on Sept. 1, 2023 by between 22% and 28% to cover medical care and prescription drugs for participants. TRS has worked to explain this dynamic to stakeholders

- and the potential impact of future premium increases on employees covered by TRS-ActiveCare.



### Average Monthly Teacher Salary: \$4,907

Employee Only Contribution FY23	<b>\$80</b>	▶ Employee Only Contribution FY24	<b>\$167</b>	Change from 2023-24	<b>\$87</b> ▲	Premium % of Salary	<b>3%</b>
Employee & Children Contribution FY23	<b>\$395</b>	▶ Employee & Children Contribution FY24	<b>\$552</b>	Change from 2023-24	<b>\$157</b> ▲	Premium % of Salary	<b>11%</b>
Employee & Family Contribution FY23	<b>\$1,002</b>	▶ Employee & Family Contribution FY24	<b>\$1,296</b>	Change from 2023-24	<b>\$294</b> ▲	Premium % of Salary	<b>26%</b>

*Without additional funding, monthly premiums will increase by ~\$300 for teachers covering their family and require **26% of income** on the lowest cost plan.*



### Average Monthly Auxiliary Employee Salary: \$2,464

Employee Only Contribution FY23	<b>\$80</b>	▶ Employee Only Contribution FY24	<b>\$167</b>	Change from 2023-24	<b>\$87</b> ▲	Premium % of Salary	<b>7%</b>
Employee & Children Contribution FY23	<b>\$395</b>	▶ Employee & Children Contribution FY24	<b>\$552</b>	Change from 2023-24	<b>\$157</b> ▲	Premium % of Salary	<b>22%</b>
Employee & Family Contribution FY23	<b>\$1,002</b>	▶ Employee & Family Contribution FY24	<b>\$1,296</b>	Change from 2023-24	<b>\$294</b> ▲	Premium % of Salary	<b>55%</b>

*Without additional funding, monthly premiums will increase by ~\$300 for educators covering their family and require **55% of income** on the lowest cost plan.*

## TRS Offered New Ways to Access High-Value Benefits at a Lower Total Cost in FY 2023

Beyond securing federal funding and explaining the ongoing funding dynamics to the legislature, TRS has been working to identify high-value benefits that can improve access to high quality, affordable care:

### • **Virta Health Diabetes Reversal Program**

Virta Health is a diabetes reversal program TRS offers to TRS-ActiveCare and TRS-Care Standard participants with high health care costs. Virta is research-backed treatment proven to help participants reverse type 2 diabetes. TRS-Care Standard fully covers Virta's treatment cost, valued at over \$3,000, for eligible participants, spouses and adult dependents with type 2 diabetes.

### • **Prudent Rx Specialty Copay Program**

PrudentRx helps participants enroll in manufacturer copay assistance programs. TRS implemented PrudentRx on Primary, Primary+ and AC2 on Sept. 1, 2022 and will implement Prudent Rx for TRS-Care Standard on Jan. 1, 2023. Prudent Rx is currently not available for TRS-ActiveCare HD.

TRS is aligning its specialty drug coinsurance for Primary+ and TRS-ActiveCare 2 from 20% and 25% to 30% for drugs not eligible for PrudentRx to reduce complexity.

For members enrolled in PrudentRx, out-of-pocket cost for prescriptions covered by PrudentRx will be \$0. Specialty drugs not on the PrudentRx list will have 30% coinsurance.

### • **Airrosti and Hinge Musculoskeletal Alternative Care Pilot Programs**

TRS implemented two musculoskeletal (MSK) alternative care programs through service providers Airrosti and Hinge Health. These providers offer at-home treatment programs to target pain in the back, neck, hips, knees, arms, feet, and more. Participants get relief with a variety of at-home exercises and physical therapy. It's included in TRS-ActiveCare with no member cost sharing. TRS is piloting the programs in Texas Education Service Center Regions 4, 6, 10, and 11 from September 2022 to August 2023.

For more specifics about TRS health plans in the 2022-23 plan year, please refer to 2022-23 Regional Plan Highlights ([www.trs.texas.gov](http://www.trs.texas.gov)) on the TRS website.





## TRS-Care Improved Affordability and Access

The TRS-Care fund continues to grow and be in a strong positive position due to revenue and enrollment trends, active plan management, and infusion of one-time federal funds to offset COVID-19 related expenses. See Appendix N for more information about the TRS-Care fund balance.

- **Lower Deductibles and One-Time Payments**
- During COVID-19, TRS covered out-of-pocket costs at 100%. To reimburse these expenses, the 87th Texas Legislature appropriated TRS \$83 million in federal funding to reimburse TRS for its COVID-19 related claims using federal funding. This improved the fund balance of the TRS-Care fund, allowing TRS to provide a one-time payment of \$448.12 to all the TRS-Care policyholders. TRS distributed the one-time TRS-Care payments on March 18, 2022.
- TRS works to enhance benefits for members while maintaining the strong position of the fund and made a number of enhancements to enrich benefits for retirees in the 2022 plan year. Beginning Jan. 1, 2023, the TRS-Care Medicare Advantage plan lowered the annual medical deductible from \$500 to \$400.

Year	Premium Update	Benefits Update
2022	No changes to premiums	<ul style="list-style-type: none"> <li>• No reductions to benefits</li> <li>• TRS-Care Medicare Advantage (MA) — One-time reenrollment opportunity began on 1/1/22 and ends on 12/31/23</li> <li>• TRS-Care Standard (CS) — Insulin copays capped at \$25 for 31-day supply and \$75 for 90-day supply</li> <li>• CS — Diagnostic mammogram is now covered at 100% and expands from age 40 to 35</li> <li>• CS — Colorectal screening age changed from age 50 to age 45</li> <li>• CS Virtual Health — Teladoc charges \$42 per visit, which applies toward the deductible. Once the deductible is met, the plan pays 80% and the participant pays 20%. RediMD has been added as a virtual health provider and charges \$30 per visit, which applies toward the deductible</li> </ul>
2023	No changes to premiums	<ul style="list-style-type: none"> <li>• MA — Lower \$400 deductible down from \$500</li> <li>• MA — Participants can now get an eyeglasses benefit or contact lens allowance once every 12 months instead of every 24 months</li> <li>• MA — Participants will get a free \$200 hearing accessory with the purchase of a premium hearing aid.</li> <li>• CS — Teladoc copay changed from \$30 to \$42. Once the participant meets their deductible, the plan pays 80% and the participant pays 20%.</li> <li>• CS — RediMD added at \$30 copay</li> </ul>

## Opportunity for Reenrollment

House Bill 2022 (87<sup>th</sup> Regular Session) amended Texas Insurance Code 1575.161 to provide a one-time reenrollment opportunity for TRS-Care retirees. The statute provides a one-time reenrollment opportunity for former Medicare-eligible TRS-Care retirees who voluntarily terminated their coverage between Jan. 1, 2017, and Dec. 31, 2019. Returning retirees can also add eligible

- dependents when they reenroll.
- TRS identified and informed around 35,000 eligible participants in the Fall of 2021, informing them of the one-time opportunity.
- TRS also held three “Returning to TRS-Care” sessions and created a special webpage for participants to get more information about the plan.

- As of Oct. 1, 2022, TRS sent 475 reenrollment applications to eligible retirees and 370 successfully enrolled in TRS-Care Medicare. The deadline to reenroll in the plan is Dec. 31, 2023. TRS will continue to inform members about this option.

