

## **Minutes of the Board of Trustees**

**June 3, 2021**

The Board of Trustees of the Teacher Retirement System of Texas met on June 3, 2021 via videoconference in accordance with the Governor's authorization concerning suspension of certain Open Meeting law requirements in response to the COVID-19 (Coronavirus) disaster.

### **The following Board members were present:**

Jarvis V. Hollingsworth, Chair  
Nanette Sissney, Vice Chair  
Michael Ball  
David Corpus  
John Elliott  
Christopher Moss  
James Dick Nance  
Robert H. Walls, Jr.

### **Others present:**

Brian Guthrie, TRS  
Andrew Roth, TRS  
Don Green, TRS  
Heather Traeger, TRS  
Barbie Pearson, TRS  
Katrina Daniel, TRS  
Amanda Jenami, TRS  
Katherine Farrell, TRS  
Suzanne Dugan, Cohen Milstein

Mr. Hollingsworth called the meeting to order at 10:00 a.m.

#### **1. Call roll of Board members.**

Ms. Farrell called the roll. A quorum was present.

Mr. Hollingsworth provided welcoming remarks expressing appreciation for convening today in order to set the rates and benefits for TRS ActiveCare as well as handling other administrative items. He noted the Board was convening by videoconference under the Governor's Office's authorization concerning suspension of certain Open Meetings law requirements in response to COVID-19.

#### **2. Consider approval of the April 2021 proposed meeting minutes; and**

On a motion by Mr. Corpus, seconded by Mr. Moss, the board unanimously approved the minutes of the April 2021 Board Meeting, as presented.

**3. Provide an opportunity for public comment – Jarvis V. Hollingsworth.**

Mr. Craig Campbell, TRS retiree, expressed extreme disappointment in the failure to pass a cost of living increase in the past session. He requested all TRS expenditures be subject to the same one-sided actuarial analysis as the cost of living adjustment including bonuses paid to investment staff.

Mr. Brock Gregg representing TRTA expressed appreciation for how the Board is acting fast and appointing an interim ombudsman position, changing the bylaws so Board can hire the Ombuds and have them directly report to the Board. He said the process is a good one and look forward to working with them.

**4. Receive an update regarding the 87<sup>th</sup> Regular Legislative Session including considering the appointment of an interim Ombuds and process for hiring Ombuds position – Brian Guthrie.**

Mr. Brian Guthrie provided an overview of the Legislative Session that ended this past Monday. He stated over 7,000 bills were introduced and a little over 1000 passed, similar to what happened last session. He said TRS was very fortunate in that the Sunset legislation was sent to the Governor early on in the process and he signed it. The Sunset legislation makes significant changes to employment after retirement. He said House Bill 2022, dubbed the Golden Ticket Bill, provides a one-time opportunity to TRS-Care retirees who opted out of the program in 2017 to opt back into the program, if they so choose. He said the focus of today's meeting is really Senate Bill 1444 which was designed to close the District of Innovation loophole. He noted there is already an expectation of a special session as early as this summer.

Mr. Guthrie reported that House Bill 1585 did lay out specifically several things the Ombuds position must do. He thought it was important to bring a timeline to the Board as to hiring of the Ombuds position and recommend that an interim Ombuds be named to serve through the summer, until a final selection of the permanent person for this position. He said at the July board meeting, staff will bring a proposed amendment to the bylaws to make it clear that the Board has authority to hire for this position. He provided further information as to the proposed hiring process, timeline and administrative activities to occur between now and September. Mr. Guthrie recommended Katherine Farrell the Board Secretary to serve as the interim Ombuds.

On a motion by Mr. Nance, seconded by Mr. Corpus, the Board unanimously approved the following resolution that among other items appoint Ms. Katherine Farrell as the interim ombudsman.

