

THE CLEAR CHOICE FOR TEXAS EDUCATORS

STABLE. SECURE. SUPERIOR.



2023 TRS HEALTH BENEFITS REPORT

Statutory Reporting Requirements

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

Appendix H 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.

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EXECUTIVE SUMMARY

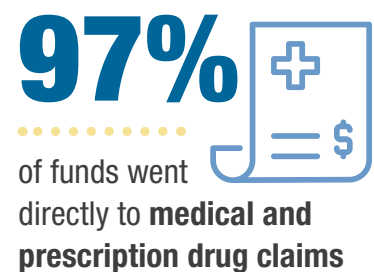
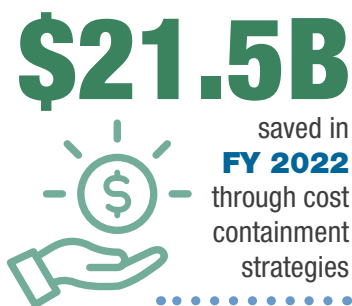
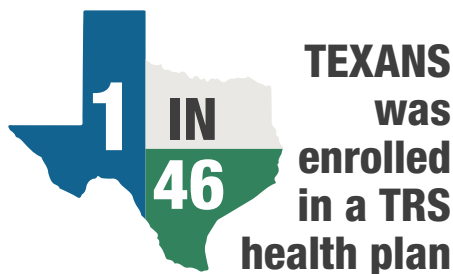
**Committed to
providing stable,
secure and superior
health care benefits**





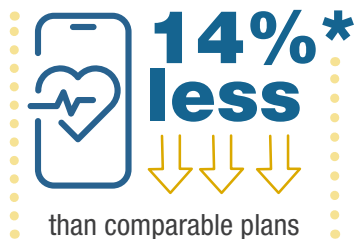
HOW TRS HEALTH PLANS PERFORMED IN 2023

2023 HIGHLIGHTS FOR ALL TRS PLANS



2023 HIGHLIGHTS FOR TRS-ACTIVECARE

TRS-ActiveCare Primary costs



In FY 2023, TRS-ActiveCare had **no increase in premiums**, saving participants an average of



*Figure does not take into account supplemental funding.

TRS' goal is to provide stable, secure and superior health care benefits to Texas educators.

Over time, the plans evolve due to funding, legislation and needs we identify by monitoring claims data and the health care market.

TRS health plans prioritize our participants' well-being by offering comprehensive coverage, personalized care options and a commitment to promoting a healthier lifestyle. We aim to be the clear choice for TRS members

seeking not just health insurance but a partner in their journey to optimal health and well-being.

The TRS health plans are built specifically for our unique membership—we want our participants to know as much about our plans as possible.

This report gives an in-depth look at the TRS health plans' benefits, performance and financials. It gives the most comprehensive picture of how TRS manages and provides its health plans.

HALF
THE COST GROWTH
OF OUR PEERS

EVERY \$1
in health care spending generated
\$3.56 in economic activity

638K+
PARTICIPANTS

420K+ in TRS-ActiveCare

218K+ in TRS-Care

2023 HIGHLIGHTS FOR TRS-CARE

21 in-person health fairs
with over **3,000** attendees

0-0-0-0
7 years in a row
TRS-Care premiums remained steady

\$15M
paid in claims per day

5,973 babies born in FY 2023

21 engagement touchpoints per participant

14 Live Online Events
3,000 attendees

TRS mailed 2024 TRS-Care plan year materials to **218K+** participants

TRS AT A GLANCE

Built for Texas educators

Our Mission

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





PROVIDING SUPERIOR HEALTH CARE

● ● ● ● ● ● ● ● ● ●

We start by focusing our goals on the three pillars of the TRS Health

STRATEGIC PLAN



We strive to improve participant health and their customer service experience.

And we answer these questions:



1

How can we

continue to
**DEMONSTRATE
THE VALUE OF
TRS-ACTIVECARE?**

2

How can we

**ENSURE
SATISFACTION
AMONG
PARTICIPATING
EMPLOYERS**
through value
delivery & continuous
support?

We are committed to keeping our health plans secure, stable and superior to other similar plans in the market.



We communicate TRS plan value and funding status to the Texas Legislature.



We enhance the value of TRS health benefits.

How can we

continue to
**ADD VALUE
TO TRS-CARE
PLANS?**

3

How can we

help TRS-Care
participants
**MAXIMIZE
THEIR PLAN
BENEFITS?**

4

How can we

**EDUCATE NEW
PARTICIPANTS**
on the value of
TRS-Care plans?

5

BENEFITS IN ACTION

We serve the public education sector across Texas through TRS-ActiveCare and TRS-Care

“

TRS-ActiveCare

TRS wanted to identify and understand the problem, and not just understand it but also come up with a solution to lower our health care costs.

Anne Marie Espinoza
Executive Director Communications
Uvalde ISD

”

“

TRS-ActiveCare

We were very impressed with the way TRS took the initiative in developing the opportunity for each region to have a wellness coordinator. [With our benefits specialist,] we had immediate chemistry. I had people asking, ‘Please, can we do this?’. That level of excitement really allowed the relationship to take form.

Sundie Dahlkamp
Executive Director of Human Resources and Communications
Pearland ISD

”



TRS-Care

TRS-Care has been really helpful. I like that there are a lot of different providers and it's always easy to find answers. If I have a question, I can just call the number to get an answer.

TRS-Care Participant
Retired Education Professional

TRS-Care

It's simple to understand... it offers us retired teachers a lot of options.

TRS-Care Participant
Retired Education Professional

2023 IN REVIEW

**Delivering
clear value in
an ever-evolving
environment**





A YEAR OF STABILITY, SECURITY AND SUPERIORITY

TRS delivers affordable, quality medical care tailored to educators and their families, enhancing well-being and support.

TRS designs benefits that reflect the unique needs of public education employees and their families.

TRS recognizes 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 working employees throughout the year. We do this through the TRS-ActiveCare Connect Calls, TRS-Care Retirees Advisory Committee (RAC) meetings, in-person and virtual events, accessible complaint procedures, and customer service surveys.

The information we gather from these initiatives helps us make informed plan changes each year.



TABLE 1: TRS-ActiveCare: Addressing the Unique Needs of the Working Population

TRS-ActiveCare Participant	
WHO THEY ARE	HOW TRS PROVIDES CARE
2/3 female; 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 and under stress	Back and joint pain therapy (in person and virtual) offering care at no cost; year-two 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	Low premiums for tiers that cover children.

TABLE 2: TRS-Care: Addressing the Unique Needs of the Retired Population

TRS-Care Participant	
WHO THEY ARE	HOW TRS PROVIDES CARE
2/3 female; average age of 72 among participants	Education about preventive benefits and recommended health screenings available at no cost.
Individuals with a greater reliance on health benefits	Emphasis on outreach, customer service excellence and enhanced access to care through broader networks of providers, telemedicine and the HouseCalls program where providers come to Medicare-eligible members' homes.

SUPERIOR BENEFITS AT A LOWER COST

New Pharmacy Benefits Manager (PBM)

The TRS Board of Trustees selected Express Scripts as the new PBM for all TRS health plans. As TRS searched for the best PBM vendor, we found that Express Scripts had the highest ranking based on financial and operational strength. The new contract generates savings to help sustain health care benefits for participants and employers.

Headway

This new online platform lets participants search for mental health providers at no added cost, thus removing barriers to getting mental health care. Participants can search for an in-network licensed therapist or psychiatrist.

Ovia Health

Participants can now use Ovia Health's new menopause support program.

Rx District Ambassadors (DAs)

With the transition to Express Scripts, TRS added four new Rx DAs to offer more district-level support to employers.

Accredo Specialty Pharmacy

Express Scripts has a dedicated specialty pharmacy, Accredo, which dispenses specialty medications. Specialty medications are drugs that manage chronic or genetic conditions.

SaveOnSP Specialty Copay Assistance Program

TRS and Express Scripts partnered with SaveOnSP to offer copay assistance to lower out-of-pocket costs on certain specialty drugs. Most participants may end up paying as low as \$0 for medications that are on the SaveOnSP Specialty Drug List (excluding those that are on the high-deductible plans).



- For more information about TRS health plans in the 2023-24 plan year, please refer to 2023-24 Regional
- Plan Highlights (<https://www.trs.texas.gov/Pages/healthcare-trsactivecare-2023-24-plans.aspx>) on
- the TRS website.

Smart90SM Pharmacy

Participants can use Express Scripts' Smart90 mail-order pharmacy to get long-term maintenance medications delivered to their doorstep for free. By doing so, they will avoid paying the convenience fee charged to TRS-ActiveCare Primary plan participants at a retail pharmacy.

TRS-Care Dental and Vision Benefits

The 88th Texas Legislature passed SB 1854, which directs TRS to offer optional dental and vision benefits to TRS-Care participants. Enrollment starts in 2024 and coverage starts on January 1, 2025.

Reduce Costs with TRS-ActiveCare Primary Plans

For Primary+, TRS lowered PCP and mental health copays from \$30 to \$15. For both primary plans, TRS lowered Teladoc virtual mental health visit copays from \$70 to \$0. TRS reduced the family deductible on Primary+ from \$3,600 to \$2,400. TRS also decreased the maximum out-of-pocket costs on the Primary plan from \$8,150 to \$7,500 for individuals and from \$16,300 to \$15,000 for families.

Let's Move by UnitedHealthcare

Let's Move by UnitedHealthcare keeps our members' minds, bodies, and social lives active. With simple resources, tools, fun events, and personalized support, it helps them explore ways to eat well, get fit, beat the blues, and stay connected.



INCREASING VALUE, MANAGING COST

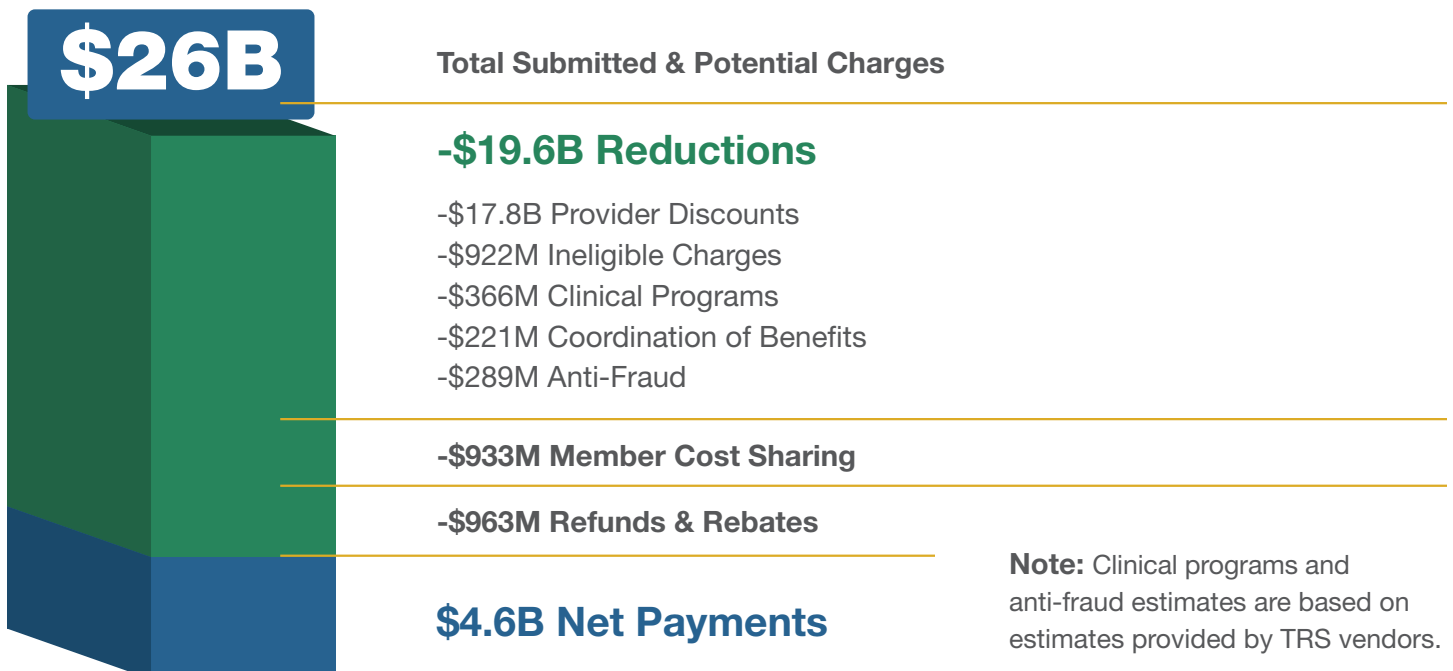
Cost Management

As health care costs continue to rise, TRS actively seeks out ways to mitigate the impact of these costs on employers and employees. These cost-containment strategies continue to result in lower cumulative cost growth when compared to similar self-insured plans.

TRS sees the most significant discounts in what providers charge versus what the health plan pays because of those discounts. The \$26 billion shown in the below figure is the financial impact of all the measures in place to reduce costs.

TRS drives value through tough contract management, which generates billions in savings for our members. TRS saw \$21.5 billion in discounts and savings in FY 2022.

FIGURE 1 : TRS Reduced Overall Plan Costs by \$21.5 Billion in FY 2022

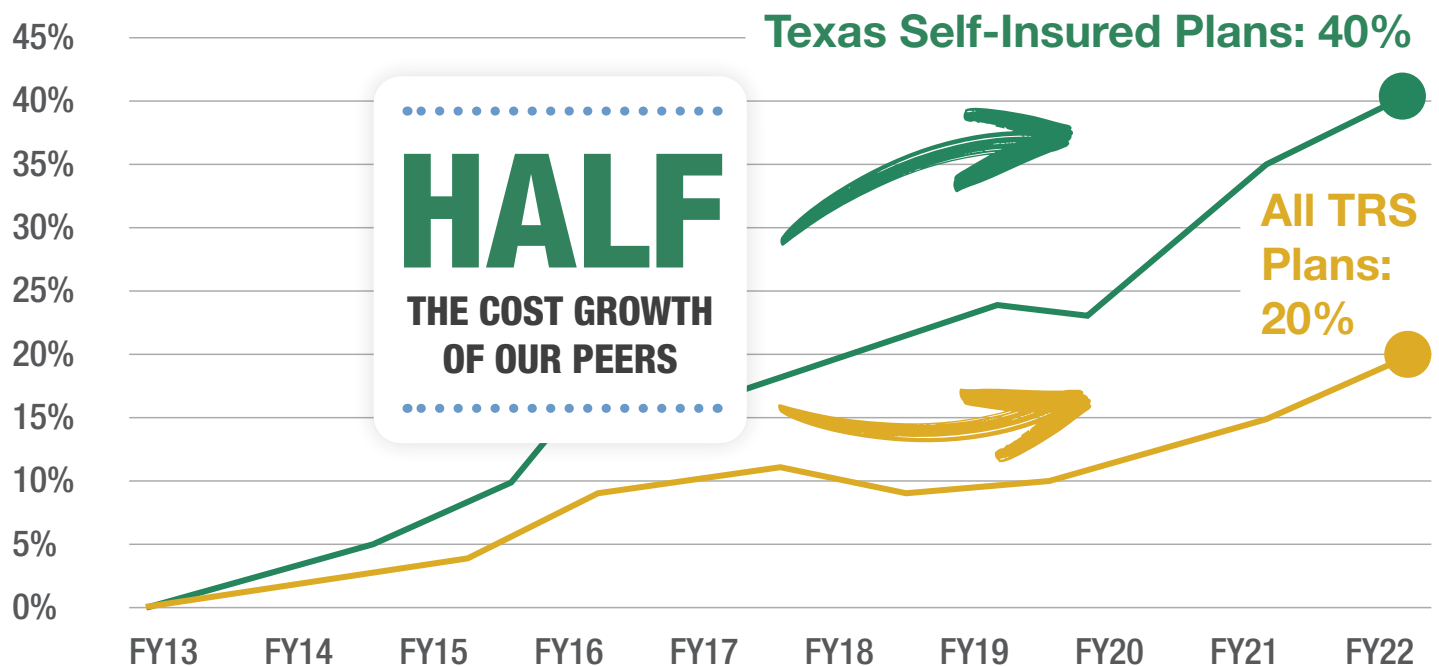


To contain costs we:

- Access market-leading discounts through our vendors.
- Set up measures to ensure that we pay only for medically necessary care.
- Offset costs through rebates and refunds.

See Appendix M for details on TRS-Care cost-sharing.

FIGURE 2: TRS Plans Experienced Half the Cost Growth of Texas Self-Insured Plans



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 27%. The comparison does not adjust for changes in plan design or demographics over time.

TRS' LOW ADMINISTRATIVE COSTS MEANS 97% OF FUNDS GO TO HEALTH CARE

In FY 2023, more than 97% of TRS health funds directly paid for medical and prescription drug claims. Only 3% of funds paid for 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.

FIGURE 3: How TRS Lowers Costs

97%

Pays for medical and prescription drug claims.



3%

Pays for administration and claims processing.





To ensure participants can access their benefits and get timely answers to their questions, TRS contracts with market-leading vendors to administer benefits. We hold 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.

FIGURE 4: The Benefits of Efficiency

LOWERING COSTS BY:



**Claims are
paid correctly
and on time.**



**Suspicious
claims are
investigated.**



**Benefits are
cost effective
and high quality.**

Employers with a smaller number of participants often need to buy 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 superior, cost-efficient products. TRS is also able to reduce administrative costs by managing risks to negotiate favorable terms, providing strong customer service, and developing networks with carriers for all our health plans.

We pass these cost savings to participants, ensuring TRS health care plans provide more medical care 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 plans. This data provides districts with insights on the health of their employees as well as the strength of the program.

DRIVING COST SAVINGS



Program Management

Benefits planning, cost containment, actuarial expertise, research, data analysis.

Administration

Vendor management, claims processing, budgeting, plan operations, legislation implementation, compliance.

Networks

Broad, provider network high-value health care strategies.

Risk Sharing

Stability, cost efficiency, widespread risk distribution.