## TRS-Care Health Fairs – A New Way to Engage with Retirees

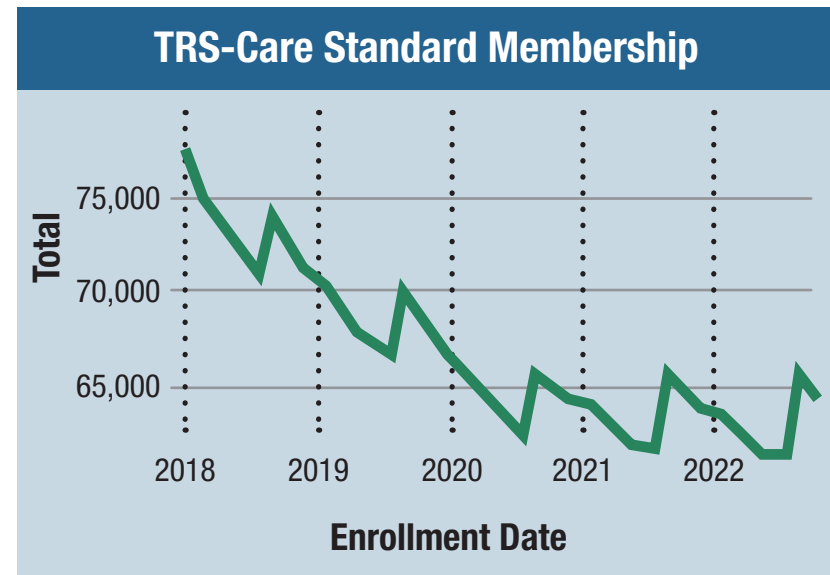
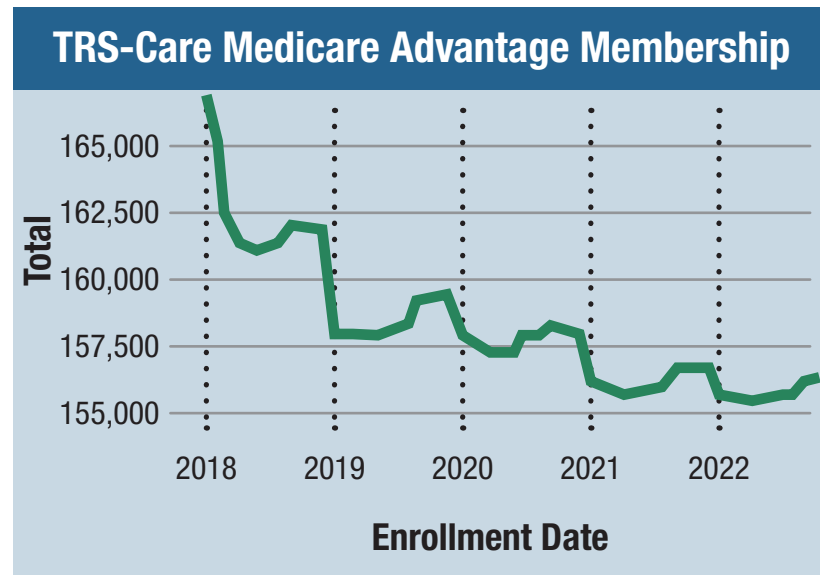
TRS traveled across the state with its health vendors to conduct a series of in-person health fairs, after two years of holding virtual only meetings. TRS and its health plan vendors shared critical information on TRS-Care health benefits. Retirees got a chance to talk in person with vendors, learn about their wellness options and get a head start on Medicare. In 2022, TRS hosted 11 in-person health fairs and 10 virtual webinars for retirees who couldn’t attend in person. About 1,100 participants attended the in-person health fairs and 1,648 attended virtual events.



## TRS-Care Enrollment Trends

### Enrollment Trend

For FY2022, approximately 156,000 participants were enrolled in the TRS-Care Medicare plans and 63,000 participants were in the TRS-Care Standard plan. Enrollment in the TRS-Care Standard plan typically increases in July and August each year. Enrollment increased by 3% from June to August 2022 with much of this enrollment (73%) coming from people transitioning from TRS-ActiveCare.





## Through Engagement, TRS Helps Members and Employers Make the Most of Health Benefits

TRS deploys a variety of communication and engagement initiatives to ensure participants and employers know their health benefits. This includes targeted clinical messages, monthly digital newsletters, in-person and virtual information meetings, online resources and responding to participant questions.

### Fiscal Year 2021 Activities



**1,100** *Health Fair Attendees*



**7** *Outreach Events for District Leaders*



**600,595** *Preventive Care Reminders*



**307,250** *Preventive Visits*



**1,648** *Virtual Webinar Attendees*



## TRS' Strategic Plan for Health Care

TRS' goal is to promote access to competitive, reliable health care benefits for our participants. We strive to achieve this in three primary ways:

### Communicate Funding Needs



- *Communicate affordability and sustainability issues in legislative briefings*
- *Serve as a trusted resource and engage with policymakers on health care funding*



### Increase the Value of Health Care



- *Identify opportunities to increase the use of high quality, highly efficient medical providers*
- *Educate primary care providers about ways to use high-value specialists*
- *Continue to put contracts out to bid when market conditions suggest potential improvements in pricing*



### Improve Participant Health



- *Increase engagement with high-quality primary care providers*
- *Continue outreach to participants about availability of no-cost preventive care*
- *Increase the use of value-based contracts that focus on provider quality for key conditions such as low back pain and bariatric surgery*

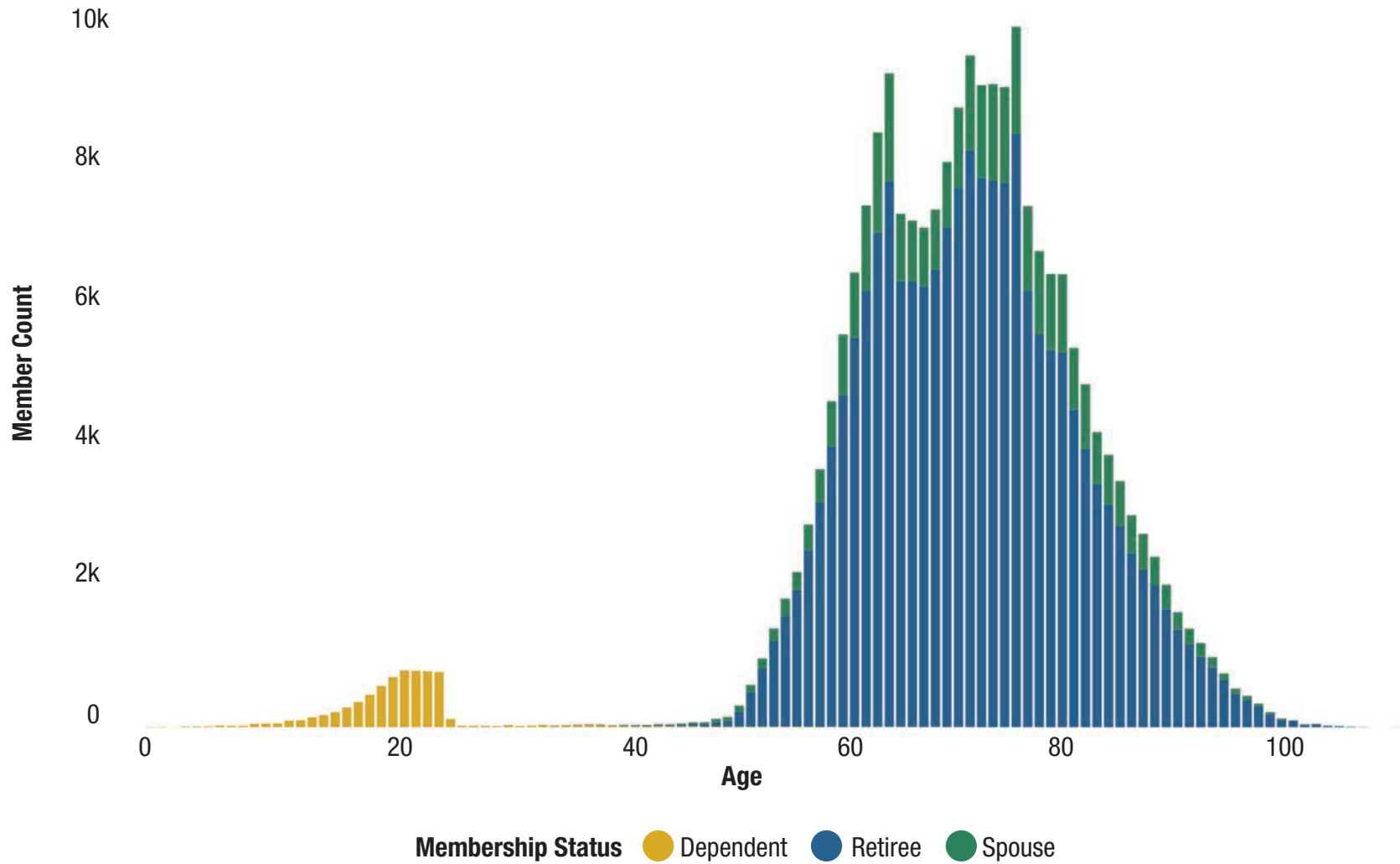




## Appendix

## A: TRS-Care Membership by Plan, Age, and Membership Status

### TRS-Care Members by Age and Membership Status September 2022



**A: TRS-Care Membership by Plan, Age, and Membership Status** (continued)

Average TRS-Care Enrollment, FY 2022			
Plan	TRS-Care Medicare Advantage	TRS-Care Standard	Total
Average Members	155,962	63,226	219,188
Percentage of Average Members	71%	29%	100%

TRS-Care Enrollment, Snapshot as of Sept. 1, 2022			
Plan	TRS-Care Medicare Advantage	TRS-Care Standard	Total
Count of Retirees	132,502	50,102	182,604
Count of Dependents	24,053	15,741	39,794
Total Members	156,555	65,843	222,398

## B: TRS-ActiveCare Membership by Plan, Age, and Membership Status

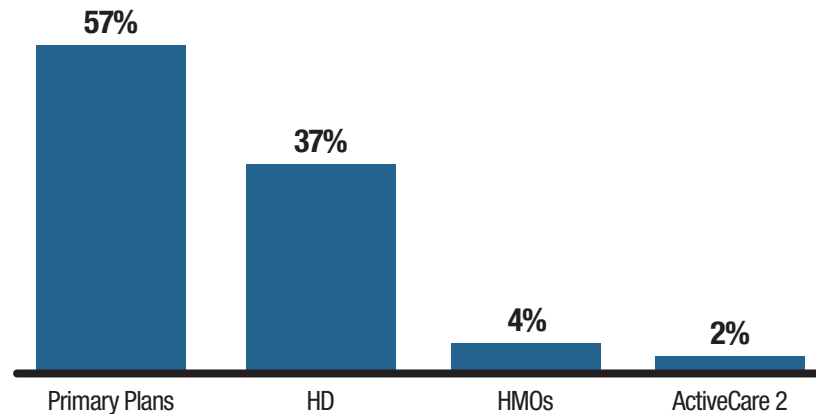
### TRS-ActiveCare Offers Three Comprehensive Plans

TRS-ActiveCare offers three self-insured plans for participants to choose from. TRS-ActiveCare-Primary, Primary+, or HD. There is a fourth self-insured plan called TRS-ActiveCare-2, which is closed to new enrollees. In the self-insured plans TRS set the rates and assumes the risk for claims. In addition, TRS offers [fully insured regional HMOs](#) in certain regions of the state. In these plans, the insurers set the rates and assume the risk for claims.

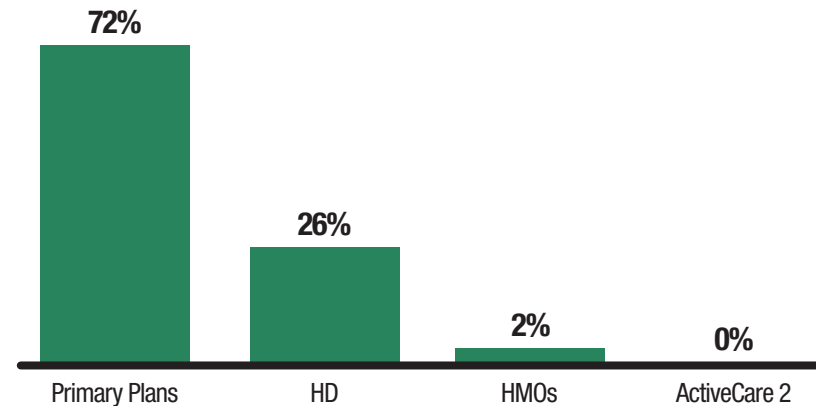
- TRS-ActiveCare-Primary and Primary+ are physician-directed plans with low copays that can be utilized before a participant reaches their deductible. TRS-ActiveCare-HD is a high deductible plan where participants must meet their deductible before the plan begins to pay for their health care.
- For more specifics about TRS health plans in the 2022-23 plan year and rates that vary by region, please refer to [2022-23 Regional Plan Highlights \(texas.gov\)](#) on the TRS website.

- Physician-directed plans are the most popular among participants.
- As of Sept. 1, 2022, 57% of the 278,204 TRS-ActiveCare covered employees are enrolled in TRS-ActiveCare-Primary and Primary+.
- Approximately 72% of new employees joined the primary plans and we saw 9% of employees leave the TRS-ActiveCare HD plan and migrate to Primary plans.

### TRS-ActiveCare Employee Enrollment – September 2022



### TRS-ActiveCare Plan Selection Among New Employees – September 2022





## B: TRS-ActiveCare Membership by Plan, Age, and Membership Status (continued)

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD
Plan Summary	<ul style="list-style-type: none"> <li>• Lowest premium of all three plans</li> <li>• Copays for doctor visits before you meet your deductible</li> <li>• Statewide network</li> <li>• Primary Care Provider (PCP) referrals required to see specialists</li> <li>• Not compatible with a Health Savings Account (HSA)</li> <li>• No out-of-network coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Lower deductible than the HD and Primary plans</li> <li>• Copays for many services and drugs</li> <li>• Higher premium</li> <li>• Statewide network</li> <li>• PCP referrals required to see specialists</li> <li>• Not compatible with a Health Savings Account (HSA)</li> <li>• No out-of-network coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Compatible with a Health Savings Account (HSA)</li> <li>• Nationwide network with out-of-network coverage</li> <li>• No requirement for PCPs or referrals</li> <li>• Must meet your deductible before plan pays for nonpreventive care</li> </ul>

### Plan Features

Type of Coverage	In-Network Coverage Only	In-Network Coverage Only	In-Network	Out-of-Network
Individual/Family Deductible	\$2,500/\$5,000	\$1,200/\$3,600	\$3,000/\$6,000	\$5,500/\$11,000
Coinsurance	You pay 30% after deductible	You pay 20% after deductible	You pay 30% after deductible	You pay 50% after deductible
Individual/Family Maximum Out of Pocket	\$8,150/\$16,300	\$6,900/\$13,800	\$7,050/\$14,100	\$20,250/\$40,500
Network	Statewide Network	Statewide Network	Nationwide Network	
PCP Required	Yes	Yes	No	

### Doctor Visits

Primary Care	\$30 copay	\$30 copay	You pay 30% after deductible	You pay 50% after deductible
Specialist	\$70 copay	\$70 copay	You pay 30% after deductible	You pay 50% after deductible

### Immediate Care

Urgent Care	\$50 copay	\$50 copay	You pay 30% after deductible	You pay 50% after deductible
Emergency Care	You pay 30% after deductible	You pay 20% after deductible	You pay 30% after deductible	
TRS Virtual Health-RediMD (TM)	\$0 per medical consultation	\$0 per medical consultation	\$30 per medical consultation	
TRS Virtual Health-Teladoc®	\$12 per medical consultation	\$12 per medical consultation	\$42 per medical consultation	

### Prescription Drugs

Drug Deductible	Integrated with medical	\$200 brand deductible	Integrated with medical	
Generics (30-Day Supply/90-Day Supply)	\$15/\$45 copay; \$0 copay for certain generics	\$15/\$45 copay	You pay 20% after deductible; \$0 coinsurance for certain generics	
Preferred Brand	You pay 30% after deductible	You pay 25% after deductible	You pay 25% after deductible	
Nonpreferred Brand	You pay 50% after deductible	You pay 50% after deductible	You pay 50% after deductible	
Specialty	\$0 if PrudentRx eligible; You pay 30% after deductible	\$0 if PrudentRx eligible; You pay 30% after deductible	You pay 20% after deductible	
Insulin Out-of-Pocket Costs	\$25 copay for 31-day supply; \$75 for 61-90 day supply	\$25 copay for 31-day supply; \$75 for 61-90 day supply	You pay 25% after deductible	

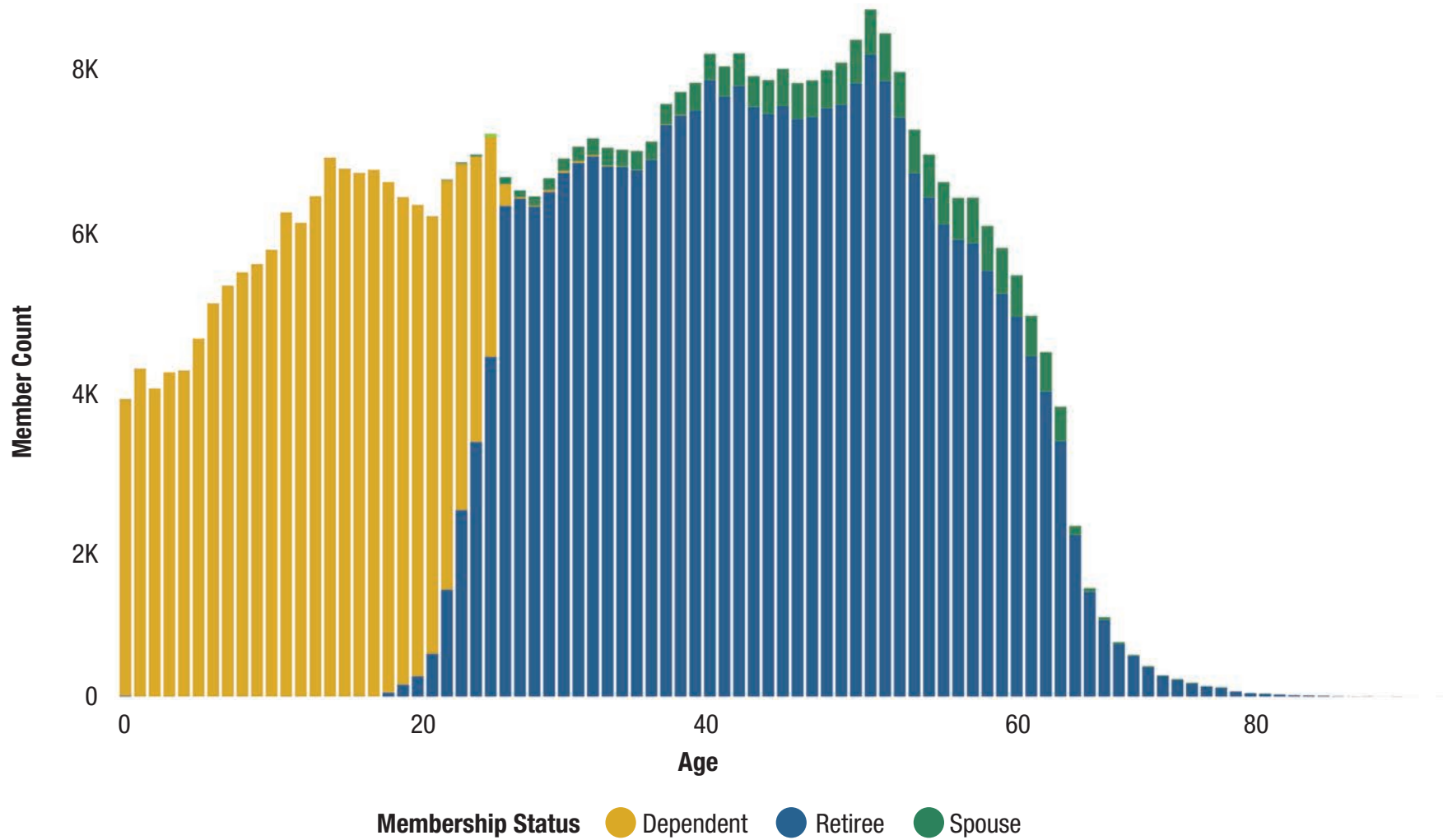
**B: TRS-ActiveCare Membership by Plan, Age, and Membership Status** (continued)