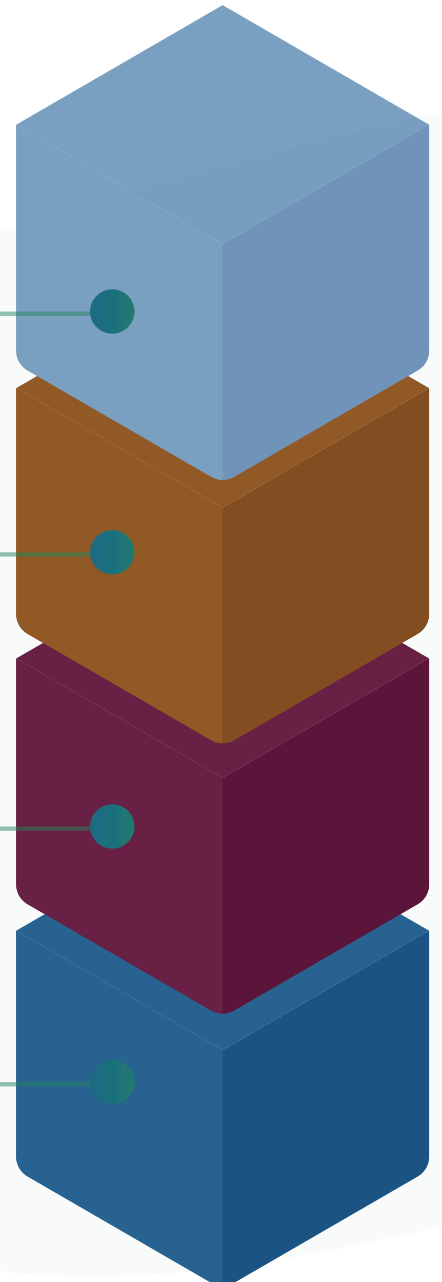
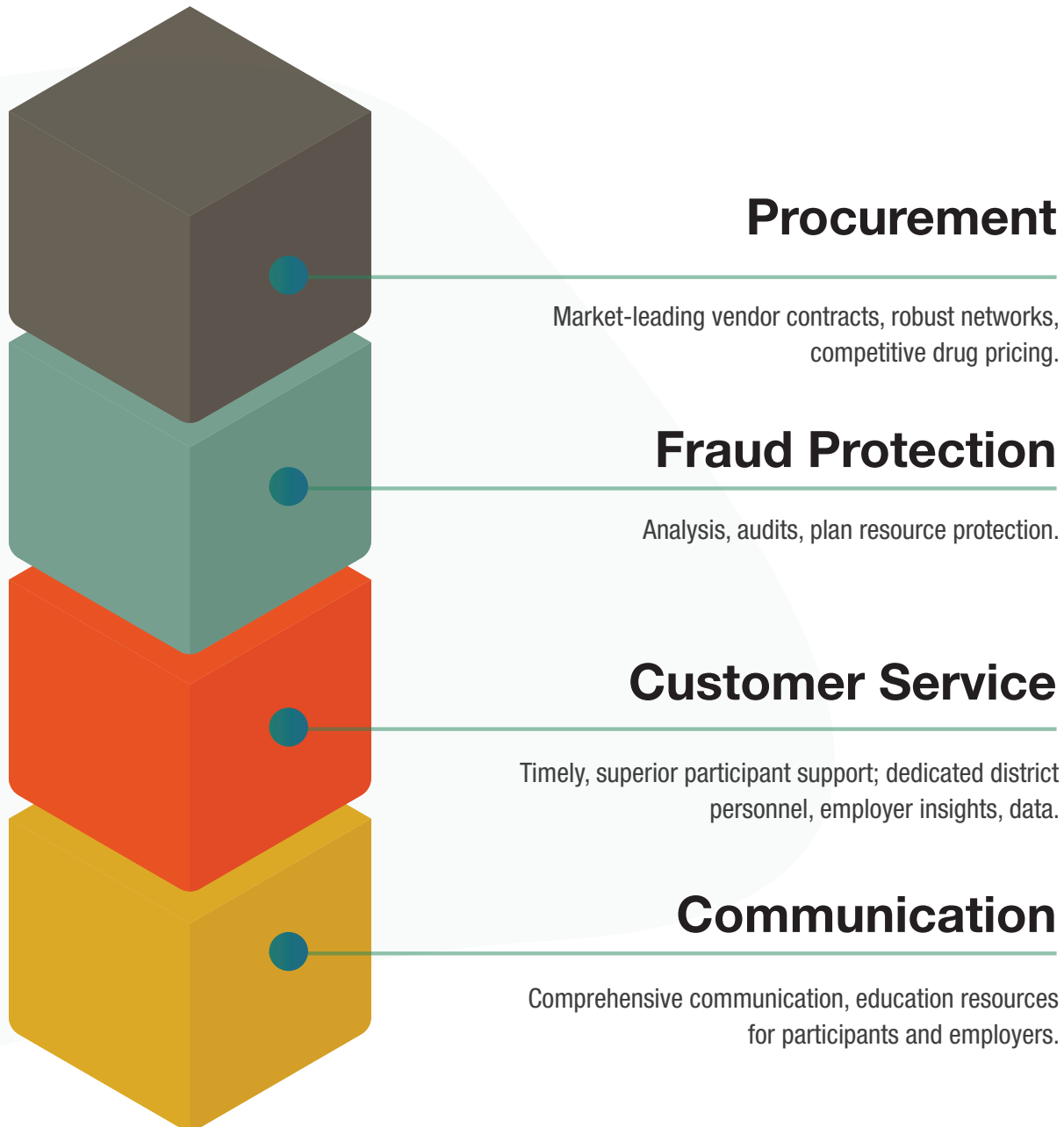


FIGURE 5: The Building Blocks of Administration



ENGAGED PARTICIPANTS AND EMPLOYERS MEAN BETTER HEALTH FOR ALL



ALL PLANS	
<div>420,000</div> <div>Preventive Care Reminders</div>	<div>314,000</div> <div>Preventive Visits</div>
TRS-ACTIVECARE	TRS-CARE
<div>520</div> <div>District Leaders Engaged through Connect Calls</div>	<div>3,000</div> <div>Attendees Engaged through TRS-Care Webinars</div>
<div>1,541</div> <div>Attendees Engaged through Participant Benefit Webinars</div>	<div>3,500</div> <div>Attendees at TRS-Care Health Fairs</div>
<div>1,074</div> <div>Participants in Benefit Administrator Trainings</div>	<div>233K</div> <div>Participants Received 2024 Plan Year Materials</div>

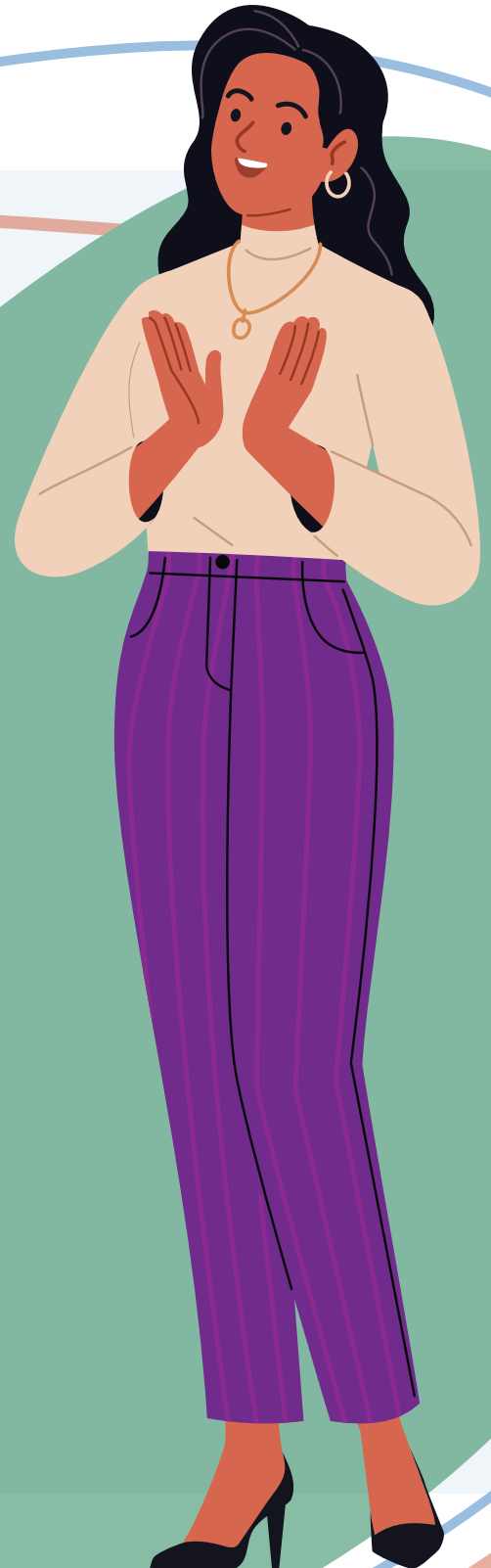
TRS deploys a variety of communication and engagement initiatives to ensure participants and employers know their health benefits. This includes targeted clinical messages, monthly digital newsletters, in-person and virtual information meetings, online resources, and responses to participant questions.

“

I appreciate the partnership we have with TRS-ActiveCare. They are willing to come out and work with us and give us the resources we need.

Danica Murillo

Deputy Chief of Human Resources, Seguin ISD



TRS-ACTIVECARE IN REVIEW

Earning trust through
transparency, support
and superior value



OFFERING THE CLEAR CHOICE FOR HEALTH CARE

Why are TRS plans the clear choice for so many TRS education employers and retirees? Because we provide stable, secure and superior health care for working and retired educators. Educators at any stage of life can follow their own TRS health care journey.

The TRS-ActiveCare Journey

Where have we been:

1

A Growing Need for Care

Prior to the creation of TRS-ActiveCare, there was a gap in the ability of districts to provide employees with sufficient health care coverage, especially smaller districts.

2

The Creation of TRS-ActiveCare

In 2001, TRS was given the responsibility of administering a new statewide health care program for eligible public school employees and dependents called TRS-ActiveCare. In order to improve the affordability of the plans' premiums, a provision was included that required participating employers to use TRS-ActiveCare exclusively.

3

TRS offers and manages four health care plans for working public school employees in Texas:

TRS-ActiveCare Primary

TRS-ActiveCare Primary+

TRS-ActiveCare HD

TRS-ActiveCare 2*

Each plan includes comprehensive medical and prescription coverage.

*Closed to new enrollees

The Value Grows

While TRS-ActiveCare was created to address the gaps in health care coverage for employees at smaller districts, the value that the plans delivered attracted employers of all sizes. Once employers opted in to TRS-ActiveCare, they were committed to the plan in order to sustain stability of participation.

Maximizing the Power of Choice

In 2021, the Texas Legislature passed SB1444 giving employers the power to opt in or out of TRS-ActiveCare based on the health care needs of their employees while maintaining the prohibition of offering competing coverage alongside TRS-ActiveCare. This bill opened the door for employers to shop for coverage outside of TRS-ActiveCare and to choose the plans that they deemed to deliver the highest value. Even with this choice, TRS-ActiveCare retained 90% of participating employers in the first year following the passage of the bill and projections show growth in participation moving forward. The statute also requires employers to opt in or out of TRS-ActiveCare for a minimum of five years. This requirement delivers enhanced flexibility to employers, while maintaining the stability of the plans so TRS can continue to support the health care needs of Texas educators for years to come.

4

A Loophole Leads to Rising Costs

While the statute prohibited participating employers from offering alternative group coverage to their employees from 2019 to 2021, a District of Innovation (DOI) loophole opened the door to offer competing coverage alongside TRS-ActiveCare. Approximately 140 out of 1,100 leveraged this loophole, which drove up costs as TRS retained disproportionately higher cost members who needed comprehensive medical benefits.

6

The Road Ahead

In the coming years, we will continue to:

- Offer employers throughout the state of Texas market-leading products through collaboration and clear value delivery.
- Champion participating employers of TRS-ActiveCare to maximize value, ensure satisfaction and retain their participation in the plans.

STRENGTHENING CONNECTIONS THROUGH TRANSPARENCY



Providing employers with compelling evidence on the value that TRS offers to educators

With the transition to regional rating, TRS engaged districts to help them see why TRS is still the superior choice for educators.

Regional rating is based on factors including regional costs, age, gender, risk, historical costs and benefits. It gives employers the benefit of total premiums reflecting their regional cost of care, while still having access to the entire risk pool of TRS-ActiveCare.

To demonstrate the value TRS-ActiveCare provides, we give districts throughout Texas reliable data to compare the cost of TRS plans to other plans available to employers. We expanded the type and amount of claims data we give to districts by offering it twice a year at no cost. This gives them actionable data they can use to improve costs and education

about health care for their employees.

TRS also gave districts benchmarking information to compare regional costs in claims, such as avoidable emergency room visits. This allows employers to determine where claims are driving up costs in their districts and to develop plans to educate employees about the cost-effective health care options available to them through TRS plans.

We continue to support employers in TRS-ActiveCare by providing benefit and wellness resources that allow them to further educate their employees. In FY 2023, TRS and its vendors sent over 420,000 care reminders and TRS plan participants completed over 314,000 preventive visits.



In 2023, TRS dedicated itself to enhancing support for district employers, facilitating seamless TRS-ActiveCare implementation across their districts.

In 2023, TRS initiatives to advance that objective included:

- 31 touchpoints communicated per district
- Hosting TRS-ActiveCare Connect Calls (online)
- Using Medical and Pharmacy District Ambassadors as an extension of TRS (we rolled out the Rx DA Program starting in FY 2024)
- Launching a website for nonparticipating districts to learn about TRS-ActiveCare

SUPPORT FOR DISTRICT EMPLOYERS



TRS worked with our new pharmacy benefits manager Express Scripts to create a new version of our successful District Ambassador (DA) program. The DAs are on-the-ground representatives who offer a concierge service for employers. We set up the DA program to help districts 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 open enrollment events and facilitating benefits presentations.

FIGURE 6: District Ambassador Support to Districts, FY 2022-23

Interacted with districts

9,676

separate times

Corresponded by email

7,784

times

Attended

111

virtual events

Answered

1,098

phone calls

Completed
in-person
visits

722

including

34

conferences/
multi-district
events

SUPPORT FOR PARTICIPANTS



In 2023, we transformed the way we support our community by introducing engagement strategies aimed at empowering our participants.

By delivering these informative resources, we improved the understanding and effective use of TRS-ActiveCare benefits. These tools enable participants to make informed decisions and fully leverage their health benefits.

These initiatives included:

Webinars

From A to Z: Your TRS-ActiveCare Plan

TRS offered webinars during the summer for TRS-ActiveCare participants to learn about their benefits. This new webinar reached over 1,500 attendees and includes information about the different plan options (including terminology), wellness programs, money-saving tips, and resources to help participants maximize their plan benefits.

Educational Video Series

Unlocking Health Benefits

TRS launched a series of enrollment videos and short how-to videos to help TRS-ActiveCare participants choose which plan is best for them, what factors to consider during annual enrollment and how they can start using their health benefits to get maximum value. TRS also created a Learn the Terms video to explain complex health care terminology.

DELIVERING SUPERIOR VALUE THROUGH ENHANCED COST EFFICIENCY

TRS-ActiveCare offers the lowest costs to employers in the market

- Across all plans, TRS-ActiveCare is more affordable than similar plans in the market
- The costs of our most popular plan are on average 14% lower than those of districts outside TRS-ActiveCare, and when you add in supplemental funding, they are on average 23% lower
- TRS-ActiveCare costs are lower across all regions of the state

TRS-ActiveCare has lower costs across all plans

A benchmark study using data from Milliman, a third-party actuary firm, validated the superior cost efficiency delivered by TRS-ActiveCare across all plans when compared to districts and cities/counties outside TRS-ActiveCare. For the 2023-24 plan year, the total cost of coverage for TRS-ActiveCare participants is \$744 per employee per month after supplemental funding from the state is applied. That is about 15% lower than nonparticipating districts' average cost of \$881, and about 32% lower than cities/counties' average cost of \$1,093.



FIGURE 7: TRS-ActiveCare Delivers Lowest Cost Across All Plans

TRS-ActiveCare	Cost to Employer/ Employees	\$744	\$79	Portion of Cost Subsidized by State Supplemental Funding
Nonparticipating Districts		\$881		
Cities/Counties		\$1,093		

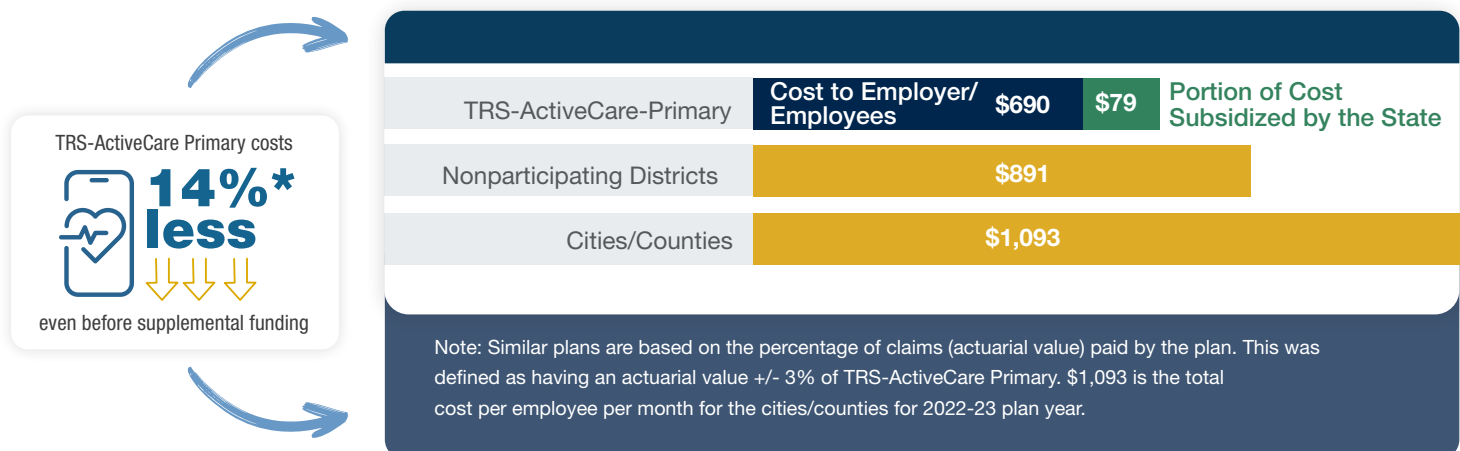
Note: Similar plans are based on the percentage of claims (actuarial value) paid by the plan. This was defined as having an actuarial value +/- 3% of TRS-ActiveCare.

\$1,093 is the total cost per employee per month for the cities/counties for 2022-2023 plan year.