Average TRS-ActiveCare Enrollment – FY2022						
Plan	TRS-ActiveCare Primary	TRS-ActiveCare Primary +	TRS-ActiveCare HD	TRS-ActiveCare 2	HMOs	Total
Average Members	143,985	84,011	179,626	10,787	31,896	450,305
Average Employees	94,229	50,040	120,820	6,748	17,122	288,959
Percentage of Average Members	32%	19%	40%	2%	7%	100%

TRS-ActiveCare Enrollment – Snapshot as of Sept. 1, 2022						
Plan	TRS-ActiveCare Primary	TRS-ActiveCare Primary +	TRS-ActiveCare HD	TRS-ActiveCare 2	Regional HMOs	Total
Count Of Employees	107,079	54,381	101,892	4,567	10,285	278,204
Count of Dependents	54,427	38,110	50,350	2,738	8,028	153,653
Total Members	161,506	92,491	152,242	7,305	18,313	431,857

Approximately 80% of eligible school districts and charter schools participate in TRS-ActiveCare. For the current plan year that started on Sept. 1, 2022, 982 employers participated in TRS-ActiveCare. The final list is available on the TRS website: [2022-23 Participating Districts](#).

These 982 entities employed an average of 507,217 employees out of 793,229 total employees at employers that could participate in ActiveCare. Therefore, the 288,959 employees covered by TRS-ActiveCare represent approximately 36% of the maximum total number of employees that TRS-ActiveCare could cover if all employers and employees were enrolled in the program.

**B: TRS-ActiveCare Membership by Plan, Age, and Membership Status** (continued)**TRS-ActiveCare Members by Age and Membership Status**

## C: Prevalence of Certain Chronic Health Conditions

	TRS-ActiveCare		TRS-Care		Total	
Chronic Condition	Population	Prevalence (%)	Population	Prevalence (%)	Population	Prevalence (%)
Hypertension	66,601	16.1%	114,181	51.7%	180,782	28.5%
Diabetes	27,429	6.6%	69,937	31.7%	97,366	15.4%
Depression	33,384	8.1%	12,005	5.4%	45,389	7.2%
Asthma	15,885	3.8%	8,517	3.9%	24,402	3.9%
Coronary artery disease	5,604	1.4%	25,366	11.5%	30,970	4.9%
Chronic Obstructive Pulmonary Disease	1,383	0.3%	10,450	4.7%	11,833	1.9%
Congestive Heart Failure	2,151	0.5%	9,770	4.4%	11,921	1.9%

Note: Excludes TRS-ActiveCare HMO enrollment. Prevalence estimates based on August 2022 enrollment.

Note: New vendor for Medicare Advantage impacted hypertension prevalence estimate

## D: 2021-22 TRS-ActiveCare Rate Changes

In response to the Senate Bill (SB) 1444, which allows employers to compare TRS-ActiveCare's statewide premiums to other plans, TRS-ActiveCare moved to regional rating to ensure prices reflect the cost of health care in the participants' area.

Regionally priced plans allowed TRS-ActiveCare to provide regionally competitive rates and keep health care costs growth lower than similar employers while maintaining the same plan options and broad quality-based network. The table below reflects the statewide average. For more specifics about TRS health plans in the 2022-23 plan year, please refer to [2022-23 Regional Plan Highlights \(trs.texas.gov\)](https://trs.texas.gov/2022-23-Regional-Plan-Highlights) on the TRS website.

The differences between regions are summarized on the next page.

Tiers	FY2023 Premium	Change from 2022	Participant Premium*	Tiers	FY2023 Premium	Change from 2022	Participant Premium*
TRS-ActiveCare Primary				TRS-ActiveCare HD			
Employee Only	\$397	-\$20	\$172	Employee Only	\$412	-\$17	\$187
Employee & Spouse	\$1,119	-\$57	\$894	Employee & Spouse	\$1,160	-\$49	\$935
Employee & Children	\$715	-\$36	\$490	Employee & Children	\$741	-\$31	\$516
Employee & Family	\$1,337	-\$68	\$1,112	Employee & Family	\$1,387	-\$58	\$1,162
TRS-ActiveCare Primary+				TRS-ActiveCare-2			
Employee Only	\$497	-\$45	\$272	Employee Only	\$1,013	\$0	\$788
Employee & Spouse	\$1,222	-\$112	\$997	Employee & Spouse	\$2,402	\$0	\$2,177
Employee & Children	\$805	-\$74	\$580	Employee & Children	\$1,507	\$0	\$1,282
Employee & Family	\$1,535	-\$140	\$1,310	Employee & Family	\$2,841	\$0	\$2,616

\*After minimum \$225 contribution by school district

Across Texas, TRS-ActiveCare premiums for the new plan year did not increase and in most cases the rates are lower.





## E: TRS-ActiveCare Benefit Changes

### Self-insured Benefit Changes effective Sept. 1, 2022:

- Maximum out-of-pocket (MOOP) cost increase for HD plan.
- Added RediMD as a \$0 TRS-Virtual Health option for Primary and Primary+ plans;
- \$12 increase in Teladoc virtual consultation fee across all the plans.
- Insulin costs capped on AC-2 and Primary plans.

Full coverage details are at Your [TRS Health Care Benefits \(trs.texas.gov\)](https://trs.texas.gov).

Benefits	Primary		Primary+ and AC-2		HD	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Teladoc Consultation Fee	\$0	\$12	\$0	\$12	\$30	\$42
RediMD Consultation Fee	-	New \$0 option	-	New \$0 option for Primary+	\$30	\$30
Insulin Out-of-Pocket Costs	30% After Deductible	\$25 Copay for 31-day Supply; \$75 for 61-90	25% After Deductible	\$25 Copay for 31-day Supply; \$75 for 61-90		No Change
Specialty Drugs Not Eligible for PrudentRx	30% After Deductible	30% After Deductible	20% after deductible	30% After Deductible	-	No Change
Specialty Drugs Eligible for PrudentRx*	30% After Deductible	0%, deductible waived*	20% after deductible	0%, deductible waived*	-	No Change
Individual In-Network MOOP	No Change		No Change		\$7,000	\$7,050 (+\$50)
Family In-Network MOOP					\$14,000	\$14,100 (+\$100)

\*Participants that decline enrollment in PrudentRx will pay 30% coinsurance after deductible in TRS-Primary, Primary+ and AC-2.

## F: TRS-ActiveCare Fund Balance Projection

Financial History through FY 2023 as of Aug. 31, 2022

Revenue								Expenses					Ending Balance (Incurred Basis)
Fiscal Year	State & District Contr.	Supplemental Funding	Employee Contr.	HMO Contr.	LTC	Other Income	Total	Medical Incurred	Drug Incurred (after rebates)	HMO Premium Payments	Admin Costs	Total Expenses	
2016	719.5M		1,124.3M	217.2M	0.2M	0.2M	2,064.5M	1430.3M	325.5M	214.5M	128.4M	2,098.7M	53.6M
2017	754.0M		1,141.9M	230.6M	0.1M	0.2M	2,131.6M	1,426.4M	306.7M	227.1M	127.1M	2,087.3M	97.8M
2018	934.6M		1,003.2M	240.7M	0.1M	0.1M	2,185.6M	1,589.2M	275.7M	237.4M	124.8M	2,227.2M	56.3M
2019	1,049.2M		882.0M	246.5M	0.1M	0.5M	2,189.1M	1,459.5M	254.2M	243.2M	123.5M	2,080.4M	165.0M
2020	1,035.2M		870.2M	260.4M	0.1M	0.3M	2,174.0M	1,522.5M	271.5M	256.9M	119.8M	2,170.6M	168.3M
2021	1,011.5M		850.3M	177.0M	0.1M	0.3M	2,040.8M	1,615.8M	285.1M	173.3M	78.6M	2,152.9M	56.2M
2022	1,033.7M	638.3M	869.0M	149.8M	0.0M	1.7M	2,692.5M	1,690.7M	293.8M	146.8M	69.9M	2,201.2M	547.5M
2023	957.6M		805.0M	87.7M	0.0M	7.3M	1,857.6M	1,749.4M	308.7M	85.8M	73.6M	2,217.5M	187.6M

Notes:

- Actual data through Aug. 31, 2022
- Medical trend: 5% through FY 2023; reduced by 0.25% each year thereafter with a 4% minimum
- Pharmacy trend: 8% through FY 2023; reduced by 0.25% each year thereafter with a 6% minimum
- Prior to FY 2018: State contributions are equal to \$75 PEP. District contributions are equal to \$150 PEP
- FY 2018 and Forward: State/District contributions are based on September actual contributions
- Current Interest rate is assumed to be 0.555%. Rate decreases by a factor of 25% each year with a minimum of 0.5%
- Rate increase of 3% assumed for all years after FY 2023
- The TRS-ActiveCare Fund balance is managed to prevent a deficit through premium and benefit adjustments

## G: TRS-ActiveCare Employee Contributions Decreased in 2022-23

	25%		50% (Median)		75%		90%	
Tier	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Employee	\$67	\$36	\$117	\$97	\$179	\$151	\$229	\$198
Employee + Child	\$401	\$363	\$466	\$429	\$526	\$489	\$592	\$534
Employee + Spouse	\$796	\$738	\$896	\$837	\$959	\$912	\$1,059	\$964
Employee + Family	\$1,028	\$949	\$1,128	\$1,069	\$1,195	\$1,153	\$1,340	\$1,256

Note: Estimates are based on full-time employees receiving the maximum district contribution among various professional, tenure, and/or income categories offered by a participating entity. Does not include the value of any HSA contributions or wellness incentives offered by a district.

## H: TRS-ActiveCare District Contributions Largely Remained Constant in 2022-23

Change in Minimum District Contribution Received by Employees

	2020-21 to 2021-22 Change		2021-22 to 2022-23 Change	
Change in Minimum District Contribution*	Number of Districts	Employees Impacted	Number of Districts	Employees Impacted
Decrease: \$192 - \$99	1	17	3	142
Decrease: \$100 - \$49	5	821	64	19,850
Decrease: \$50 - \$3	8	1,416	101	28,480
No Change	619	168,616	587	170,084
Increase: \$2 - \$8	11	2,071	3	1,249
Increase: \$9 - \$24	46	20,185	19	14,679
Increase: \$25 - \$49	224	64,141	39	13,715
Increase: \$50 - \$99	70	18,712	38	14,388
Increase: \$100 - \$199	43	9,099	12	3,214
Not Available**	4	1,781	19	1,859

\*Based on the minimum contribution received by any employee in each school district using September enrollment each year. No change includes changes of \$2 or less to account for rounding and minor changes in report.

\*\*Data is not available from school district for both plan years needed to make comparison

## H: TRS-ActiveCare District Contributions Largely Remained Constant in 2022-23 (continued)

In the current plan year, 84% of employers contribute more than the minimum required by state law. Districts that contribute more than the minimum generally contribute between \$300 and \$325 toward their employee's premium, which is considerably below the amount contributed by employers outside TRS-ActiveCare as discussed in prior sections of this report. Below is a table with the district contributions amounts using September 2022 enrollment.

Fiscal Year 2023		
Minimum District Contribution	Number of Districts	% Employees Impacted
\$225*	138	9%
\$226-\$249	16	1%
\$250-\$275	151	11%
\$276-\$299	35	7%
\$300-\$325	231	33%
\$326-\$351	83	12%
\$352-\$377	87	11%
\$378-\$403	67	11%
\$404-\$429	75	6%
>\$430	1	0.003%

*The minimum contribution is \$225, which reflects the minimum district contribution of \$150 per employee per month plus an additional \$75 per employee per month state contribution. Percentages may not total 100% due to rounding.*

## I: TRS-Care Fund Balance Projection

Financial History and Projection through FY 2025 as of Aug. 31, 2022

Revenue								Expenses			Ending Balance (Incurred Basis)
Fiscal Year	Retiree Contr.	State Contr.	Supplemental Contr.	Active Employee Contr.	District Contr.	Investment Income	CMS, Part D and ERRP Subsidies	Medical Incurred	Drug Incurred (after rebates)	Admin Costs	
2017	373.2M	328.1M	15.6M	213.2M	191.1M	5.2M	195.4M	807.8M	734.8M	51.9M	368.7M
2018	488.1M	425.6M	394.6M	221.3M	266.1M	10.9M	183.2M	840.4M	669.1M	50.4M	798.6M
2019	518.0M	437.2M	73.6M	227.3M	273.1M	25.0M	321.1M	688.1M	648.7M	45.1M	1,292.0M
2020	499.1M	468.3M	230.8M	243.5M	292.4M	25.4M	317.4M	659.7M	668.3M	44.7M	1,996.3M
2021	533.6M	481.5M	5.5M	250.4M	299.8M	9.2M	311.8M	604.9M	705.2M	38.8M	2,539.2M
2022	399.8M	506.4M	83.0M	263.3M	315.7M	13.5M	288.6M	551.6M	694.5M	45.5M	3,117.9M
2023	487.6M	516.5M	0.0M	268.6M	309.9M	16.9M	348.3M	579.7M	794.3M	46.8M	3,645.0M
2024	491.3M	526.8M	0.0M	274.0M	316.1M	19.4M	367.6M	600.0M	910.1M	47.9M	4,082.0M
2025	495.6M	537.4M	0.0M	279.5M	322.4M	21.3M	386.0M	626.2M	1,019.0M	49.1M	4,429.9M

Notes:

- Invoice data through Aug. 31, 2022
- Purpose of this report is to project revenue and expenses on an incurred basis and should not be used as a projection of cash flow. Cash flow projections are usually less than incurred primarily due to a delay in receipt of federal subsidies
- Reduction in pharmacy spend as a result of the implementation of CVS/Caremark as the new PBM effective 9/1/2017
- State contribution rate of 1.25%; district contribution rate of 0.75%; and active contribution rate of 0.65% beginning 9/1/2017
- Medical trends: 7% through FY 2022; reduced by 0.25% each year thereafter
- Pharmacy trends: 7% through FY 2022; reduced by 0.25% each year thereafter
- 2% increase in payroll growth
- Interest rate is assumed to be 0.5% for FY22 and forward

\*Note that there was a prior period adjustment to retiree contributions in FY2017. This number will not tie to the Annual Comprehensive Financial Report (ACFR) as the adjustment is reflected here.



## J: TRS-Care Benefit Changes

TRS-Care Medicare is for TRS-Care participants with Medicare (retirees aged 65 and over). UnitedHealthcare is the insurer for TRS-Care Medicare Advantage, the medical plan. SilverScript Insurance Company, an affiliate of CVS Caremark, is the insurer for the TRS-Care Medicare Rx<sup>®</sup> prescription drug plan.

TRS-Care Standard is for TRS-Care participants without Medicare (retirees under age 65). BlueCross BlueShield of Texas (BCBSTX) is the insurer for this plan.

Plan years are Jan.1 - Dec. 31. Deductibles and maximum out-of-pocket costs reset each year on Jan. 1. TRS-Care benefit changes for 2022 and 2023 are in the table below.