A Closer Look: Our most popular plan costs 14% less than districts outside TRS-ActiveCare, even before supplemental funding

While TRS-ActiveCare delivers superior cost efficiency across all three of its plans, this value is even greater for TRS' most affordable and popular plan, TRS-ActiveCare Primary. In the 2023-24 plan year, the average cost per employee each month on TRS-ActiveCare Primary was 14% lower than districts outside TRS-ActiveCare and 29% lower than cities/counties. **Once supplemental funding from the state was applied the plan was even more competitive, coming in at 23% lower than districts outside TRS-ActiveCare, and almost 37% lower than cities/counties.**

FIGURE 8: TRS-ActiveCare Primary is the Most Affordable Plan, With or Without Supplemental Funding

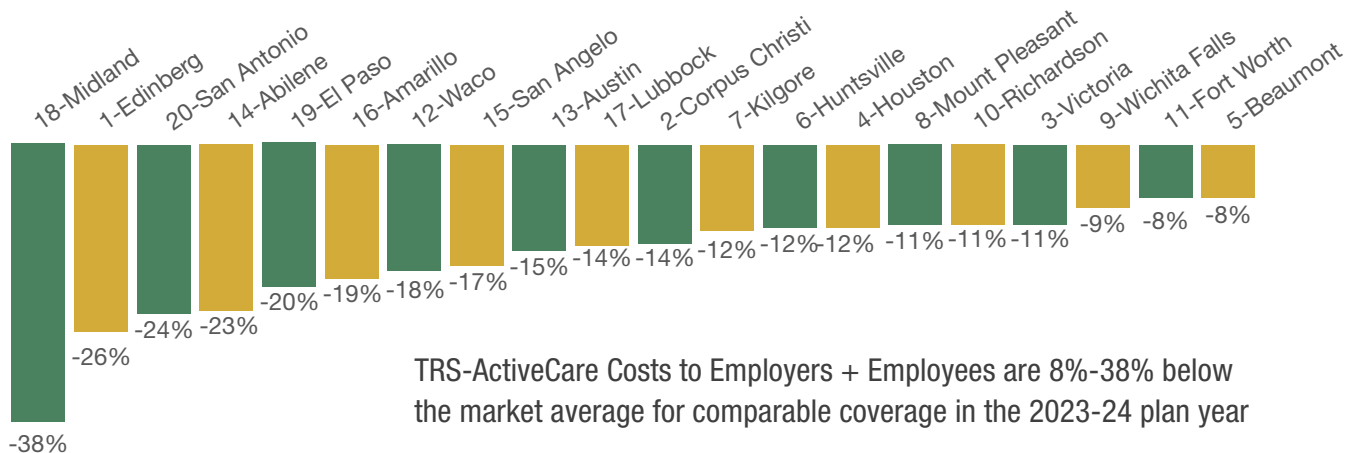


After supplemental funding, our most popular plan costs 23% less than districts outside TRS-ActiveCare, and almost 37% lower than cities/counties.

Regional Drill-Down: Delivering lower costs across all Texas regions

As Figure 8 illustrates, the average costs of TRS-ActiveCare are competitive at a statewide view. Drilling deeper, an analysis of average health care costs by region confirms that TRS-ActiveCare is also consistently lower than similar plans in all individual regions across the state. The data reveals that the costs to employers and employees participating in TRS-ActiveCare are between 8%-38% below the market average in every Texas region.

FIGURE 9: TRS-ActiveCare is Competitive in All Regions



Note:

- ESC regions 3 and 9 have limited employee counts for nonparticipating districts.
- Total costs include premium and member out-of-pocket costs.
- Percentages reflect the cost difference between TRS-ActiveCare plans and comparable nonparticipating district plans.
- The cost of TRS plans presented here does not include cost covered by supplemental funds since these costs are not passed onto employers.
- TRS-ActiveCare comparison excludes TRS AC-2 because this plan is not open to new membership.

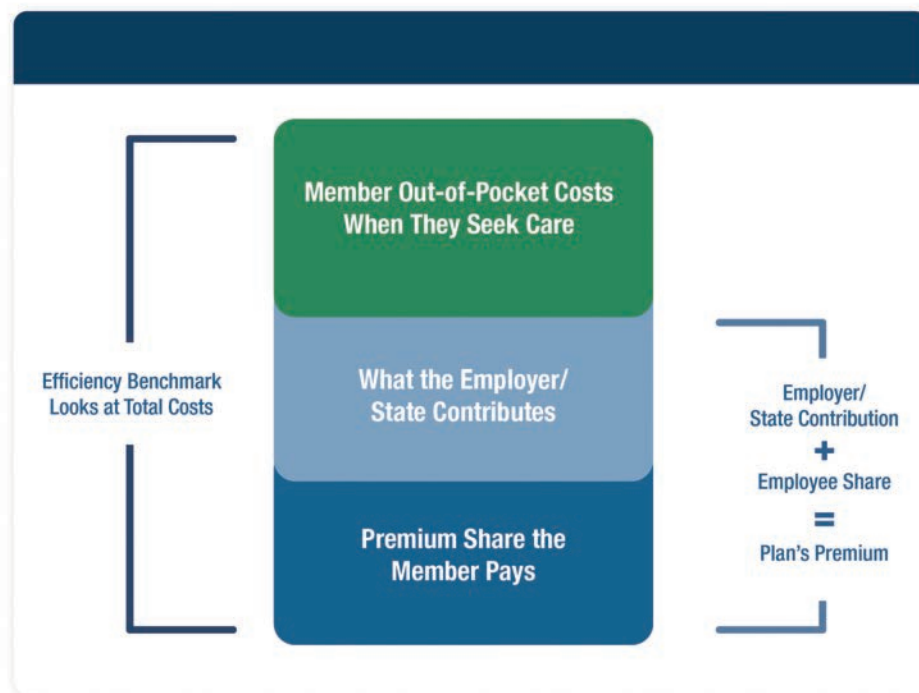
The findings in TRS' study are consistent with findings in a study required by Rider 21 in the General Appropriations Act (87th Regular Session). That third-party study of TRS-ActiveCare found:

- **TRS-ActiveCare total premiums are lower than peer and national state averages**
- **TRS is more efficient and more cost-effective than the comparative groups**
- **Low state and employer funding leads to higher costs for members**

The cost comparison data TRS used to compile the cost-efficiency comparisons presented on the previous three pages was compiled by Milliman, a third-party actuarial firm. This study benchmarked plans according to their efficiency. Plan efficiency:



FIGURE 10: Efficiency Benchmark Looks at Total Costs



DELIVERING SUPERIOR VALUE THROUGH STABILITY AND FLEXIBILITY



After passing SB 1444:

- 90% of districts retained in year 1
- 99% of districts chose to participate in years 2 and 3
- Growth projected for FY 2024-25

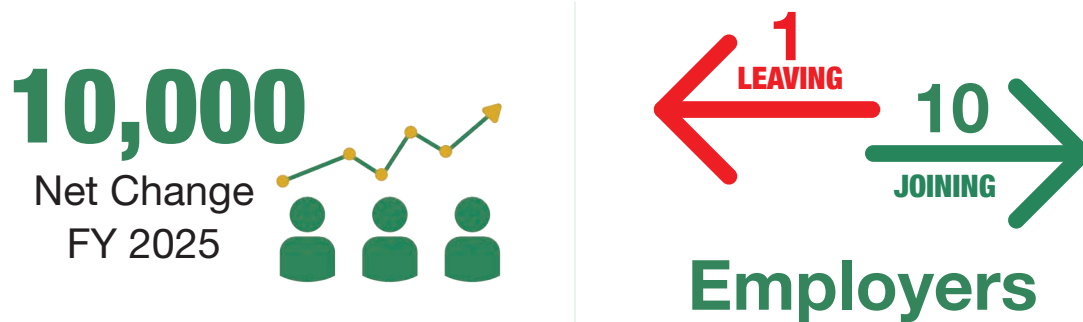
The 87th Texas Legislature passed Senate Bill 1444 (SB 1444) in 2021, giving public education employers more stability and flexibility when choosing their health care while also protecting the stability of TRS-ActiveCare.

The law means that an employer that participates in TRS-ActiveCare can routinely evaluate their options. Districts must notify TRS by December 31 if they plan to join or leave TRS-ActiveCare for the next plan year and employers must remain opted in or out of the plan for a minimum of five years at a time.

Based on notices from districts as of Dec. 31, 2023 for the plan year that starts on Sept. 1, 2024, TRS projects employee enrollment could increase by over 10,000 lives among employers that elected to join TRS-ActiveCare.

Employers that elected to opt out of TRS-ActiveCare coverage had about 170 enrolled employees in total. Among these employers, TRS projects that this could result in a net increase of an additional 10,000 employees for TRS-ActiveCare. Furthermore, for every employee that is expected to leave the plan, TRS estimates that about 60 will enroll.

FIGURE 11: TRS-ActiveCare Enrollment Expected to Grow in FY 2024-25



Note: Enrollment estimates for FY 2025 are based on Jan 1, 2024 enrollment data. Number of employees represent eligible participants. Projected growth reflects the net change in employees based on employers joining and leaving effective Sept. 1, 2024.

The law represents a win-win for employers and TRS. Employers have the flexibility to choose the health coverage that works best for their employees, while TRS-ActiveCare's stability is reinforced through the provisions that secure a five-year commitment from participants and prohibit them from offering any alternative group coverage.

TRS continues to engage and educate districts about their options. Through events, mailers and District Ambassadors, we show district leaders how our plan compares to similar plans on the market. We also provide real data and case studies that prove TRS is still the clear choice for Texas educators due to our:

- 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)

DELIVERING VALUE BY NAVIGATING HEALTH CARE AFFORDABILITY ISSUES

TRS worked with state leadership to limit increases between FYs 2023 and 2025.

TRS provides comprehensive health plans to employers at total costs that beat the market. Though the total cost of TRS-ActiveCare remains the lowest cost option across the state, employees pay a significant portion of this total cost, creating affordability concerns.

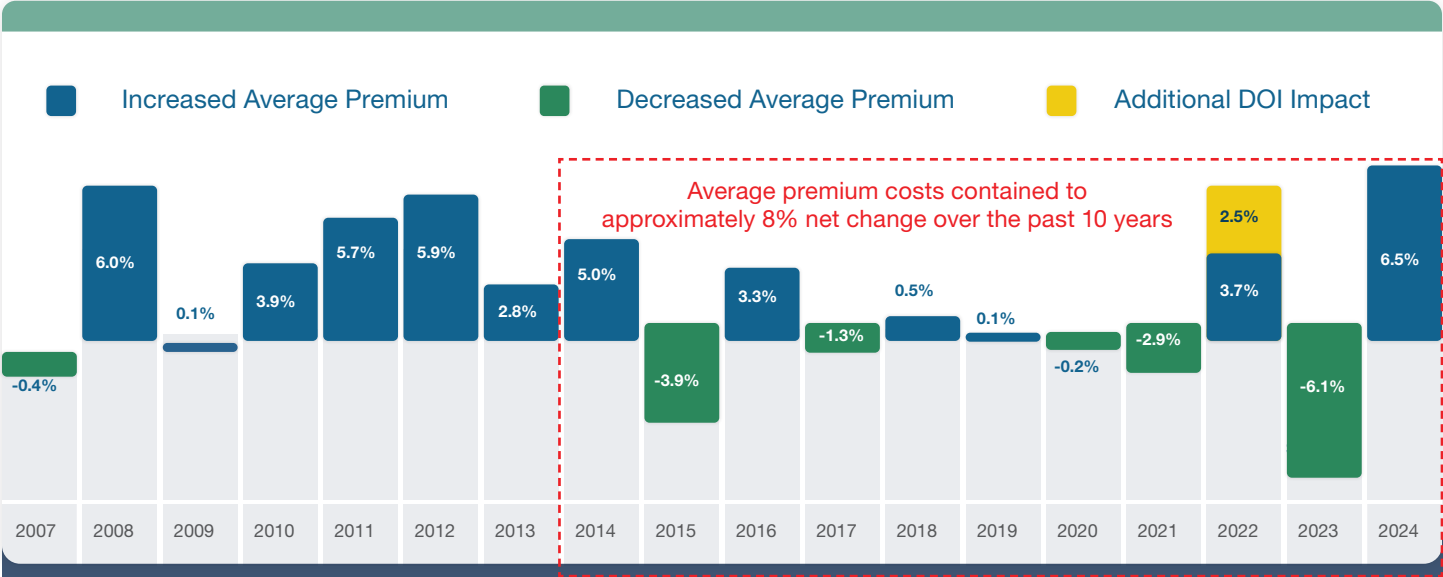
In FY 2021-22, for example, employees in TRS-ActiveCare paid for 55% of the total cost of care. This 55% in 2021-22

was about double the average rate for public employers in Texas, such as cities and counties, and the country.

In FY 2022-23, TRS-ActiveCare used one-time federal funding appropriated by legislators to decrease plan costs. These savings were largely passed on by employers to result in significant employee cost savings.

During the pandemic, TRS waived all cost sharing for COVID-19 related testing and treatment. TRS plans also saw a substantial increase in health care costs due to the expenses to treat COVID-19 patients and cost-share waiving.

FIGURE 12: Average Premium Costs Over Past 10 Years Contained to Approximately 8% Net Change



Notes: This chart shows the change in the average premium per employee based on actual enrollment. FY 2024 is estimated based on October 2023 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 FY 2024 based on enrollment decisions made by employees for October 2023.

State leadership and legislators appropriated \$721 million to TRS, with \$638 million directed to offset these costs in TRS-ActiveCare. With these funds, TRS lowered the average premium in FY 2023 below 10% on average. This funding also resulted in no premium increases for employers, and many saw a premium reduction.

This decrease in premiums improved the affordability of TRS-ActiveCare as employers passed the lower premiums on to employees, resulting in most employees paying a lower monthly premium in FY 2023.

However, this dynamic means that the current rates for employers are below the cost of claims to TRS.

Once TRS spent the federal funding, it would need to increase total premiums to fully reflect actual cost. To reduce the impact to employers, the governor and legislature provided supplemental funding to limit the rate of increase.

At the direction of the legislature, this funding allowed TRS to limit the rate to increase less than 10% on average across the state. Without supplemental funding, employers could have seen a 22% increase.

During the regular session, TRS included three options for consideration by the legislature that provided different levels of state funding to TRS-ActiveCare. The legislature opted to fund a solution to target a total premium increase to below 10% per year and appropriated funds for the 2024-25 biennium. TRS would need the additional \$386 million for the upcoming 2026-27 biennium to keep premium increases at less than 10% on average for that period. This amount could potentially increase to \$450 million if TRS sees significant growth in higher cost employers.

FIGURE 13: TRS-ActiveCare Supplemental Funding Option Presented to Legislature

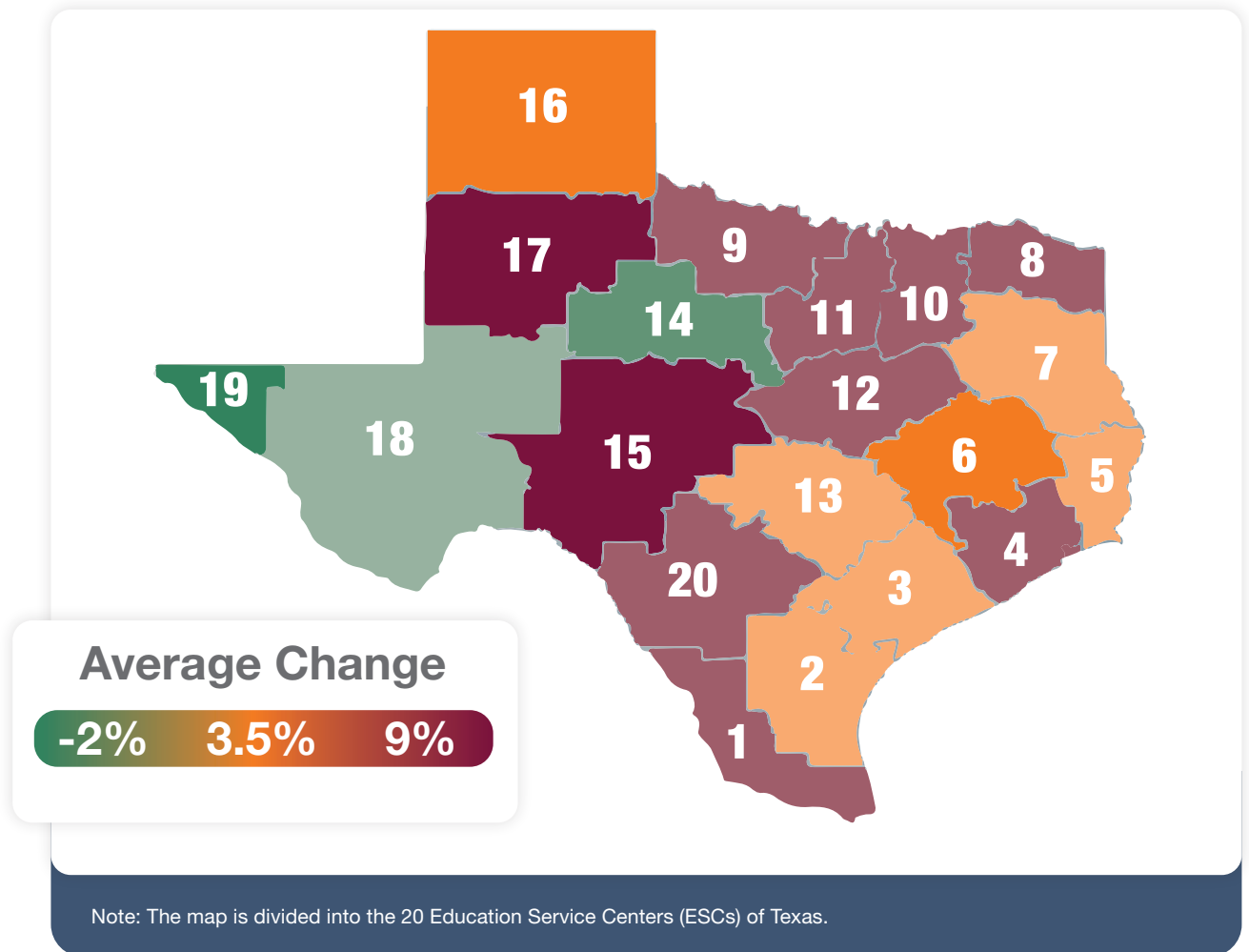
Target Total Premiums below ~10% Per Year

An estimated appropriation of **\$589 million** for the FY 2024-25 biennium and **\$386 million** for the FY 2026-27 biennium. Phase in less than ~10% premium increases across four FYs until premiums reflect cost.

Increases in Employees' Contributions and Share of Costs Are Expected Based on Current Trends

In FY 2024, TRS was able to limit the average rate increase to approximately 6.5%.

FIGURE 14: Average Change in Rates from FY 2023 to FY 2024 Plan Years



However, an average increase of about 10% in the total gross premium often results in a significant increase in employee contributions. For example, in TRS-ActiveCare Primary, the average total premium for family coverage increased from \$1,332 to \$1,463 or by \$131 in FY 2024. Employers on average increased their contribution by about \$15 per month for this plan and tier.