Year	Premium Update	Benefits Update
2022	No changes to premiums	<ul style="list-style-type: none"> <li>• No reductions to benefits</li> <li>• TRS-Care Medicare Advantage (MA) — One-time reenrollment opportunity began on 1/1/22 and ends on 12/31/23</li> <li>• TRS-Care Standard (CS) — Insulin copays capped at \$25 for 31-day supply and \$75 for 90-day supply</li> <li>• CS — Diagnostic mammogram is now covered at 100% and expands from age 40 to 35</li> <li>• CS — Colorectal screening age changed from age 50 to age 45</li> <li>• CS Virtual Health — Teladoc charges \$42 per visit, which applies toward the deductible. Once the deductible is met, the plan pays 80% and the participant pays 20%. RediMD has been added as a virtual health provider and charges \$30 per visit, which applies toward the deductible.</li> </ul>
2023	No changes to premiums	<ul style="list-style-type: none"> <li>• MA — Lower \$400 deductible down from \$500</li> <li>• MA — Participants can now get a glasses benefit or contact lens allowance once every 12 months instead of every 24 months</li> <li>• MA — Participants will get a free \$200 hearing accessory with the purchase of premium hearing aid.</li> <li>• CS — Teladoc copay changed from \$30 to \$42. Once the participant meets their deductible, the plan pays 80% and the participant pays 20%.</li> <li>• CS — RediMD added at \$30 copay</li> </ul>

## K: TRS-ActiveCare Per Member Per Year Costs

Fiscal Year	Medical Cost	Medical Trend	Prescription Drug Cost	Prescription Drug Trend	Total Cost	Total Trend
2008	\$2,485.90		\$498.82		\$2,984.72	
2009	\$2,685.94	8.0%	\$500.58	0.4%	\$3,186.52	6.8%
2010	\$2,884.61	7.4%	\$580.06	15.9%	\$3,464.67	8.7%
2011	\$3,056.66	6.0%	\$635.15	9.5%	\$3,691.81	6.6%
2012	\$3,223.90	5.5%	\$607.91	-4.3%	\$3,831.81	3.8%
2013	\$3,355.69	4.1%	\$617.99	1.7%	\$3,973.68	3.7%
2014	\$3,003.44	-10.5%	\$692.13	12.0%	\$3,695.57	-7.0%
2015	\$3,033.65	1.0%	\$649.22	-6.2%	\$3,682.87	-0.3%
2016	\$3,209.11	5.8%	\$750.27	15.6%	\$3,959.39	7.5%
2017	\$3,347.08	4.3%	\$766.67	2.2%	\$4,113.74	3.9%
2018	\$3,414.24	2.0%	\$665.88	-13.1%	\$4,080.11	-0.8%
2019	\$3,459.23	1.3%	\$588.49	-11.6%	\$4,047.72	-0.8%
2020	\$3,531.73	2.1%	\$685.73	16.5%	\$4,217.46	4.2%
2021	\$3,769.44	6.7%	\$692.64	1.0%	\$4,462.08	5.8%
2022	\$4,015.95	6.5%	\$758.64	9.5%	\$4,774.59	7.0%

Medical and pharmacy costs are shown based on claims incurred during the fiscal year and paid through Aug. 31, 2022. FY2022 figures include an estimate of IBNR. Pharmacy costs are shown net of incurred rebates.

## L: TRS-Care Per Member Per Year Costs

Fiscal Year	Medical Cost	Medical Trend	Prescription Drug Cost	Prescription Drug Trend	Total Cost	Total Trend
2009	\$2,654.88		\$2,138.52		\$4,793.40	
2010	\$2,788.40	5.0%	\$2,203.12	3.0%	\$4,991.52	4.1%
2011	\$2,996.72	7.5%	\$2,199.66	-0.2%	\$5,196.38	4.1%
2012	\$3,108.95	3.7%	\$2,353.04	7.0%	\$5,461.99	5.1%
2013	\$2,889.97	-7.0%	\$2,334.75	-0.8%	\$5,224.72	-4.3%
2014	\$2,916.43	0.9%	\$2,642.60	13.2%	\$5,559.03	6.4%
2015	\$3,183.20	9.1%	\$2,986.01	13.0%	\$6,169.21	11.0%
2016	\$3,285.90	3.2%	\$3,061.24	2.5%	\$6,347.14	2.9%
2017	\$3,150.79	-4.1%	\$3,144.21	2.7%	\$6,295.00	-0.8%
2018	\$3,276.93	4.0%	\$2,758.24	-12.3%	\$6,035.17	-4.1%
2019	\$2,895.99	-11.6%	\$2,734.19	-0.9%	\$5,630.18	-6.7%
2020	\$2,928.21	1.1%	\$3,121.96	14.2%	\$6,050.17	7.5%
2021	\$2,686.37	-8.2%	\$3,330.44	1.1%	\$6,016.81	-0.6%
2022	\$2,528.39	-5.9%	\$3,376.74	1.3%	\$5,905.13	-1.9%

Medical and pharmacy costs are shown based on claims incurred during the fiscal year and paid through Aug. 31, 2022. FY2022 figures include an estimate of IBNR. Pharmacy costs are shown net of incurred rebates.

## M: TRS-Care Member Cost Sharing

In both TRS-Care programs, the plan paid for more than 83% of participants medical expenses in FY2022 and 95% of members accessed care in FY2022. During this period, participants on average spent \$1,067 toward cost sharing in the TRS-Care Medicare Advantage plan and \$2,133 in TRS-Care Standard. In TRS-Care Standard, 10% of people hit the maximum out-of-pocket of \$5,650. In the TRS-Care Medicare plans, only 1% hit the maximum of \$3,500.

TRS-Care covers medically necessary services and supplies needed for the prevention, diagnosis, or treatment of a medical condition, and meet accepted standards of medical practice. Preventive services such as annual wellness visits, cancer screenings and shots are covered at 100%. The health plan does not cover supplies and services that are not medically necessary. You can find a list of what the plans do not cover in the benefits documents below.

[2022 TRS-Care Plan Highlights \(trs.texas.gov\)](https://trs.texas.gov)

[2022 TRS-Care Standard Benefits Booklet \(bcbstx.com\)](#)

[2022 TRS-Care Medicare Advantage Evidence of Coverage \(\\$500 Deductible Part A and B\)](#)

[2022 TRS-Care Medicare Rx Evidence of Coverage](#)

Plan Summary	TRS-Medicare Advantage	TRS-Care Standard
Deductible	\$500 for 2022; \$400 for 2023	\$1,500
Maximum out-of-pocket	\$3,500	\$5,650
PCP Sick Copay	\$5	20% (after deductible)
Urgent Care Copay	\$35	20% (after deductible)
ER Copay	\$65	20% (after deductible)

## M: TRS-Care Member Cost Sharing (continued)

For FY2022, the average cost for participants not exceeding the deductible was \$494 for TRS-Care Standard and \$313 for TRS-Care Medicare Advantage. The average cost for participants exceeding the deductible but not meeting maximum out of pocket was \$3,052 for TRS-Care Standard and \$909 for TRS-Care Medicare Advantage. The TRS-Care plans operate on a calendar year, but statistics here are for a 12-month period ending August 2022. The statistics would be similar if reported on a calendar year, however, complete 2022 data is not available in time for publication of this report.

Plan Summary	TRS-Care Medicare Advantage	TRS-Care Standard
Total Members	155,962	63,226
Percentage of people that met deductible	60%	41%
Percentage of people that hit maximum out-of-pocket	1%	10%
Total average member out-of-pocket cost sharing	\$1,067	\$2,133
Total average member costs	\$1,067	\$2,133
Average member cost		
• < Deductible	\$313	\$494
• > Deductible and < Maximum out of pocket	\$909	\$3,052
• Maximum out of pocket	\$3,500	\$5,650
Average member cost for Medicare Prescription Drug Plan	\$381	NA
Percentage of members with a medical or Rx claim	97%	91%
Percentage of total expenses paid by members	8%	17%

This appendix is intended to fulfill the management directive issued by the Sunset Commission review for the 87<sup>th</sup> Regular Session. As recorded in the June 2021 report, the Sunset Commission directed TRS to provide “more comprehensive information on TRS-Care health care costs to the legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as copayments, deductibles, and noncovered services.”

## N: TRS-Care Funding by Source

TRS receives direct appropriation from the legislature for TRS-Care. This appropriation is based on a percentage of state public education payroll. Additionally, employees and employers contribute a percentage of payroll through transfers made by education employers to TRS.

However, because the funding in statute is based on employee payroll, it is not tied to actual health care costs or enrollment in TRS-Care. From 2005 to 2017, contribution rates and premiums for retirees remained the same.

As a result, funding failed to keep pace with health care expenses. A November 2016 report by the Texas Joint Interim Committee to Study TRS Health Benefit Plans projected that TRS-Care would incur a \$1.3 to \$1.5 billion shortfall for the 2018-19 biennium and a \$4.1 billion shortfall by fiscal year 2021.

In response, legislation passed in 2017 increased state and district contributions. Legislation also directed TRS to eliminate the basic \$0 retiree premium contribution and implement distinct health care plans for non-Medicare and Medicare eligible participants to begin Jan. 1, 2018. In 2018, on average, the amount retirees paid for TRS-Care coverage increased by 47%. Additionally, plan benefits were reduced for most retirees through increased deductibles, copays and maximum out-of-pocket limits.

When the statutory funding amounts are not sufficient to cover estimated cost growth, TRS makes supplemental appropriations requests. The legislature has made several supplemental appropriations for TRS-Care, including \$231 million to maintain 2019 premiums and benefits for the 2020-21 biennium and \$83 million to cover COVID-19 expenses.

In conjunction with the most recent supplemental appropriation, TRS was directed to establish a claims reserve adequate to pay for at least 60 days of claims. After January 2018 rate increases and benefit changes in TRS-Care, enrollment in retiree plans declined.

TRS-Care Funding Formula			
Percent of Public Education Payroll			
Fiscal Year(s)	State	School Districts	Active Employees
2017	1.0%	0.55%	0.65%
2018-Present	1.25%	0.75%	0.65%



## N: TRS-Care Funding by Source (continued)

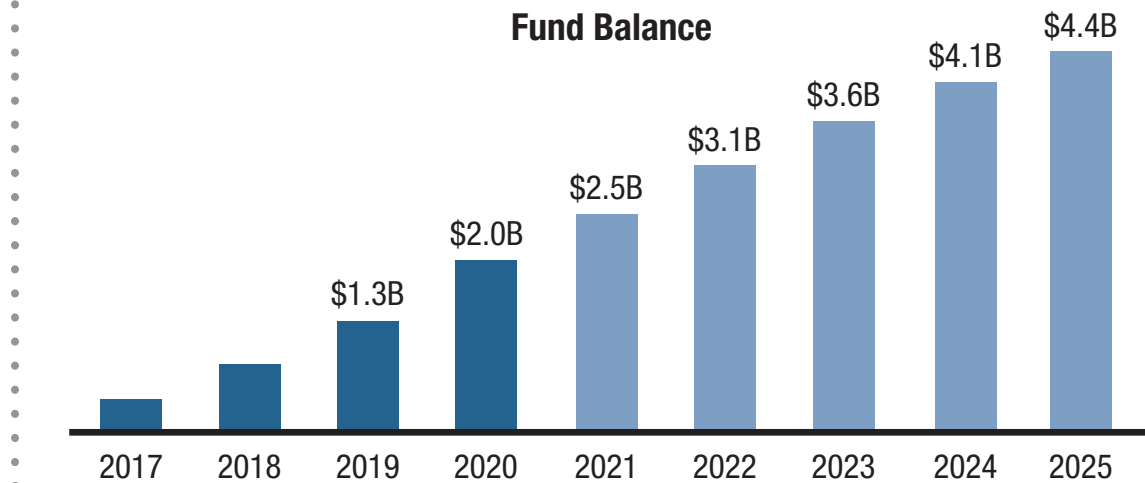
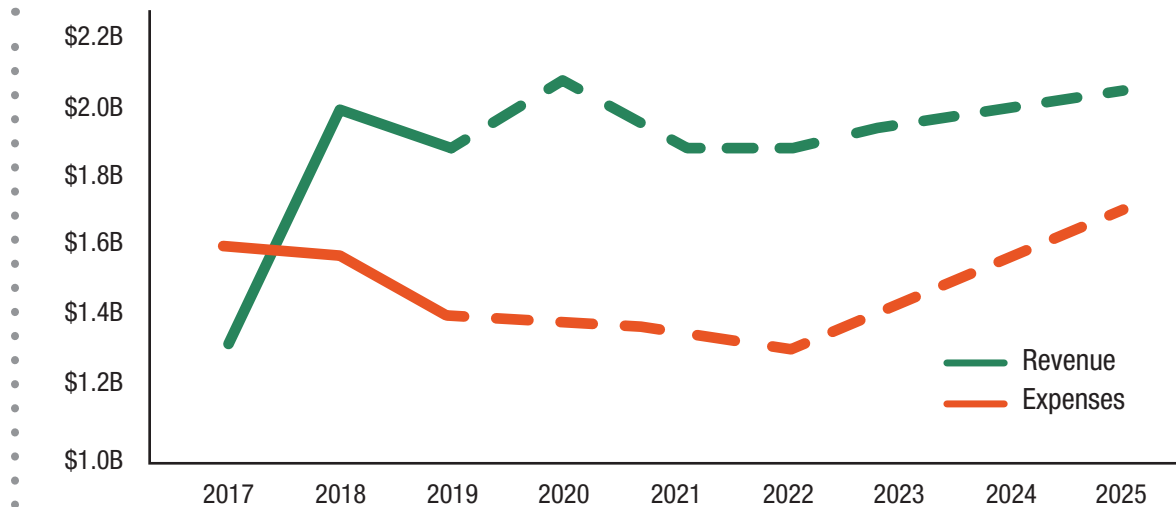
These decreases in enrollment increased the amount of funding available per person remaining in the program.

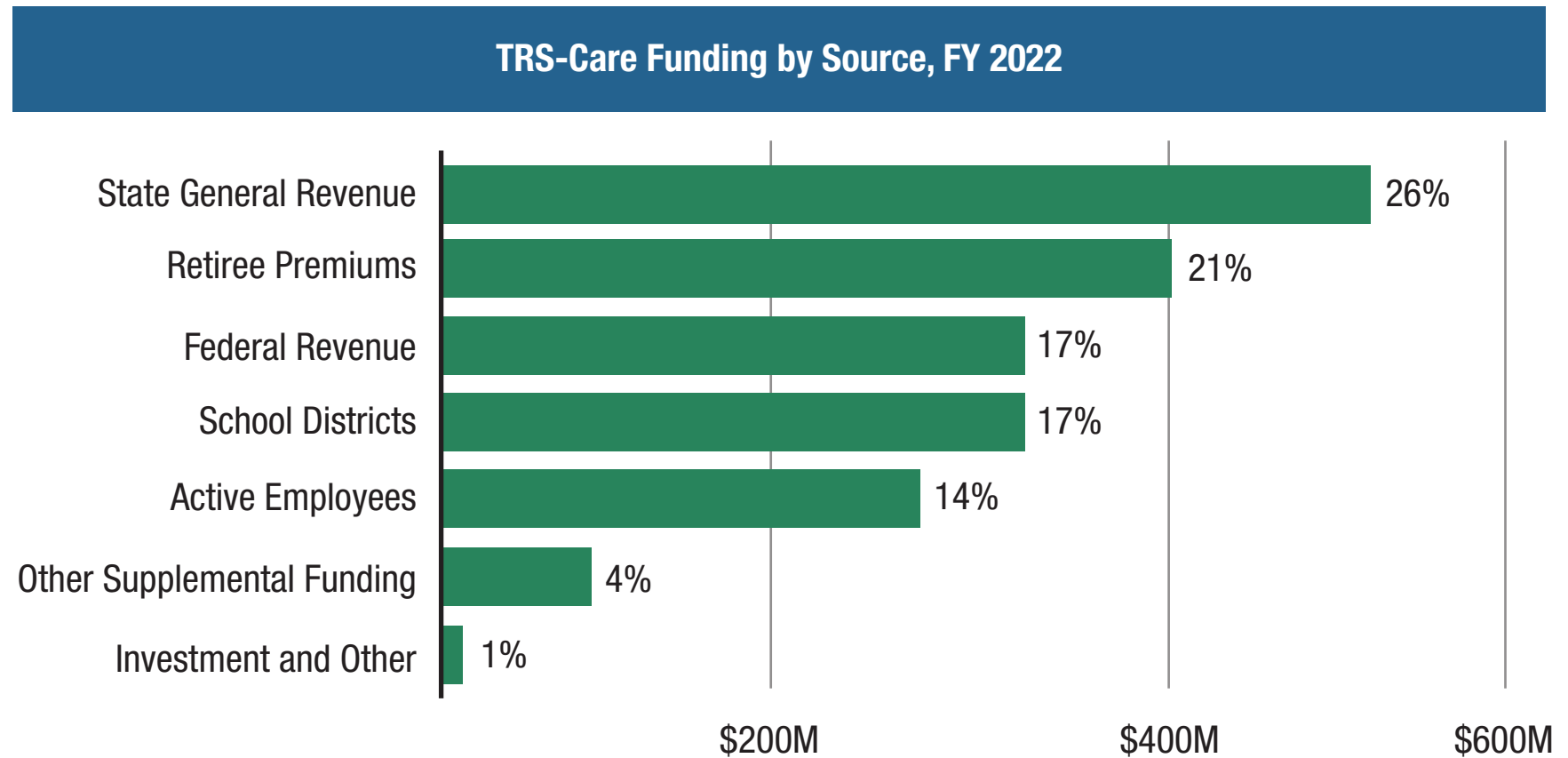
In addition to the elimination of the health insurer fee, the supplemental appropriations, savings from the procurement and vendor transitions, TRS-Care will have a positive fund balance in the near term.