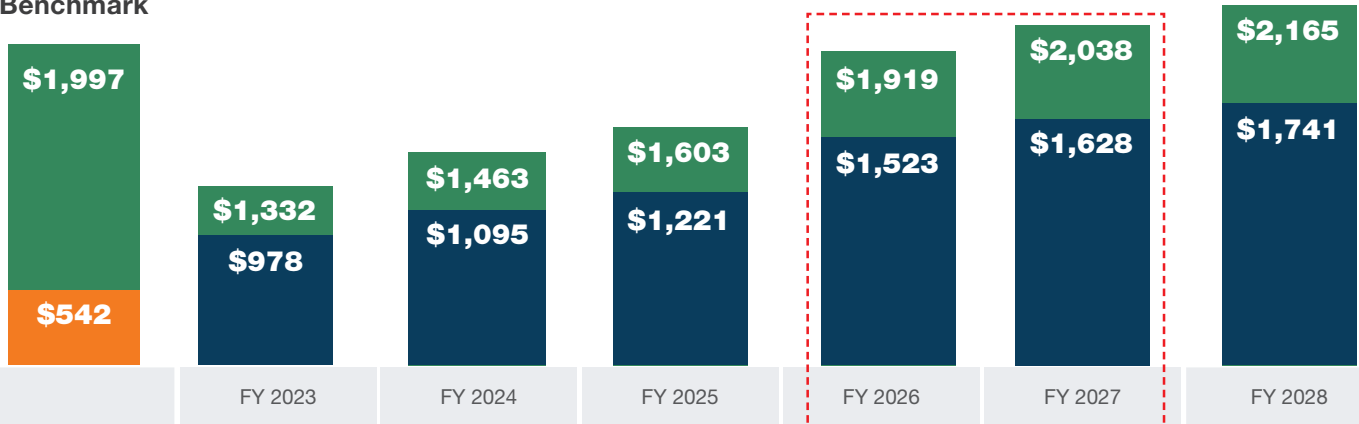
The small increase given by employers necessitated that employees increase their contribution by nearly \$120 per month. In FY 2024, the average employee contribution for the TRS-ActiveCare Primary family tier increased from \$978 to \$1,095.

FIGURE 15: Average Employee Contribution, FY 2023-28

Average **Employee Contributions** are expected to grow from **\$978** per month in FY 2023 to **\$1,741** per month in FY 2028 for family coverage based on current trends

■ Employee Contribution
 ■ Employee Contribution National Average
■ Total Premium Charged to District & Employer

National
Average
Benchmark



Note: FY 2026-27 Assumes No Supplemental Appropriation. Employer contributions are expected to grow at the same rate as they did between FY 2023 and FY 2024.

National monthly average employee contribution: $\$6,502 \div 12 = \542 (Source: [Kaiser Family Foundation](#))

National monthly average (family coverage*) = \$1,997 (Source: [Kaiser Family Foundation](#))

National monthly average (single coverage**): $\$7,034 \div 12 = \586 (Source: [Kaiser Family Foundation](#))

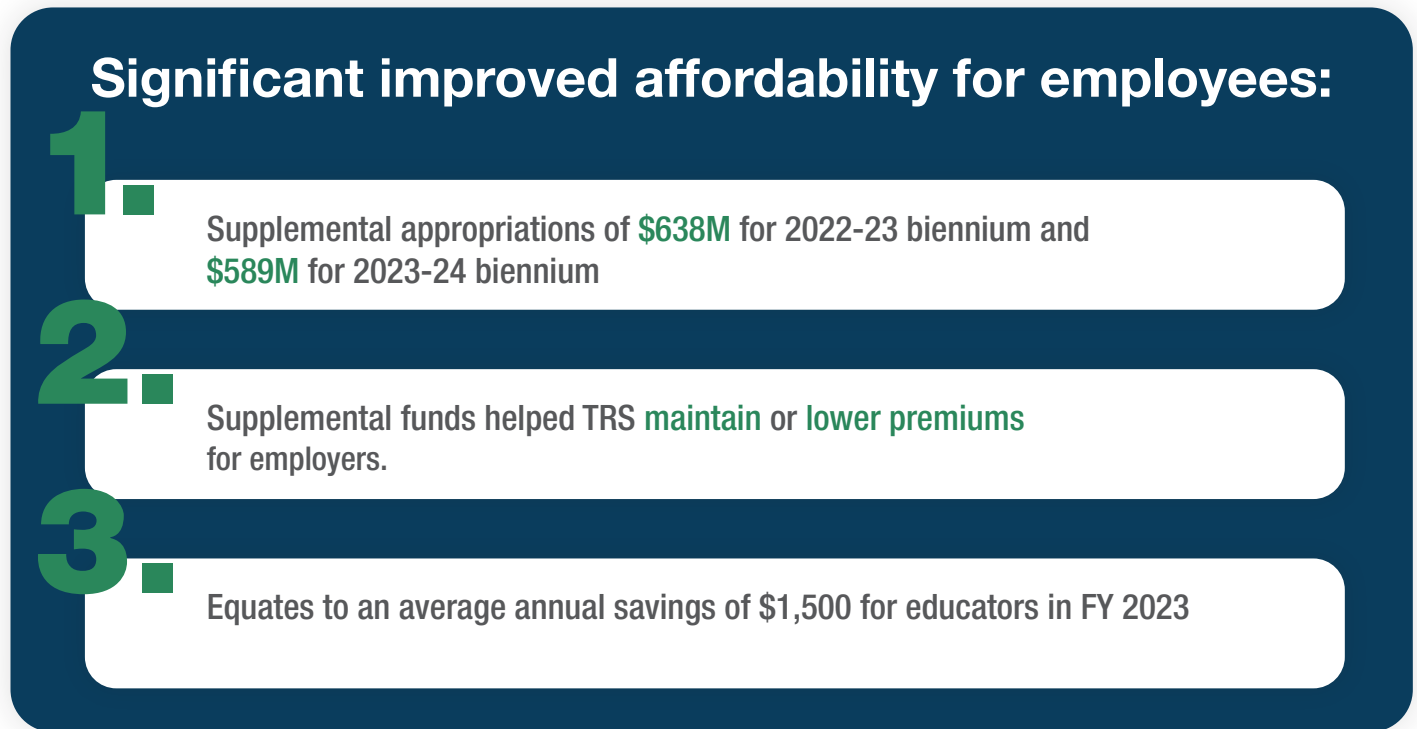
*Few Lower-Wage Workers category

**All Firms

The Impact of Supplemental Funding on Plan Premiums

TRS will continue to present data to inform the legislature about the impact of supplemental funds on plan premiums. As discussed in the previous legislative session, without additional state subsidized funds, plan premiums could require a 20% increase by 2026 to close the gap between revenues and expenses. Even with this level of increase, TRS premiums would be expected to remain below the market average.

Figure 16: Impact of Supplemental Funding on TRS-ActiveCare



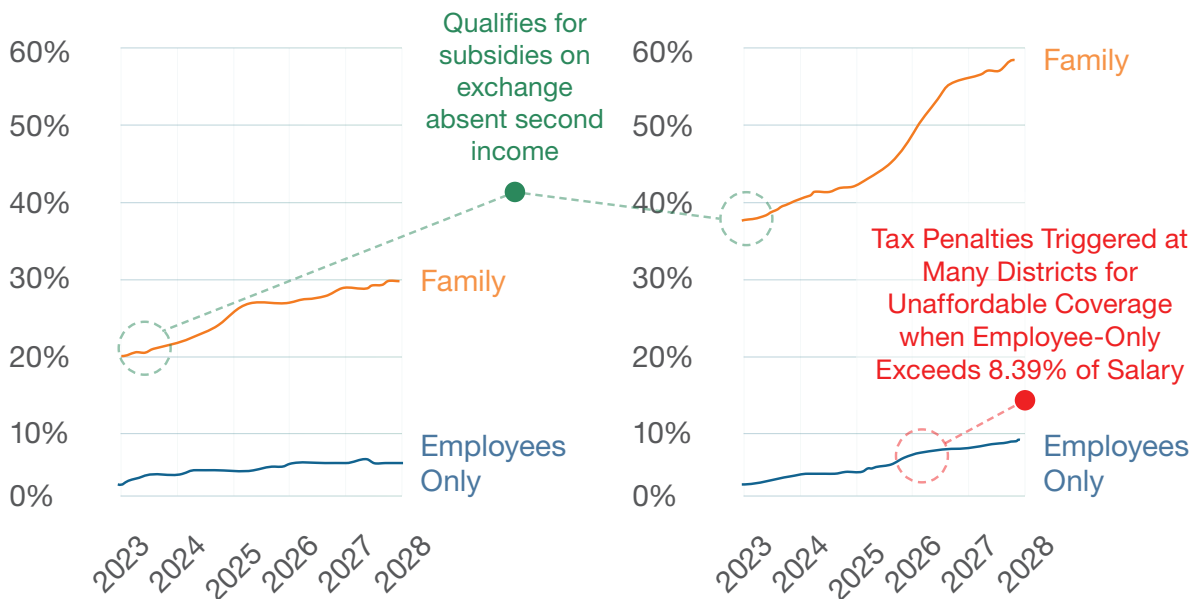
Planning for the Rising Costs of Health Care

If employers continue to increase their contributions about \$15 per month each year, even with additional funding, by FY 2028, the estimated employee contribution toward the family premium in TRS-ActiveCare Primary will increase by over \$700 from its current rate.

This will require more than 30% of a teacher's average salary to pay for premiums on the lowest-cost plan for

family coverage. That will be below the 8% threshold of affordability established by the federal government. Because of the increased costs of family plans on the market in general, many employees are eligible for subsidized coverage on the federal marketplace. Many auxiliary and support staff members will also be eligible for subsidies on the exchange due to projected increases in employee-only coverage by 2027 and 2028.

FIGURE 17: Percentage of Salary for Lowest Cost TRS-ActiveCare Plan



Teachers

(\$61K avg salary, 48% of employees)

Auxiliary

(\$31K avg salary, 25% of employees)

NOTE: This assumes:

- No supplement in FY 2026-27.
- 2% salary growth for employees.
- Employer contributions grow in future years at same amount as FY 2023 to FY 2024.

Teacher average salary source: <https://rptsvr1.tea.texas.gov/adhocrpt/adpeb.html>

Current inflation rates have presented a great challenge to affordability in health care overall, not only to TRS but also in the general marketplace. This is evidenced by the fact that districts outside the TRS-ActiveCare model are struggling to find cost-effective health benefits for their employees.

Even with increases, TRS-ActiveCare still provides lower-cost total premiums to educators than similar plans on the market.

TRS has limited control over what employees pay for coverage. Employers determine how much they contribute to their employees' premiums.

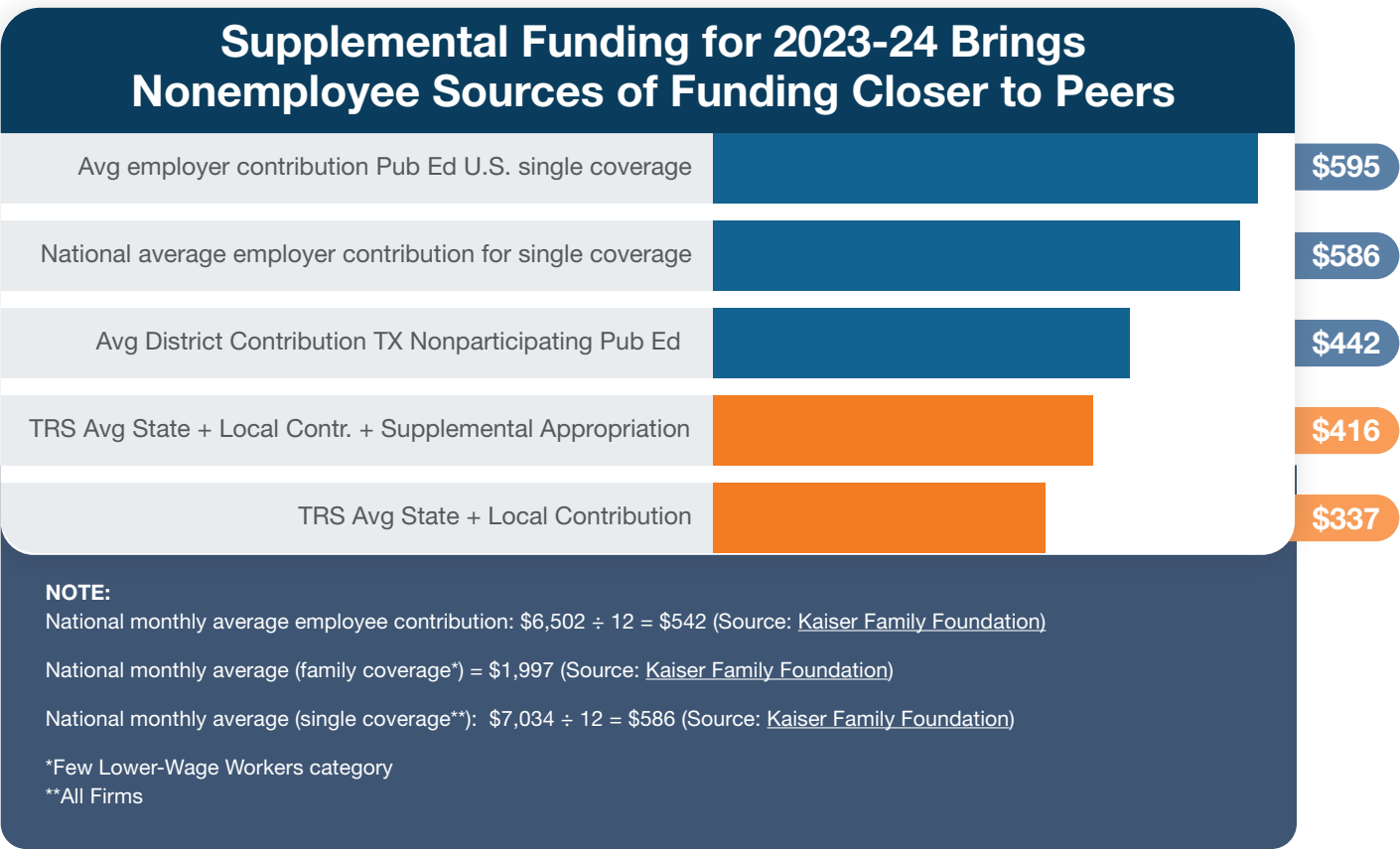
We always want to ensure that each dollar goes as far as it possibly can for our employers and the educators under their care. We are also in a position to find unique and creative solutions to the challenges presented when it comes to affordability.

Managing Affordability for Employees

What employees pay for health coverage depends in large part on how much the employer and state contribute toward the premiums.

Funding from nonemployee sources, both district and state, in TRS-ActiveCare is significantly below that of peers. The average contribution in TRS-ActiveCare, even after supplemental funding, is below the typical contribution for employee-only coverage.

FIGURE 18: Total Cost per Employee per Month



Since TRS does not determine employees' contribution for coverage, we tier premiums to ensure adequate funding for necessary benefits.

While TRS-ActiveCare received supplemental funds in the most recent two legislative sessions, the funding for TRS-ActiveCare is distributed almost exclusively through school finance formulas.

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, with the exception of supplemental funding received in recent legislative sessions, the only funding TRS receives comes from the total premiums charged to employers for their covered employees. **Each individual employer determines how much they contribute toward their employees' premiums.** They use a mix of state and local funding to make their contribution of at least \$225 and employees pay the rest of the premiums.

Because of this, TRS has limited control over what employees pay for TRS-ActiveCare coverage and whether their share of the total premium is affordable. TRS sets the total premiums for each plan and tier to ensure that adequate funding is available to pay claims for necessary benefits. Therefore, education employers must determine how much they contribute toward their employees' premiums.

When TRS-ActiveCare was created, a \$225 combined state and district contribution per employee was equivalent to 90% of the cost of the state employee health plan.

To buy the basic TRS plan, actuarial experts anticipated that at the time \$225 would allow TRS to offer a \$0 premium for employee-only coverage. Public education employees also received pay increases, which they could use to purchase more comprehensive coverage if they chose.

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

FIGURE 19: TRS-ActiveCare School Finance Formulas



While the \$75 state contribution and \$150 district contribution requirement has not changed since 2001, the Urban Consumer Price Index (CPI) has increased by 75%.

While employer contributions have increased to an average of \$337 in FY 2024, they have not kept pace with the rising cost of health care as a whole or the contribution levels of TRS' peers.

If adjusted for general economic inflation, the current requirement for non-employee funding would be a minimum \$363 in 2023 (gross domestic product price deflator). This means the current average employer contribution of \$337 is less than the original minimum contribution amount adjusted for inflation.

If the minimum district contribution in 2023 were \$363, then 70% of employees in TRS-ActiveCare would see an average reduction of \$735 per year in their premiums.

Health care costs have risen at even higher rates than general inflation in the economy. The 2022 Texas TRS Alternative Benefits Study, conducted by independent actuarial consultant Segal Consulting, notes that if more funding were allocated **to make up the 20-year gap, since the minimum \$225 contribution was set by law, the total state and employer contribution would be about \$600 per employee per month**, with the split between the state and public school employers to be decided by the legislature. With this amount of funding, contributions and plan designs could be altered to match the funding dynamics at the start of the program.

CASE STUDY





BACKGROUND

With health costs increasing, Texas districts always look for ways to minimize costs for their employees. One central Texas school district considered joining TRS-ActiveCare as a way to address rising health care costs.

In concert with its health advisor, the district obtained data that pointed to a trajectory of rising health plan costs through the next five years and the need to evaluate if they should stay with their current carrier. The district was also looking at increasing costs for stop/loss insurance and rising pharmacy expenses for their employees.

Working with TRS, they explored the potential savings they could experience from the TRS-ActiveCare health plans—which as they learned, were considerable.

CHALLENGE

The district's benefits were on a calendar year, not the Sept. 1-Aug. 31 plan year that TRS-ActiveCare uses. TRS would have to make a change to its administrative rules to allow the district to participate in the 2023-24 plan year. Before TRS initiated that change, the agency reviewed the impact of the modification with the district.



ACTION

Based on the research and comparative numbers, TRS determined that should the district choose to join TRS-ActiveCare, the district would see savings in pharmacy costs in the first year. The district also learned that the TRS-ActiveCare formulary carried by its pharmacy benefits manager, Express Scripts, would offer most of the same prescriptions as its current provider at a significantly lower cost. Finally, TRS shared the benefit changes in the TRS-ActiveCare plans (Primary, Primary+ and HD) from FY 2022 through FY 2024.

RESULT

Building a Bridge

TRS created a new administrative rule to make it possible for a district with plan years that don't align with TRS, to “bridge” over to the Sept. 1-Aug. 31 plan year. This rule made it possible for a district to avoid terminating its current health plan midyear and allow TRS to underwrite custom rates for districts to use during the transitional year.

The TRS Board of Trustees approved this special transitional rule in Sept. 2023. On Jan. 1, 2024, the district officially transferred to TRS-ActiveCare.



TRS-CARE FY 2023 OVERVIEW

**Strengthening
benefits
for retirees**





OFFERING THE CLEAR CHOICE FOR HEALTH CARE

The TRS-Care Journey

TRS offers and manages two health plans for retired public school employees:

TRS-Care Standard for retirees not eligible for Medicare (people under age 65)

A high-deductible health plan TRS offers to retirees and their eligible family members under age 65 or not eligible for Medicare. This plan includes medical and prescription drug benefits.

TRS-Care Medicare for retirees eligible for Medicare (generally people aged 65 or older)

For retirees and their family members who are eligible for and enrolled in traditional Medicare. This plan includes TRS-Care Medicare Advantage as the medical plan and TRS-Care Medicare Rx as the prescription plan.

Where did we start?

Creation of TRS-Care: In 1985, TRS was assigned the responsibility of administering a health insurance program for public school retirees.

Rising Health Care Costs: Contribution rates remained the same from 2005-2017 and as a result, funding did not keep pace with health care expenses. A November 2016 report by the Texas Joint Interim Committee to study TRS Health benefit plans projected a \$1.3-1.5 billion budget shortfall by the 2018-19 biennium, and a \$4.1 billion shortfall by FY 2021.

Source: Teacher Retirement System of Texas - Sunset Report, 2019

1

**2**

What is our current state?

- In response to the Interim Committee report, the 85th Texas Legislature directed TRS to make plan changes in 2018, thereby eliminating four plans and discontinuing the premium tiering system based on years of service.
- Premiums increased to an average of 47% more than the prior amount.
- In 2018, TRS-Care saw a decline, with 30,000 participants leaving the plan.
- Now that the fund has stabilized and is growing, we continue to identify ways to increase the value of the plans for retirees. See Appendix I for enrollment information.

3

What's next?

In the coming years, we will:

- Continue to add value to TRS-Care plans
- Help TRS-Care participants maximize their plan benefits
- Demonstrate the value of TRS-Care plans

IMPROVED AFFORDABILITY AND ACCESS FOR RETIREES

Through proactive plan management, regulatory changes, and enrollment trends, **the TRS-Care fund saw significant growth in 2023.** TRS-Care is in a strong, positive position as we move into 2024 and 2025. The TRS-Care fund remains steady—the plan is now in its seventh year with no premium increases.

See Appendix N: TRS-Care Funding by Source for more information about the TRS-Care fund balance.



TRS strives to continually enhance and enrich benefits for TRS-Care participants while maintaining the strong position of the fund.

With the goal of affordability in mind, on Jan. 1, 2023, **TRS lowered the TRS-Care Medicare Advantage annual medical deductible by \$100.**

TRS-CARE BENEFITS UPDATE



TABLE 3: TRS-Care Premium and Benefits Update, 2023

Year	Premium Update	Benefits Update
2023	No changes to premiums	<p>TRS-Care Medicare Advantage:</p> <ul style="list-style-type: none"> Deductible lowered from \$500 to \$400 Eyeglass or contact lens allowance once every 12 months instead of every 24 months Free \$200 hearing accessory with the purchase of a premium hearing aid <p>TRS-Care Standard:</p> <ul style="list-style-type: none"> Teladoc copay increased from \$30 to \$42 (after a participant meets their deductible) RediMD added at \$30 copay
2024	No changes to premiums	<p>TRS-Care Medicare Advantage:</p> <ul style="list-style-type: none"> Changed over-the-counter (OTC) provider to Healthy Benefits Plus from Solutran. Participants now get a \$40 debit card every quarter to buy eligible OTC items at participating retail locations, online, over the phone, or by mail through the OTC catalog. Select OTC hearing aids can be purchased with no prescription from UnitedHealthcare Hearing UnitedHealthcare (UHC) app has new navigation enhancements <p>TRS-Care Standard:</p> <ul style="list-style-type: none"> Individual deductible increased by \$100 to align with IRS adjusted guidelines. This change allows participants to continue contributing to and using a health savings account. The deductible for TRS-Care Standard has not changed since 2018 when significant legislative changes took effect. The 2023 deductibles were too low for TRS-Care Standard to be compatible with a health savings account in 2024. <p>TRS-Care (all plans):</p> <ul style="list-style-type: none"> Express Scripts is the new TRS-Care pharmacy benefits manager that started Jan. 1, 2024 Dental and vision benefits for TRS retirees and their families are coming to TRS-Care on Jan. 1, 2025 (Enrollment starts in late 2024)

REACHING OUT FOR REENROLLMENT

Over 400 Retirees who Opted Out of TRS-Care Chose to Reenroll When Given the Chance in 2023.

House Bill 2022 (87th Regular Session) amended Texas Insurance Code 1575.161 to provide a reenrollment opportunity for former TRS-Care retirees.

The statute provided 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.

TRS identified 33,358 TRS members who were eligible for this one-time reenrollment opportunity. Throughout FY 2023, TRS mailed multiple notices to these members and also hosted a “Returning to TRS-Care” online event to encourage eligible former participants to reenroll.

In FY 2023, eligible retirees requested 910 unique reenrollment applications and 491 successfully reenrolled in TRS-Care Medicare Advantage.

Visit [HB 2022: One-Time Reenrollment Opportunity](#) to learn more.



ENGAGING RETIREES TO IMPROVE HEALTH

TRS engages its TRS-Care retirees with strategies that aim to improve their overall health.

Our primary approach is to educate health plan participants on their benefits and encourage their use.

WE ENGAGE THROUGH A VARIETY OF CHANNELS:



Education Sessions: We hosted 35 in-person and online events, reaching over 6,500 people.

Wellness Programs: We implement wellness programs based on TRS-Care retiree health profiles and offer incentives for participation.

Communications: We work to explain plan benefits and wellness programs via newsletters, emails, and social media.

Digital Health Tools: We provide online tools to find providers, track claims, compare costs, and help TRS-Care retirees track and manage their health.

Feedback: We provide channels for TRS-Care retirees to voice concerns and suggestions. We then use their feedback to continuously improve plan offerings and address issues promptly.

In-Person Help: Through 21 local information sessions at health fairs across the state and dedicated customer service representatives, we offered in-person help to TRS-Care retirees.

Community Engagement: We help to foster a sense of community among TRS-Care retirees through open forums hosted at in-person events that encourage shared experiences and offer tips for retirees to maximize their health care benefits.

Financial Literacy: We educate TRS-Care retirees on the financial aspects of health care, such as understanding copays, deductibles and out-of-pocket costs; offer resources and help so they can effectively manage their health care expenses.

Benefit Updates: We inform TRS-Care retirees about changes to their health care plans, and communicate policy details in plain language, making coverage and benefits easy to understand.

Data Security and Privacy Assurance: We prioritize data security and privacy to build trust with TRS-Care retirees, and clearly communicate the measures TRS takes to protect their sensitive health information.

Continuous Evaluation: We regularly evaluate the TRS-Care engagement plan to adjust strategies based on TRS-Care retiree feedback and emerging health care trends.

Retiree Advisory Committee (RAC): The TRS Retiree Advisory Committee is comprised of seven members including both active and retired school administrators and teachers. RAC members hear concerns and input from their communities and provide that information back to TRS. The RAC meets twice a year and covers various topics including group health coverage, changes and recommendations to plan features.

NEW 2023 ENGAGEMENT EFFORTS

In 2023, TRS-Care introduced several new efforts to engage our TRS-Care community. These included webinars and education series such as:

Retire Healthy with TRS-Care

TRS launched a new quarterly webinar series called Retire Healthy with TRS-Care for people nearing retirement and thinking about their health care options. This webinar gives working public education employees critical information to help make a fully informed decision about health care during retirement years.

TRS-Care Health Fairs

In 2023, we tripled TRS-Care health fair attendance. Along with TRS, medical and pharmacy booths, we offered short presentations on topics our retirees are most interested in. We also demonstrated ways to stay healthy by bringing in fitness experts who helped retirees with mobility issues to stay active and healthy.

Using these strategies, **TRS' goal is to create more engaged and informed TRS-Care retirees, leading to improved health outcomes and satisfaction.**

In 2023, TRS hosted 21 in-person health fairs and 14 webinars for retirees. About 3,500 people attended the health fairs and 3,000 attended virtual events.

These events provided overviews of TRS-Care medical and prescription benefits for the 2024 plan year, as well as a chance for retirees to speak with TRS and its health care partners. TRS hosted open forums during the in-person health fairs to encourage TRS-Care retirees to share their experiences and tips for maximizing and improving TRS-Care wellness benefits. **These events ensure that retirees have a smooth transition to the new plan year by directly addressing their individual questions and concerns.** They also work to foster a sense of community among the retirees.



FIGURE 20: TRS-Care 2024 Plan Year Rollout

2024 Plan Year Rollout Activities

The new TRS-Care plan year started Jan. 1, 2024. TRS prepared for the rollout with the following activities:

Jan-Dec 2023:

TRS installed Express Scripts as the new pharmacy benefits manager for TRS-Care and focused heavily on preparing participants for the transition on Jan. 1, 2024.

May-Oct 2023:

2024 plan year materials preparation, review, publication (plan highlights, participant guides, FAQs, welcome kits, event collateral, slide decks)

Aug 2023:

Fall event invitations and 2024 plan year welcome kit mailouts to about 233K people

Sep-Nov 2023:

TRS Health hosted in-person TRS-Care Health Fairs, Webinars on TRS-Care Medicare 2024 Benefits, Webinars on TRS-Care Standard 2024 Benefits, Webinar for the One-Time Reenrollment Opportunity (last chance to enroll was 12/31/23)

Dec 2023:

Mailout of 2024 plan year medical and pharmacy ID cards

2023 TRS-Care Health Fairs

7 weeks

21 cities

3,500 attendees

~3X more than 2022

2023 TRS-Care Webinars

14 live online events

3,000 attendees

~2X more than 2022

2023 Materials Mailout for the TRS-Care 2024 Plan Year

Mailed to **233K participants**

SECURE AND STABLE ENROLLMENT TRENDS

Enrollment Trend

In FY 2023, about 155,000 TRS members were enrolled in TRS-Care Medicare and 63,000 members were enrolled in TRS-Care Standard. Enrollment in TRS-Care Standard typically increases each September. Enrollment increased by about 6% from August to September 2023 with 74% of this increase coming from participants transitioning from TRS-ActiveCare. Enrollment in TRS-Care Medicare typically increases around June each year. This increase is mostly due to health plan participants transitioning from TRS-ActiveCare and TRS-Care Standard.



FIGURE 21: TRS-Care Medicare Advantage Membership, 2023

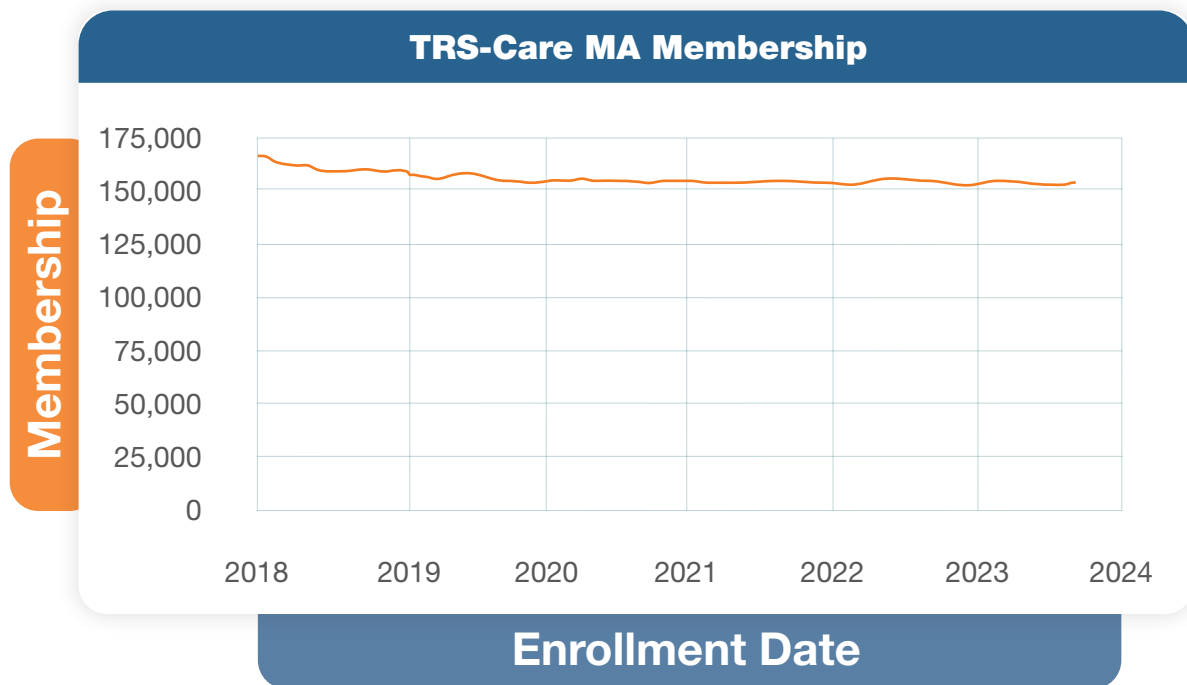
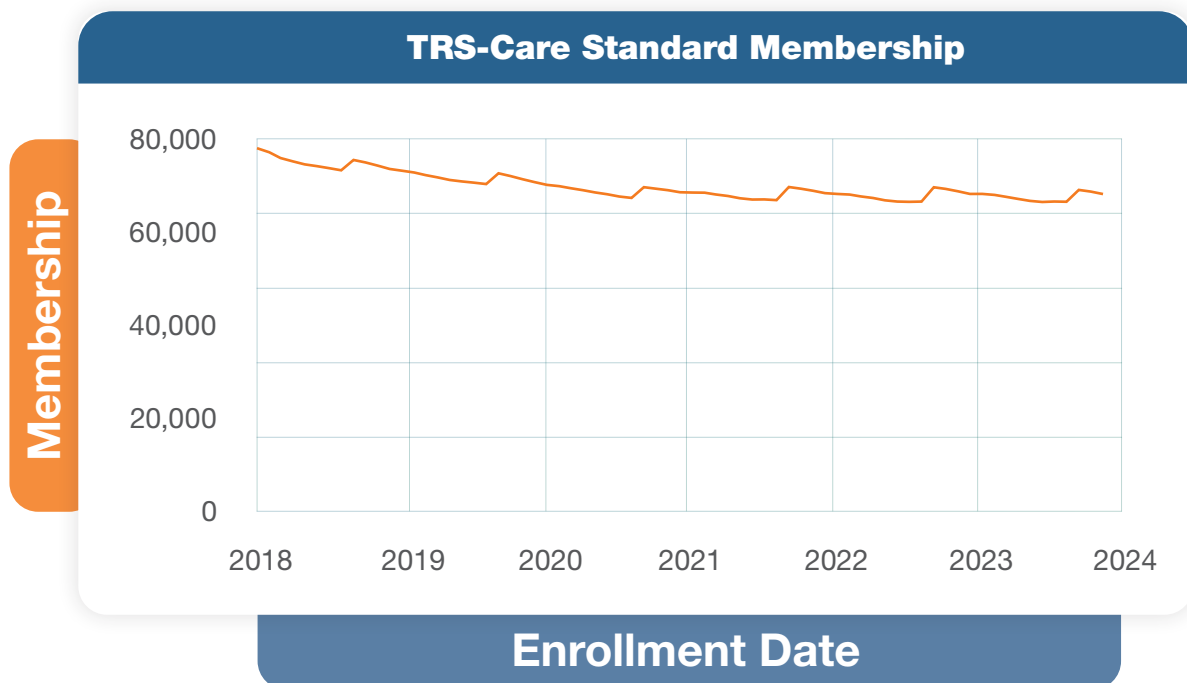


FIGURE 22: TRS-Care Standard Membership, 2023



Appendix A: TRS-ActiveCare Membership by Plan, Age and Membership Status



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 sets 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.

Physician-directed plans are the most popular among participants. As of Sept. 1, 2023, 64% of the 271,394 TRS-ActiveCare covered employees were enrolled in TRS-ActiveCare Primary and Primary+. Approximately 77% of new employees joined the Primary plans and we saw 10% of employees leave the TRS-ActiveCare HD plan and migrate to Primary plans.

For more specifics about TRS health plans and rates that vary by region in the 2023-24 plan year, please refer to [2023-24 TRS-ActiveCare Rates](#) on the TRS website.

On Sept. 1, 2023, approximately 78% of school districts and charter schools participated in TRS-ActiveCare. Also, for the current plan year that started on Sept. 1, 2023, 968 employers participated in TRS-ActiveCare. The final list is available on the TRS website: [2023-24 Participating Districts](#).

These 968 entities employed 455,193 employees out of the 774,923 total employees at employers that were eligible to participate in TRS-ActiveCare on Sept. 1, 2023. Therefore, the 276,612 average number of employees covered by TRS-ActiveCare represented a participation rate of approximately 60% among participating districts on Sept. 1, 2023.