The legislature also appropriated \$83 million to TRS-Care for COVID-19 related expenses.

The TRS-Care trust fund balance is expected to increase to approximately \$4.4 billion by fiscal year 2025. Expenses are expected to grow faster than revenues, which means the fund balance will decrease in the future.

TRS spends \$1.5-\$2 billion a year on TRS-Care claims.



**N: TRS-Care Funding by Source** (continued)

## 0: FY2022 Prior Authorization Cost Savings

TRS-ActiveCare has required prior authorization for multiple categories of prescription drugs since the inception of the program in 2001. This currently includes prior authorizations for more than 400 drugs. For FY2022, using this strategy saved the plan approximately \$57.9 million. This was saved through \$33 million for prior authorizations and step therapy related controls of specialty drugs, \$24.2 million for non-specialty drugs and \$0.7 million for generic drugs.

TRS-ActiveCare had extensive prior authorization requirements in place prior to the 78th legislative session which created the requirements in Texas Insurance Code 1579.106(b). Even with the requirements, TRS continues to investigate additional cost-saving opportunities for the plan.

Drugs Listed in Texas Insurance Code 159.106(b)	
Drug Category	TRS-ActiveCare Savings
Gastrointestinal drugs	\$2,970,858
Cholesterol-lowering drugs	\$687,724
Anti-inflammatory drugs	\$5,935,766
Antihistamine drugs	\$0
Antidepressant drugs	\$308,957
<b>Total Savings</b>	<b>\$9,903,305</b>

Note that these drugs in these statutorily named categories are also listed separately as either specialty or non-specialty drugs in the tables on the following page.

## O: FY2022 Prior Authorization Cost Savings (continued)

In addition to the categories listed in Texas Insurance Code 1579.106(b), TRS has identified additional categories for which prior authorization is achieving cost savings:

Non-Specialty Drug Prior Authorization Related Savings	
Top Drug Category	TRS-ActiveCare Savings
Incretin Mimetic Agents	\$16,835,914
Anti-Obesity drugs	\$7,271,712
Androgens	\$215,327
Ophthalmic Agents	\$222,344
Amphetamines	\$219,875
<b>Total Net Savings for All Categories (Including Others Not Shown Here)</b>	<b>\$24,204,585</b>

Note: Non-Specialty drugs such as NSAID'S, Selective Serotonin Reuptake Inhibitors, Fibrin Acid Derivatives and Proton Pump Inhibitors are also included in the drugs categories listed in 1579.106(b)

Note: The total value of non-specialty drugs differs as a drug category that is not included in the above table has negative cost savings

Specialty Drug Prior Authorization Related Savings	
Top Drug Category	TRS-ActiveCare Savings
Psoriasis	\$5,915,640
Oncology	\$3,007,141
Multiple Sclerosis	\$1,061,077
Psoriatic Arthritis	\$1,446,318
Hemophilia	\$1,093,839
Infertility	\$1,011,044
Seizure Disorders	\$750,910
<b>Total Net Savings for All Categories (Including Others Not Shown Here)</b>	<b>\$33,028,248</b>

Note: Specialty drugs like Rheumatoid Arthritis and other Gastrointestinal Disorders are included in the drugs categories listed in 1579.106(b).

## P: Disease Management Overview

TRS and its vendors (BCBSTX and UHC) have value-added benefits and tools included in the health coverage that makes it easier to manage chronic conditions. BCBSTX and UHC offer the following to help participants stay healthier:

- **Health Advisors:** Medical professionals and nurses to assist patients
- **Wellness Coaching:** Health experts, including dietitians, nurses, personal trainers, and other specialists help participants set and meet health and wellness goals, online weight loss program, tobacco cessation, and virtual coaching programs
- **Fitness Programs:** Fitness Program is available to participants and dependents age 16 and older
- **Live Well on Target:** Online portal and mobile app to help participants manage their health conditions
- **Women's and Family Health:** Tools and resources for women's health, pregnancy, and parenting support
- **Mental Health:** TRS health plans cover mental health; participants can make an appointment online or over the phone using Teladoc

# 12.4%

of total TRS-ActiveCare population is clinically managed

# 14.1%

of total TRS-Care Standard population is clinically managed

# 28.3%

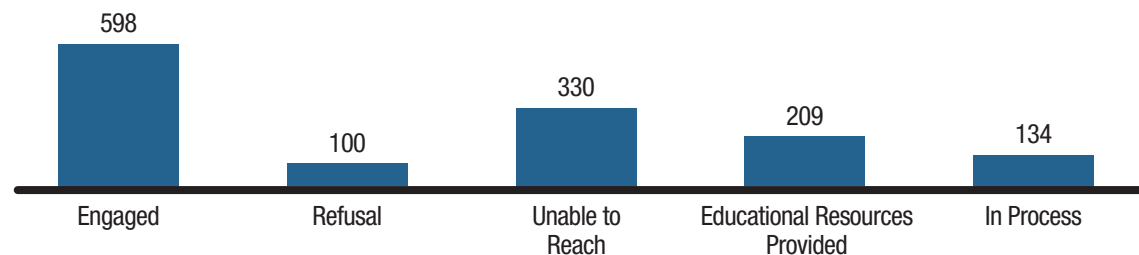
(25,678) Members with Chronic Conditions Clinically Managed out of 90,805 members with chronic conditions in TRS-ActiveCare

# 24.4%

(6,304) Members with Chronic Conditions Clinically Managed out of 25,803 members with chronic conditions in TRS-Care Standard

*\*Clinically Managed - Category intended to capture management activities that are tied to a member's clinical needs and are provided via self-service tools and resources or by a clinical/professional staff. Includes members who have engaged in Clinical Program Participation, received Clinical Program Participation education and resources or had a UM authorization Clinically Reviewed (Anything automatically/systematically reviewed is excluded - i.e., maternity requests)*

### Oncology Outreach Status



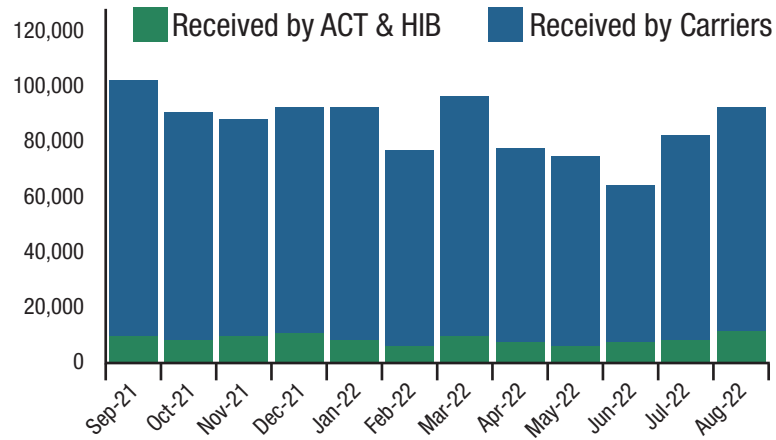
# 1,371

Members Identified for the Oncology Program in TRS-ActiveCare and Care Standard

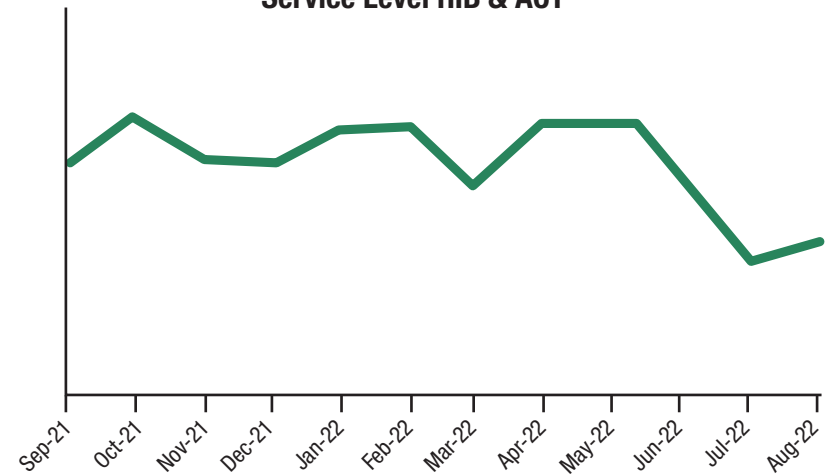
## Q: Enhanced Customer Service

In fiscal year 2022, TRS and its vendors (BCBSTX, UHC, and CVS) received more than one million phone calls and answered more than 95% within one minute. To support the participants in finding providers and navigating benefits, BCBSTX and CVS provide 24-hour support.

**TRS-Care & TRS-ActiveCare Calls Received by Carriers**



**Service Level HIB & ACT**







Teacher Retirement System of Texas

1000 Red River St.

Austin, Texas

78701-2698

1-800-223-8778

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