FIGURE 23: TRS-ActiveCare Employee Enrollment, September 2023

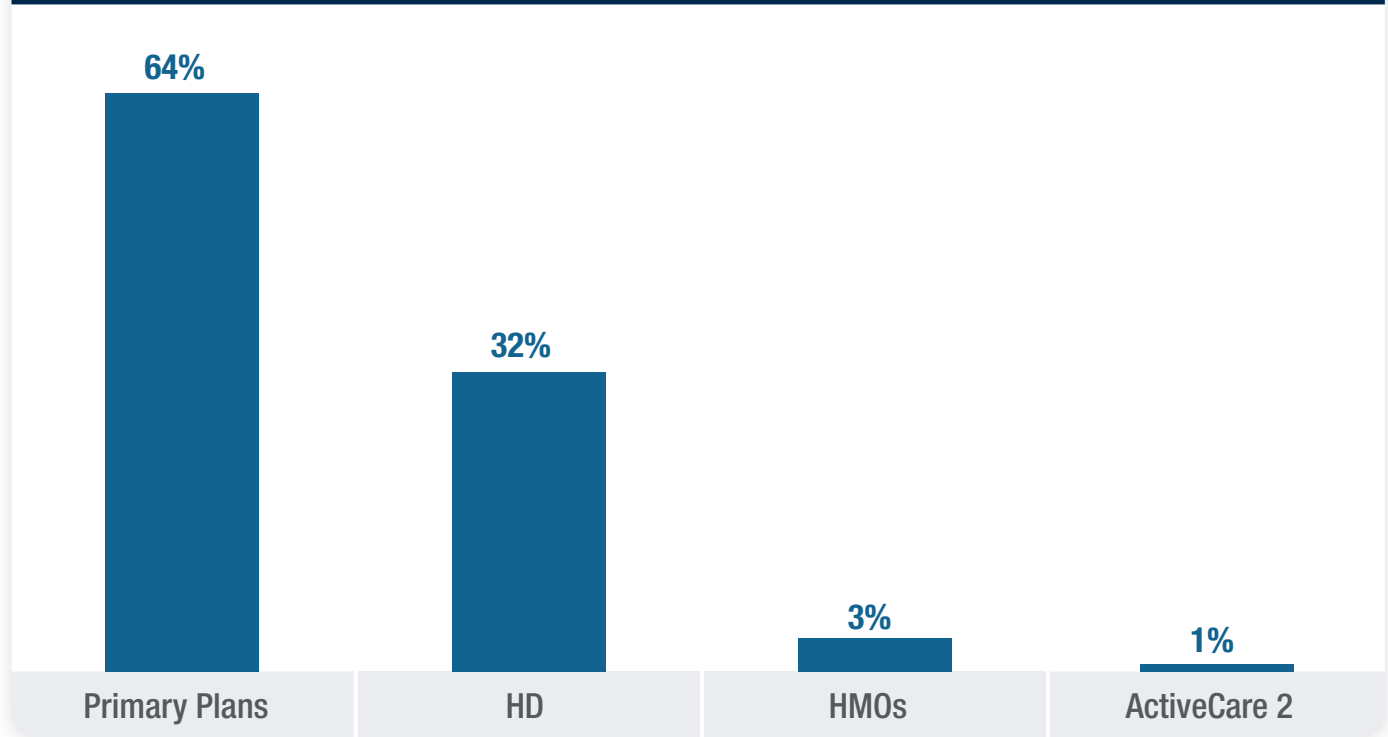


FIGURE 24: TRS-ActiveCare Plan Selection Among New Employees, September 2023

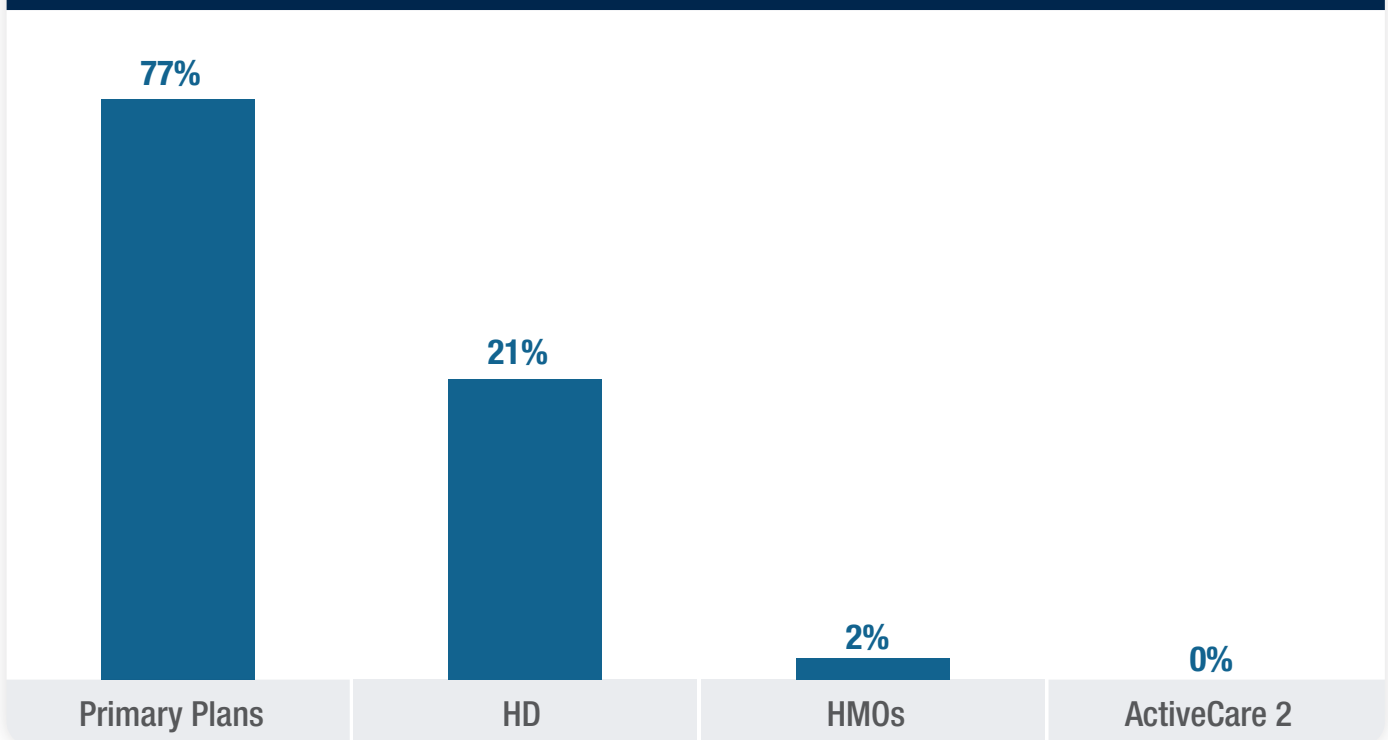


TABLE 4: TRS-ActiveCare Plan Summaries

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD
Plan Summary	<p>Lowest premium of all three plans</p> <p>Copays for doctor visits before you meet your deductible</p> <p>Statewide network</p> <p>Primary Care Provider (PCP) referrals required to see specialists</p> <p>Not compatible with a Health Savings Account (HSA)</p> <p>No out-of-network coverage</p>	<p>Lower deductible than the HD and Primary plans</p> <p>Copays for many services and drugs</p> <p>Higher premium</p> <p>Statewide network</p> <p>PCP referrals required to see specialists</p> <p>Not compatible with a Health Savings Account (HSA)</p> <p>No out-of-network coverage</p>	<p>Compatible with a Health Savings Account (HSA)</p> <p>Nationwide network with out-of-network coverage</p> <p>No requirement for PCPs or referrals</p> <p>Must meet your deductible before plan pays for nonpreventive care</p>

TABLE 5: TRS-ActiveCare Plan Features

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD	
Types of Coverage	In-Network Coverage Only	In-Network Coverage Only	In-Network	Out-of-Network
Individual/Family Deductible	\$2,500/\$5,000	\$1,200/\$2,400	\$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	\$7,500/\$15,000	\$6,900/\$13,800	\$7,500/\$15,000	\$20,250/\$40,500
Network	Statewide Network	Statewide Network	Nationwide Network	
PCP Required	Yes	Yes	No	

TABLE 6 : TRS-ActiveCare Doctor Visits

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD	
Types of Coverage	In-Network Coverage Only	In-Network Coverage Only	In-Network	Out-of-Network
Primary Care	\$30 copay	\$15 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

TABLE 7: TRS-ActiveCare Immediate Care

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD	
Types of Coverage	In-Network Coverage Only	In-Network Coverage Only	In-Network	Out-of-Network
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	

TABLE 8: TRS-ActiveCare Prescription Drugs

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD
Types of Coverage	In-Network Coverage Only	In-Network Coverage Only	In-Network
Drug Deductible	Integrated with medical	\$200 brand deductible	Integrated with medical
Generics (31-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 (31-Day Max)	\$0 if SaveOnSP eligible; You pay 30% after deductible	\$0 if SaveOnSP 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

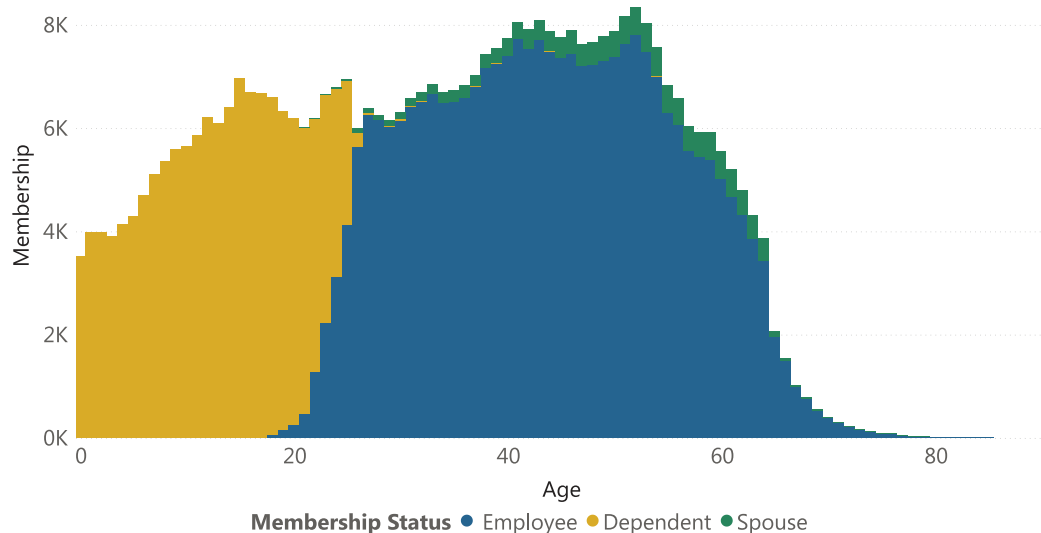
TABLE 9: Average TRS-ActiveCare Enrollment, FY 2023

Plan	TRS-ActiveCare Primary	TRS-ActiveCare Primary +	TRS-ActiveCare HD	TRS-Active-Care 2	Regional HMOs	Total
Average Members	161,787	92,602	149,801	7,061	17,956	429,207
Average Employees	107,530	54,249	100,325	4,407	10,101	276,612
Percentage of Average Members	38%	22%	35%	2%	4%	100%

TABLE 10: TRS-ActiveCare Enrollment, Snapshot as of Sept. 1, 2023

Plan	TRS-ActiveCare Primary	TRS-ActiveCare Primary +	TRS-ActiveCare HD	TRS-Active-Care 2	Regional HMOs	Total
Count of Employees	113,616	58,953	87,542	3,512	7,771	271,394
Count of Dependents	59,642	38,146	43,668	2,143	5,821	149,420
Total Members	173,258	97,099	131,210	5,655	13,592	420,814

FIGURE 25 : TRS-ActiveCare Members by Age and Membership Status



Appendix B: 2022-23 TRS-ActiveCare Rate Changes

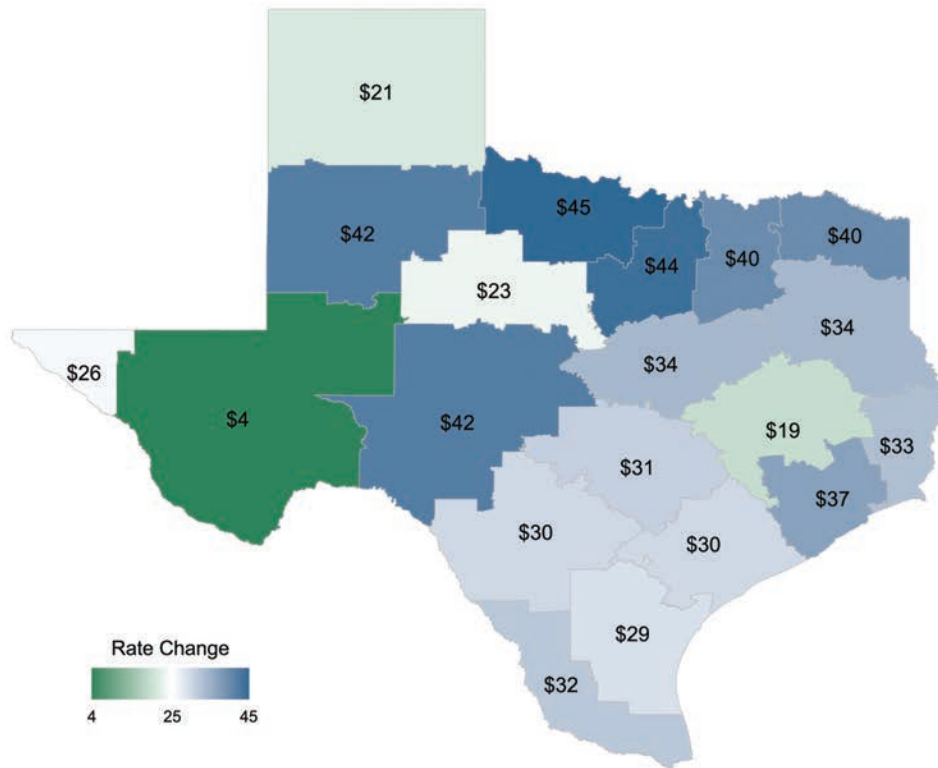


In response to Senate Bill (SB) 1444, which allows employers to compare TRS-ActiveCare’s statewide premiums to other plans, TRS-ActiveCare uses regional rating to ensure prices reflect the cost of health care in the participant’s area.

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 2023-24 plan year, please refer to [2023-24 Regional Plan Highlights \(trs.texas.gov\)](https://trs.texas.gov) on the TRS website.

TABLE 11: TRS-ActiveCare Average Rate Changes							
Tiers	FY 2024 Premium	Change from FY 2023	Participant Premium*	Tiers	FY 2024 Premium	Change from FY 2023	Participant Premium*
TRS-ActiveCare Primary				TRS-ActiveCare HD			
Employee Only	\$433	\$36	\$208	Employee Only	\$449	\$37	\$224
Employee & Spouse	\$1,160	\$41	\$935	Employee & Spouse	\$1,213	\$53	\$988
Employee & Children	\$736	\$21	\$511	Employee & Children	\$765	\$24	\$540
Employee & Family	\$1,463	\$126	\$1,238	Employee & Family	\$1,525	\$138	\$1,300
TRS-ActiveCare Primary+				TRS-ActiveCare-2			
Employee Only	\$502	\$5	\$277	Employee Only	\$1,013	\$0	\$788
Employee & Spouse	\$1,311	\$89	\$1,086	Employee & Spouse	\$2,402	\$0	\$2,177
Employee & Children	\$859	\$54	\$634	Employee & Children	\$1,507	\$0	\$1,282
Employee & Family	\$1,662	\$127	\$1,437	Employee & Family	\$2,841	\$0	\$2,616
*After minimum \$225 contribution by school district. Rates represent statewide average.							

**FIGURE 26 : Rate Changes from FY 2023 to FY 2024
in Primary Plan Employee-Only Tier**



Note: The map shows employee only rate changes in TRS-Primary plan by region from fiscal year 2023 to fiscal year 2024.

TRS-ActiveCare premiums for the new plan year remains competitive with comparable plans in every region. For FY 2024, 78% of school districts are participating in ActiveCare with the Primary plan being the most popular plan.

Appendix C: TRS-ActiveCare Benefit Changes



Self-insured Benefit Changes effective Sept. 1, 2023:

- Increase Maximum out-of-pocket (MOOP) cost for HD plan from \$7,050 to \$7,500.
- Decrease Maximum out-of-pocket (MOOP) cost for Primary plan from \$8,150 to \$7,500.
- Decrease Family Deductible for Primary+ plan from \$3,600 to \$2,400.
- Decrease Primary Care Provider Copay for Primary+ plan from \$30 to \$15.
- Decrease Mental Health and Substance Abuse Office Visit Copay for Primary+ plan from \$30 to \$15.
- Decrease Telehealth Behavioral Health Copay for Primary/Primary+/AC2 plans from \$70 to \$0.

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

TABLE 12: TRS-ActiveCare Benefit Changes

Benefits	Primary		Primary+ and AC-2		HD	
	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024
PCP Copay	No Change	No Change	\$30	\$15 ↓	No Change	No Change
			(Primary+)	(Primary+)		
Mental Health Office Visit Copay	No Change	No Change	\$30	\$15 ↓	No Change	No Change
			(Primary+)	(Primary+)		
Mental Health Virtual Visit Copay	\$70	0% ↓	\$70	\$0 ↓	No Change	No Change
Deductible - Family	No Change	No Change	\$3,600	\$2,400 ↓	No Change	No Change
			(Primary+)	(Primary+)		
In-Network MOOP - Individual	\$8,150	\$7,500 ↓	No Change	No Change	\$7,050	\$7,500 ↑
In-Network MOOP - Family	\$16,300	\$15,000 ↓			\$14,100	\$15,000 ↑

TABLE 13: TRS-ActiveCare Benefit Changes, FY 2024

2024 Changes	Primary	Primary+	HD+
Family Deductible	_____	From \$3,600 to \$2,400	_____
Maximum Out-of-Pocket (MOOP) Limit	From \$8,150 to \$7,500	_____	From \$7,050 to \$7,500
Primary Care Visit Copay	_____	From \$30 to \$15	_____
Mental Health Visit Copay	_____	From \$30 to \$15	_____

TABLE 14: TRS-ActiveCare Benefit Changes, FY 2023

2023 Changes	Primary	Primary+	HD+
MOOP	_____	_____	From \$7,000 to \$7,050
Rx Specialty Drug	PrudentRx eliminated cost share for certain specialty medications	Coinsurance from 20% to 30%, PrudentRx eliminated cost share for certain specialty medications	_____

TABLE 15: TRS-ActiveCare Benefit Changes, FY 2022

2022 Changes	Primary	Primary+	HD+
Individual Deductible	_____	_____	From \$2,800 to \$3,000
In Network Coinsurance	_____	_____	From 20% to 30%
Out of Network Coinsurance	_____	_____	From 40% to 50%
MOOP	_____	_____	From \$6,900 to \$7,000

A horizontal row of nine solid orange circles, evenly spaced, used as a decorative element.

Revenue

Notes:

- Actual data through Aug. 31, 2023
- Medical trend: 5% through FY 2024; reduced by 0.25% each year thereafter with a 4% minimum
- Pharmacy trend: 8.5% through FY 2024; reduced by 0.25% each year thereafter with a 6% minimum
- Prior to FY 2018: State contributions are equal to \$75 PEPM. District contributions are equal to \$150 PEPM
- FY 2018 and Forward: State/District contributions are based on September actual contributions
- Current Interest rate is assumed to be 3.9%. Rate decreases by a factor of 25% each year with a minimum of 0.5%
- Rate increase of 9% assumed for FY 2025. Rate increase of 3% assumed for all years after FY 2025
- The TRS-ActiveCare Fund balance is managed to prevent a deficit through premium and benefit adjustments

TABLE 16 (continued): TRS-ActiveCare Fund Balance Projection

Expenses						
Fiscal Year	Medical Incurred	Drug Incurred (after rebates)	HMO Premium Payments	Admin Costs	Total Expenses	Ending Balance (Incurred Basis)
2016	1430.3M	325.5M	214.5M	128.4M	2,098.7M	53.6M
2017	1,426.4M	306.7M	227.1M	127.1M	2,087.3M	97.8M
2018	1,589.2M	275.7M	237.4M	124.8M	2,227.2M	56.3M
2019	1,459.5M	254.2M	243.2M	123.5M	2,080.4M	165.0M
2020	1,522.5M	271.5M	256.9M	119.8M	2,170.6M	168.3M
2021	1,615.8M	285.1M	173.3M	78.6M	2,152.9M	56.2M
2022	1,690.7M	293.8M	146.8M	69.9M	2,201.2M	547.5M
2023	1,684.0M	288.0M	83.8M	73.7M	2,129.5M	283.8M
2024	1,804.0M	286.1M	74.4M	82.7M	2,247.2M	254.7M

Appendix E: TRS-ActiveCare Employee Contributions Increased in 2023-24



50% of employees pay \$132 or less for employee only coverage.

TABLE 17: TRS-ActiveCare Employee Contributions Increased in 2023-24

Percentiles	What 25% of employees pay:		What 50% of employees pay: (Median Employee Contribution)		What 75% of employees pay:		What 90% of employees pay:	
Tier	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Employee	\$36	\$67	\$97	\$132	\$151	\$182	\$198	\$224
Employee + Child	\$363	\$386	\$429	\$448	\$489	\$516	\$534	\$583
Employee + Spouse	\$738	\$780	\$837	\$894	\$912	\$972	\$964	\$1,058
Employee + Family	\$949	\$1,057	\$1,069	\$1,194	\$1,153	\$1,281	\$1,256	\$1,393

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.

Appendix F: TRS-ActiveCare District Contributions Largely Remained Constant in 2023-24



TRS-ActiveCare district contributions largely remained constant in 2023-24. The below chart details the change in minimum district contribution from 2021-22 to 2022-23 and also 2022-23 to 2023-24.

TABLE 18: Change in Minimum District Contribution Received by Employees				
	2021-22 to 2022-23 Change		2022-23 to 2023-24 Change	
	Number of Districts	Employees Impacted	Number of Districts	Employees Impacted
Decrease: \$192 - \$99	3	142	2	3,365
Decrease: \$100 - \$49	64	19,850	3	7,829
Decrease: \$50 - \$3	101	28,480	4	2,281
No Change	587	170,084	534	158,290
Increase: \$2 - \$8	3	1,249	25	6,572
Increase: \$9 - \$24	19	14,679	55	15,416
Increase: \$25 - \$49	39	13,715	183	56,815
Increase: \$50 - \$99	38	14,388	35	6,137
Increase: \$100 - \$199	12	3,214	8	1,257
Not Available*	19	1,859	48	6,467

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 reporting.

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

In the current plan year, 86% 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.

Table 19 shows the district contributions amounts using September 2023 enrollment.

TABLE 19: TRS-ActiveCare District Contributions, FY 2023

Minimum District Contribution	Number of Districts	% Employees Impacted
\$225	124	9%
\$226-\$249	11	1%
\$250-\$275	135	10%
\$276-\$299	32	4%
\$300-\$325	234	31%
\$326-\$351	79	16%
\$352-\$377	67	6%
\$378-\$403	104	14%
\$404-\$429	37	3%
>\$430	74	5%

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.

Appendix G: TRS-ActiveCare Per Member Per Year Costs



TABLE 20: TRS-ActiveCare Per Member Per Year Costs

FY	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%
2023	\$4,179.46	4.1%	\$741.66	-2.2%	\$4,921.12	3.1%

Medical and pharmacy costs are shown based on claims incurred during the fiscal year and paid through October 31, 2023. FY 2023 figures include an estimate of IBNR. Pharmacy costs are shown net of incurred rebates.

Appendix H: FY 2023 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 FY 2023, using this strategy saved the plan approximately \$82.5 million. This was saved through \$41.8 million for prior authorizations and step therapy related controls of specialty drugs, \$40.4 million for nonspecialty drugs and \$0.3 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.

TABLE 21: Drugs Listed in Texas Insurance Code 1579.106(b)	
Drug Category	TRS-ActiveCare Savings
Gastrointestinal drugs	\$3,538,280
Cholesterol-lowering drugs	\$994,805
Anti-inflammatory drugs	\$7,964,484
Antihistamine drugs	\$0
Antidepressant drugs	\$222,729
Total Savings	\$12,720,299
Note that these drugs in these statutorily named categories are also listed separately as either specialty or nonspecialty drugs in Tables 32 and 33.	
The impact of rebates is not included in the gross savings calculation. Gross savings include plan paid plus member cost sharing.	

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:

TABLE 22: Nonspecialty Drug Prior Authorization Related Savings	
Top Drug Category	TRS-ActiveCare Savings
Incretin Mimetic Agents	\$33,372,326
Anti-Obesity drugs	\$6,415,047
Amphetamines	\$465,055
Androgens	\$260,417
Eczema Agents	\$191,179
Total Net Savings for All Categories (Including Others Not Shown Here)	\$40,370,812
Note: Nonspecialty drugs such as non-steroidal anti-inflammatory drugs (NSAIDs), Selective Serotonin Reuptake Inhibitors, Fibrin Acid Derivatives and Proton Pump Inhibitors are also included in the drugs categories listed in 1579.106(b)	

TABLE 23: Specialty Drug Prior Authorization Related Savings

Top Drug Category	TRS-ActiveCare Savings
Psoriasis	\$8,933,573
Rheumatoid Arthritis	\$6,332,827
Oncology	\$3,112,157
Sleep Disorder	\$1,982,901
Atopic Dermatitis	\$1,830,252
Growth Hormone And Related Disorders	\$1,579,766
Multiple Sclerosis Seizure Disorders	\$1,531,153
Total Net Savings for All Categories (Including Others Not Shown Here)	\$41,767,572

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

Note: The impact of rebates is not included in the net savings calculation for both specialty and nonspecialty drugs.

Note: Some specialty and nonspecialty drug categories that are not listed in the above tables may have negative cost savings and have reduced the overall savings.

Appendix I: TRS-Care Membership by Plan, Age and Membership Status



FIGURE 27: TRS-Care Members by Age and Membership Status, September 2023

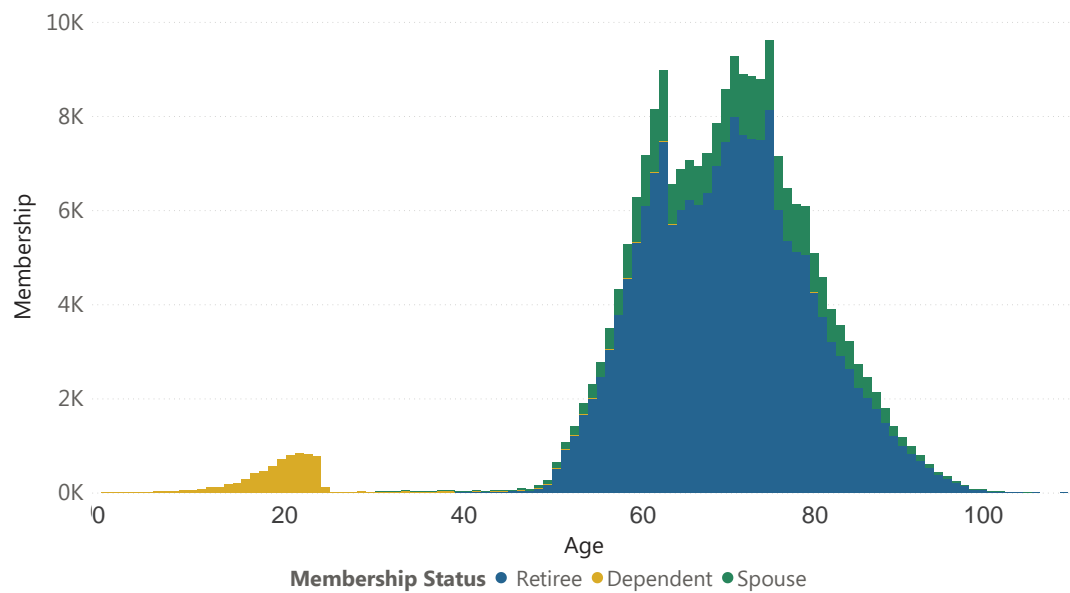


TABLE 24: Average TRS-Care Enrollment, FY 2023

Plan	TRS-Care Medicare Advantage	TRS-Care Standard	Total
Average Members	155,211	63,091	218,302
Percentage of Average Members	71%	29%	100%

TABLE 25: TRS-Care Enrollment, Snapshot as of Sept. 1, 2023

Plan	TRS-Care Medicare Advantage	TRS-Care Standard	Total
Count of Retirees	131,667	49,498	181,165
Count of Dependents	23,322	15,334	38,656
Total Members	154,989	64,832	219,821

Appendix J: TRS-Care Benefit Changes



TRS-Care Medicare is for TRS-Care participants with Medicare (generally, retirees aged 65 and over). UnitedHealthcare is the insurer for TRS-Care Medicare Advantage, the medical plan. Express Scripts administers the TRS-Care Medicare Rx prescription drug plan.

TRS-Care Standard is for TRS-Care participants without Medicare (retirees under age 65). Blue Cross and Blue Shield of Texas (BCBSTX) administers the medical benefits and Express Scripts administers the prescription drug benefits for this plan.

Plan years are from Jan. 1 to Dec. 31. Deductibles and maximum out-of-pocket costs reset each year on Jan. 1. TRS-Care benefit changes for 2023 and 2024 are in the table below.

TABLE 26: TRS-Care Benefit Changes		
Year	Premium Update	Benefits Update
2023	No changes to premiums	<p>TRS-Care Medicare Advantage:</p> <ul style="list-style-type: none">Deductible lowered from \$500 to \$400Eyeglass or contact lens allowance once every 12 months instead of every 24 monthsFree \$200 hearing accessory with the purchase of a premium hearing aid <p>TRS-Care Standard:</p> <ul style="list-style-type: none">Teladoc copay increased from \$30 to \$42 (after a participant meets their deductible)RediMD added at \$30 copay
2024	No changes to premiums	<p>TRS-Care Medicare Advantage:</p> <ul style="list-style-type: none">Changed over-the-counter (OTC) provider to Healthy Benefits Plus from Solutran. Participants now get a \$40 debit card every quarter to buy eligible OTC items at participating retail locations, online, over the phone, or by mail through the OTC catalog.Select OTC hearing aids can be purchased with no prescription from UnitedHealthcare HearingUnitedHealthcare (UHC) app has new navigation enhancements <p>TRS-Care Standard:</p> <ul style="list-style-type: none">Individual deductible increased by \$100 to align with IRS adjusted guidelines. This change allows participants to continue contributing to and using a health savings account. The deductible for TRS-Care Standard has not changed since 2018 when significant legislative changes took effect. The 2023 deductibles were too low for TRS-Care Standard to be compatible with a health savings account in 2024. <p>TRS-Care (all plans):</p> <ul style="list-style-type: none">Express Scripts is the new TRS-Care pharmacy benefits manager that started Jan. 1, 2024Dental and vision benefits for TRS retirees and their families are coming to TRS-Care on Jan. 1, 2025 (Enrollment starts in late 2024)

Appendix K: TRS-Care Fund Balance Projection



Financial history and projection through FY 2026 as of Aug. 31, 2023

TABLE 27: TRS-Care Fund Balance Projection

	Revenue						
Fiscal Year	Retiree Contr.	State Contr.	Supplemental Contr.	Active Employee Contr.	District Contr.	Investment Income	CMS, Part D and ERRP Subsidies
2017	373.2M	328.1M	15.6M	213.2M	191.1M	5.2M	195.4M
2018	488.1M	425.6M	394.6M	221.3M	266.1M	10.9M	183.2M
2019	518.0M	437.2M	73.6M	227.3M	273.1M	25.0M	321.1M
2020	499.1M	468.3M	230.8M	243.5M	292.4M	25.4M	317.4M
2021	533.6M	481.6M	5.5M	250.4M	299.8M	9.2M	311.8M
2022	399.8M	506.4M	83.0M	263.3M	315.7M	13.5M	288.6M
2023	477.0M	533.6M	0.0M	277.5M	334.7M	151.4M	354.6M
2024	486.8M	543.2M	0.0M	282.5M	325.9M	101.7M	420.2M
2025	491.0M	553.0M	0.0M	287.6M	331.8M	88.0M	453.0M
2026	495.5M	562.9M	0.0M	292.7M	337.8M	73.8M	475.0M

Notes:

- Invoice data through Aug. 31, 2023
- 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
- 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 2023; reduced by 0.25% each year thereafter
- Pharmacy trends: 7% through FY 2023; reduced by 0.25% each year thereafter
- 2% increase in payroll growth
- Interest rate is set to match current returns and reduced by 25% a year with a floor of 0.5%.

*Note that there was a prior period adjustment to retiree contributions in FY 2017. This number will not tie to the Annual Comprehensive Financial Report (ACFR) as the adjustment is reflected here.

TABLE 27 (continued): TRS-Care Fund Balance Projection

	Expenses			
Fiscal Year	Medical Incurred	Drug Incurred (after rebates)	Admin Costs	Ending Balance (Incurred Basis)
2017	807.8M	734.8M	51.9M	368.7M
2018	840.4M	669.1M	50.4M	798.6M
2019	688.1M	648.7M	45.1M	1,292.0M
2020	659.7M	668.3M	44.7M	1,996.3M
2021	604.9M	705.2M	38.8M	2,539.2M
2022	551.6M	694.5M	45.5M	3,117.9M
2023	590.0M	714.3M	52.6M	3,889.8M
2024	610.3M	851.7M	50.4M	4,537.6M
2025	639.5M	913.6M	51.8M	5,137.0M
2026	672.9M	983.9M	53.2M	5,664.9M

Appendix L: TRS-Care Per Member Per Year Costs



TABLE 28: TRS-Care Per Member Per Year Costs

FY	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%
2023	\$2,735.93	8.2%	\$3,636.50	7.7%	\$6,372.43	7.9%

Medical and pharmacy costs are shown based on claims incurred during the fiscal year and paid through Aug. 31, 2023. FY 2023 figures include an estimate of IBNR. Pharmacy costs are shown net of incurred rebates.

Appendix M: TRS-Care Member Cost Sharing



In both TRS-Care programs, the plan paid for more than 83% of participants medical expenses in FY 2023 and 96% of members accessed care in FY 2023. During this period, participants on average spent \$1,079 toward cost sharing in the TRS-Care Medicare Advantage plan and \$2,429 in TRS-Care Standard. In TRS-Care Standard, 11% 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 cover and do not cover in the benefits documents below.

[2023 TRS-Care Plan Highlights \(trs.texas.gov\)](https://trs.texas.gov)

[2023 TRS-Care Standard Benefits Booklet \(bcbstx.com\)](https://bcbstx.com)

[2023 TRS-Care Medicare Advantage Evidence of Coverage \(\\$400 Deductible Part A and B\)](#)

[2023 TRS-Care Medicare Rx Evidence of Coverage](#)

[2024 TRS-Care Plan Highlights \(trs.texas.gov\)](https://trs.texas.gov)

[2024 TRS-Care Standard Benefits Booklet \(bcbstx.com\)](https://bcbstx.com)

[2024 TRS-Care Medicare Advantage Evidence of Coverage \(\\$400 Deductible Part A and B\)](#)

[2024 TRS-Care Medicare Rx Evidence of Coverage](#)

TABLE 29: TRS-Care Member Cost Sharing

Plan Summary	TRS-Medicare Advantage	TRS-Care Standard
Deductible	\$400	\$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)

For FY 2023, the average cost for participants not exceeding the deductible was \$520 for TRS-Care Standard and \$435 for TRS-Care Medicare Advantage. The average cost for participants exceeding the deductible but not meeting maximum out of pocket was \$3,062 for TRS-Care Standard and \$796 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 2023. The statistics would be similar if reported on a calendar year, however, complete 2023 data is not available in time for publication of this report.

TABLE 30: TRS-Care Member Cost Sharing Overview, 2023

Plan Summary	TRS-Care Medicare Advantage	TRS-Care Standard
Total Members	155,211	63,091
Percentage of people that met deductible	54%	44%
Percentage of people that reached maximum out-of-pocket	1%	11%
Total average member out-of-pocket cost sharing	\$1,079	\$2,429
Total average member costs	\$1,079	\$2,429
Average member cost		
< Deductible	\$435	\$520
> Deductible and < Maximum out of pocket	\$796	\$3,062
Maximum out of pocket	\$3,500	\$5,650
Average member cost for Medicare Prescription Drug Plan	\$420	NA
Percentage of members with a medical or Rx claim	98%	90%
Percentage of total expenses paid by members	6%	17%

This table 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.”

Appendix 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 FY 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. After January 2018 rate increases and benefit changes in TRS-Care, enrollment in retiree plans declined.

The legislature also made 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.

TABLE 31: TRS-Care Funding Formula

Percent of Public Education Payroll			
FY (s)	State	School Districts	Active Employees
2017	1.0%	0.55%	0.65%
2018-Present	1.25%	0.75%	0.65%

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 TRS-Care trust fund balance is expected to increase to approximately \$5.7 billion by FY 2026. 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.

FIGURE 28: TRS-Care Fund Balance Revenue and Expenses through 2026

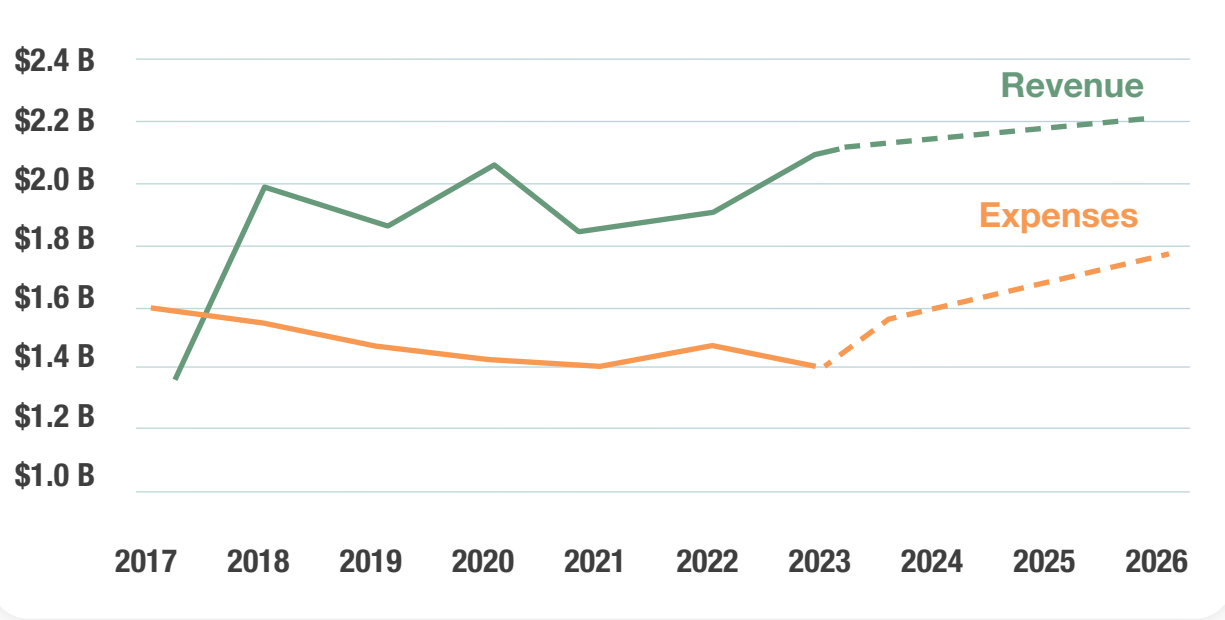


FIGURE 29: TRS-Care Fund Balance through 2026

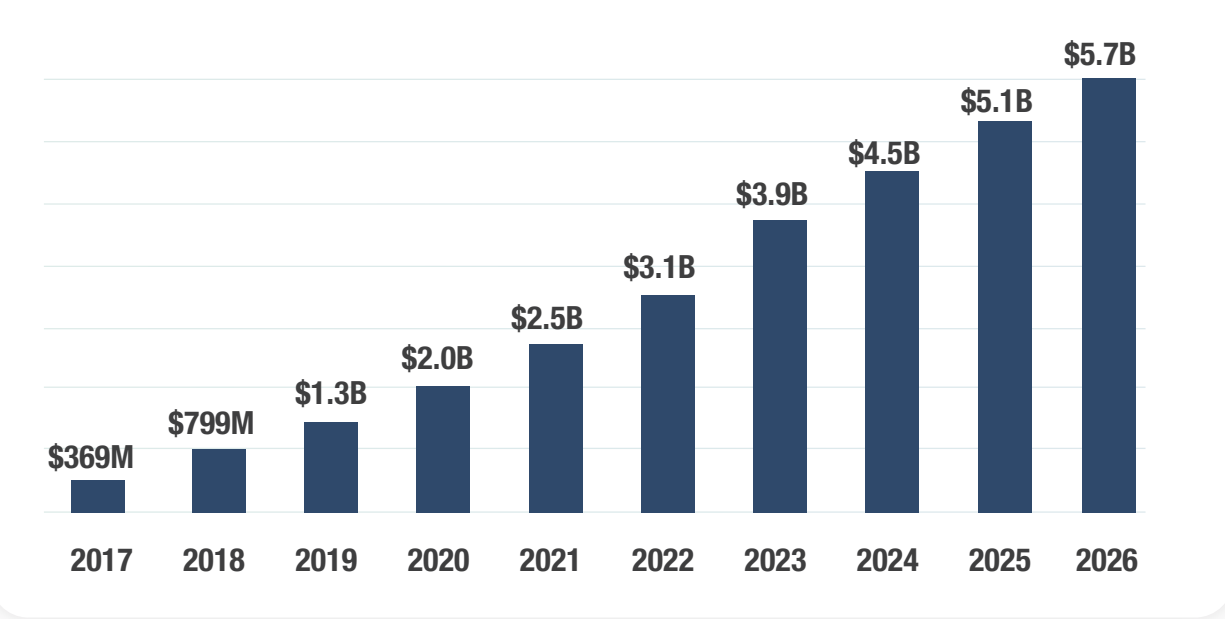
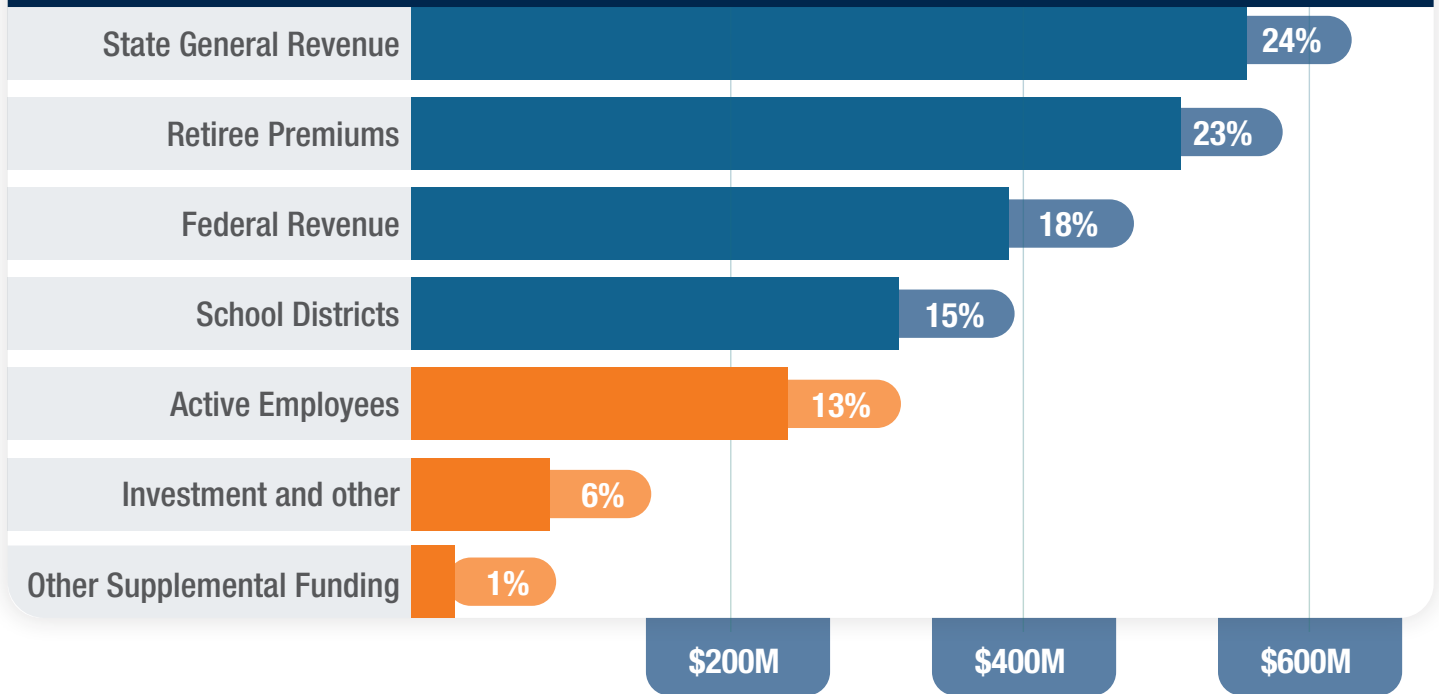


FIGURE 30: TRS-Care Funding by Source, FY 2023



Appendix O: Prevalence of Certain Chronic Health Conditions



TABLE 32: Prevalence of Certain Chronic Health Conditions						
	TRS-ActiveCare		TRS-Care		Total	
Chronic Condition	Population	Prevalence (%)	Population	Prevalence (%)	Population	Prevalence (%)
Hypertension	72,013	18%	117,604	55%	189,617	31%
Diabetes	29,284	7%	72,172	34%	101,456	16%
Depression	33,629	8%	12,729	6%	46,358	7%
Asthma	19,032	5%	9,845	5%	28,877	5%
Coronary Artery Disease	6,490	2%	26,645	13%	33,135	5%
Chronic Obstructive Pulmonary Disease	1,631	0%	11,232	5%	12,863	2%
Congestive Heart Failure	2,480	1%	10,365	5%	12,845	2%

Note: Excludes TRS-ActiveCare HMO enrollment. Prevalence estimates based on August 2023 enrollment.

Appendix P: Disease Management Overview



TRS and its vendors ((Blue Cross and Blue Shield of Texas and UnitedHealthcare)) 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 programs are 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

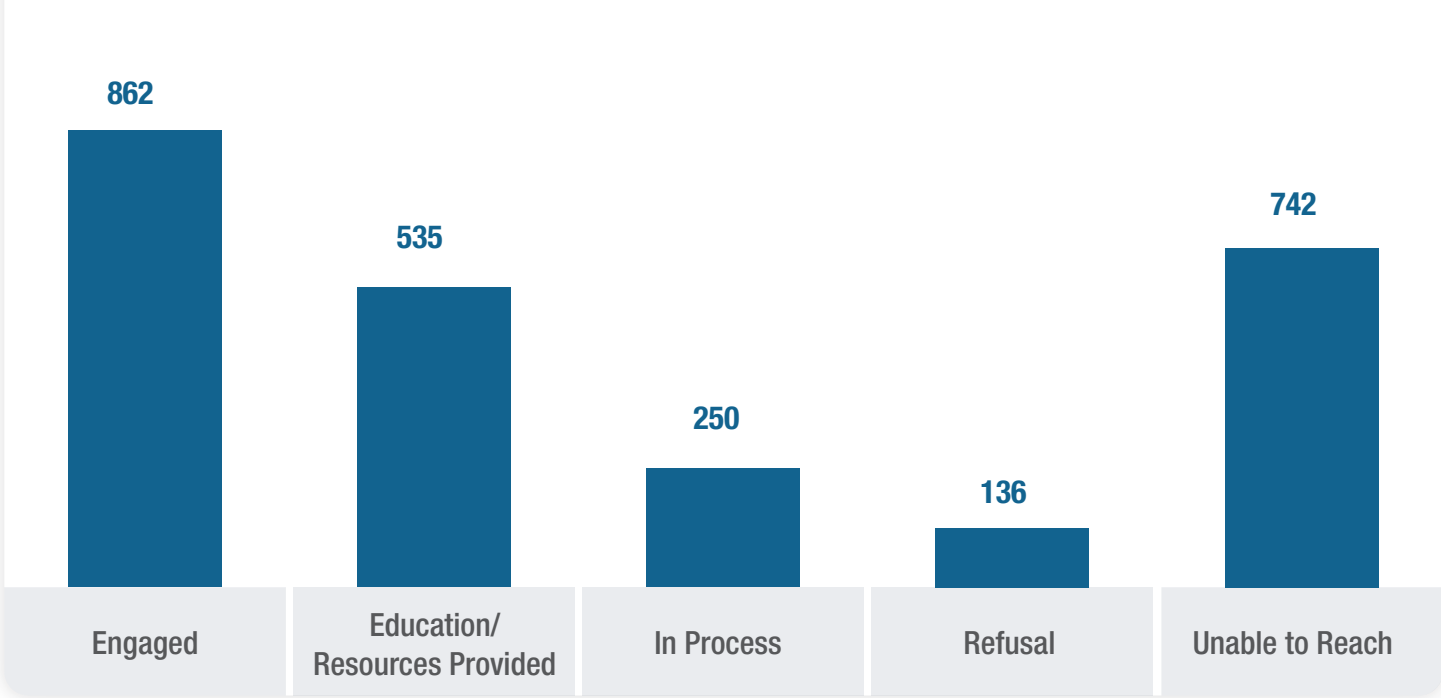
TABLE 33: Disease Management Overview

12.3% of total TRS-ActiveCare population is clinically managed	18.7% of total TRS-Care Standard population is clinically managed
24.9% (24,336) Members with Chronic Conditions Clinically Managed out of 97,855 members with chronic conditions in TRS-ActiveCare	29.7% (8,074) Members with Chronic Conditions Clinically Managed out of 27,159 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 utilization management authorization Clinically Reviewed (Anything automatically/systematically reviewed is excluded—i.e., maternity requests)

2,525 Members Identified for the Oncology Program in TRS-ActiveCare and Care Standard

FIGURE 31: Oncology Outreach Status



Appendix Q: Enhanced Customer Service



In FY 2023, TRS and its vendors (Blue Cross and Blue Shield of Texas, UnitedHealthcare and CVS) received over 895,000 phone calls and answered more than 99% within three minutes. To support the participants in finding providers and navigating benefits, BCBSTX and CVS provide 24-hour support.

Figure 32: TRS-Care and TRS-ActiveCare Calls Received

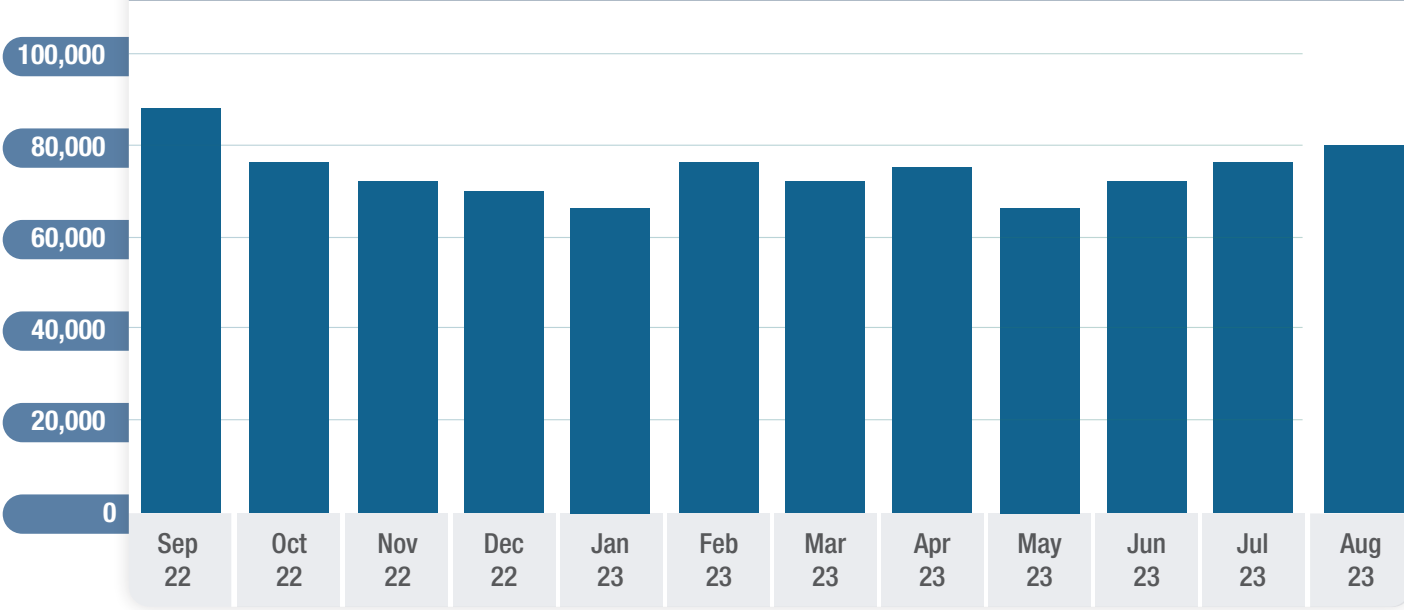
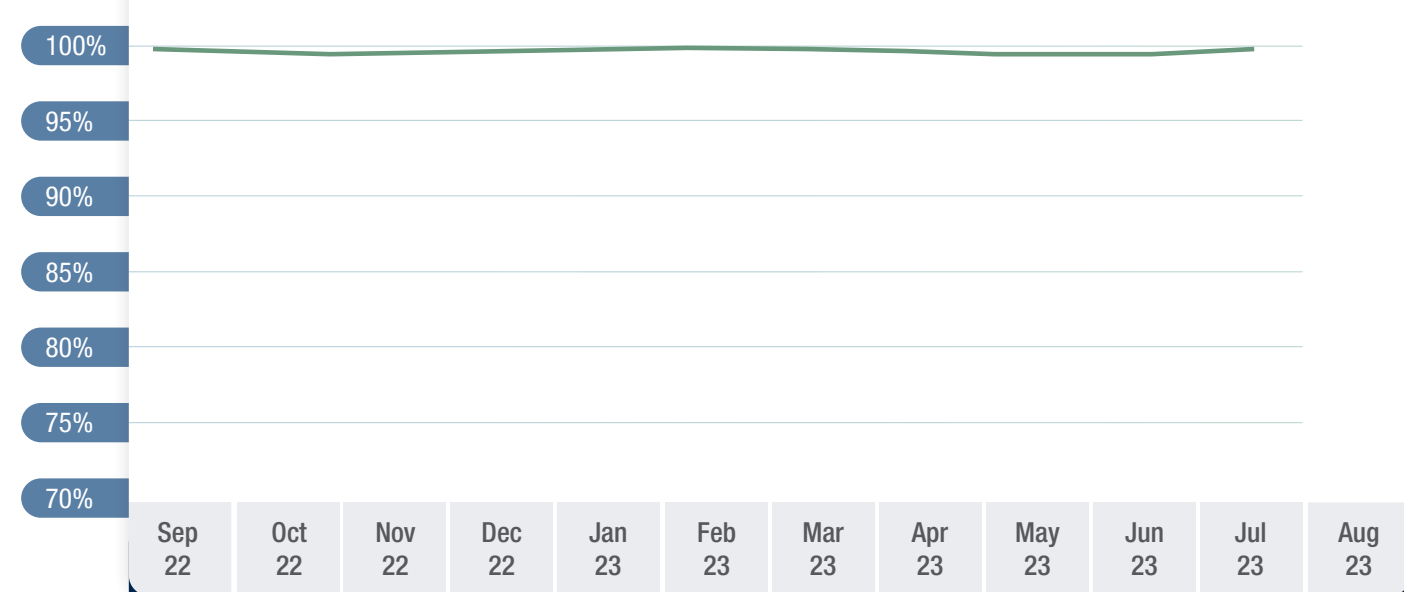


Figure 33: Service Level by Health Team



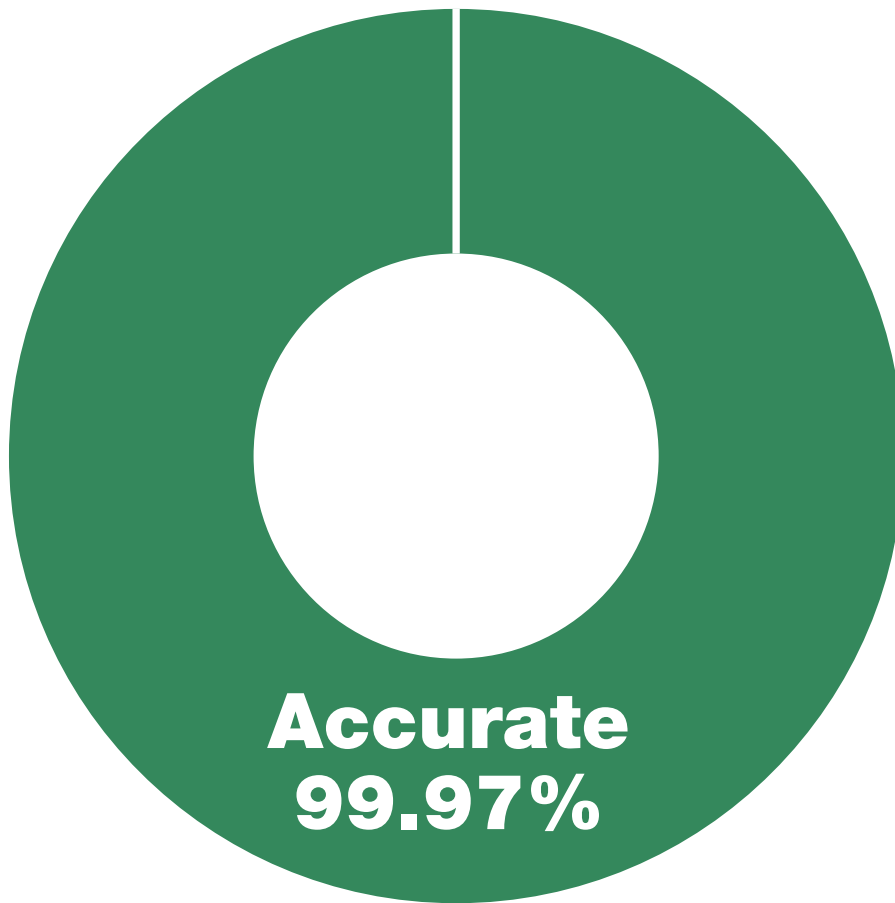
*Service Level by Health Team and Vendors

Appendix R: TRS Health Claims Audit Results



TRS engaged Gainwell Technologies, which specializes in claim payment integrity solutions, to audit 100% of the claims processed and paid by TRS' medical claims administrator and pharmacy benefit manager. In total, Gainwell analyzed 3.3 million medical claims and 21.6 million pharmacy claims, totaling \$5.4 billion dollars in claim payments. Gainwell reported potential claim payment errors totaling approximately \$1.7 million dollars, or 0.03% of the total plan spend.

Error
0.03%





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