**TRS BOARD OF TRUSTEES  
JUNE 3, 2021**

**RESOLUTION REGARDING APPOINTMENT OF AN INTERIM OMBUDS, CREATION OF  
OMBUDS POSITION, AND PROCESS FOR SELECTION AND HIRING OF OMBUDS**

**WHEREAS**, House Bill 1585, 87<sup>th</sup> Regular Legislative Session ("HB 1585"), amends Chapter 825 of the Government Code to require the Teacher Retirement System of Texas ("TRS") Board of Trustees ("Board") to designate an ombudsman ("Ombuds") to assist TRS members and retirees by performing member and retiree protection and advocacy functions;

**WHEREAS**, HB 1585 received a vote of two-thirds of all members elected to each house and therefore took effect on May 26, 2021;

**WHEREAS**, It is the intent of the Board to direct the Executive Director to begin a search immediately for an Ombuds to fulfill the duties set forth in HB 1585;

**WHEREAS**, It is also the intent of the Board to appoint an Interim Ombuds to fulfill the duties of the position of Ombuds until a final candidate is selected; now, therefore be it

**Resolved**, That the Board appoints Katherine Farrell to serve as Interim Ombuds until a final candidate is selected by the Board at a duly posted meeting.

**Resolved**, That the Board hereby directs the Executive Director of TRS or his designee to provide contact information for the new Ombuds position to the public.

**Resolved**, That all reasonable and necessary steps be taken to begin the process of identifying qualified candidates to the Board for the position of TRS Ombuds.

**Resolved**, That the Board hereby authorizes the Executive Director of TRS or his designee to:

- Develop and post the job description for the Ombuds position;
- Manage the process of evaluating and selecting potential candidates;
- Include less than a quorum of the Board or any Board Committee in the process; and
- Refer to the Board for interviews and final selection at a duly posted meeting at least 2 but not more than 5 candidates acceptable to the Executive Director;

**Resolved**, That the Executive Director shall propose amendments to the TRS Bylaws at a duly posted meeting to add the selection, replacement, dismissal, evaluation, and compensation of the Ombuds position.

Mr. Guthrie concluded his presentation by providing further details as to the timing of House Bill 2022, the Golden Ticket Bill, and Senate Bill 1444.

5. **Receive an update and consider the following related to the TRS health benefits programs:**
  - A. **TRS-ActiveCare FY2022 PPO Rates and Benefits Changes;**
  - B. **TRS-ActiveCare FY2022 HOM Rates and Benefits Changes; and**
  - C. **TRS Health and Insurance Benefits Operations Update, including discussion on Districts of Innovation.**

Ms. Katrina Daniel thanked the Board for their willingness to hold this special meeting in June. She noted by meeting so quickly after the Legislative Session the timeline for the annual enrollment period for ActiveCare will be consistent with how it was conducted in the past. Ms. Daniel referenced how Care and ActiveCare manages cost of care and the cost of coverage better than other entities and how this savings is passed on through lower rates and premiums. She said 96 percent of the funds in the programs are spent on health care claims, pharmacy and medical claims, and only about 4 percent goes to administration of the plans.

Ms. Daniel stated this was a challenging year. She said there were considerable costs as a result of COVID that affected premiums. Additionally, there were added costs on top that were directly related to the competitive nature and adverse selection experienced from the Districts of Innovation. She reported that had the adverse selection from Districts of Innovation not occurred the proposed increase in premium would be closer to a 4 percent increase. However, as a result of these adverse selections, there is another 2.5 percent increase. She said the average increase proposed today reflects the 6.2 percent increase in costs that the plan experienced. She noted other plans are seeing increases in the range of 7.5 based on the previous years' experience. She said the premium increase proposed today is in line and below in many cases what the industry unfortunately is experiencing. Ms. Daniel then discussed how the 6.2 percent will be distributed in a way that adjusts some relativities between the plans. She said the only plan changes recommended is to the High Deductible plan to align it with new federal IRS standards.

Ms. Daniel reported there is no recommendation to change the HMO carrier's geographic areas those plans cover. She noted the HMO areas were not immune from the adverse selection from Districts of Innovation offering competing coverage. She said Blue Cross did not recommend any benefit changes on their HMO plans, but to offset premium costs, Baylor Scott & White is recommending benefit changes on their plan by increasing deductible and adding co-insurance to inpatient cost-sharing.

On a motion by Mr. Ball, seconded by Mr. Moss, the board unanimously voted to approve the following resolution for TRS-ActiveCare fiscal year 2022 PPO rates and benefits changes.

**RESOLUTION APPROVING BENEFITS AND  
GROSS PREMIUM RATES FOR THE EXISTING PPO  
PLANS IN TRS-ACTIVECARE**

June 3, 2021

**Whereas**, Chapter 1579, Insurance Code (the "Texas School Employees Uniform Group Health Coverage Act"), governs the Texas School Employees Uniform Group Health Coverage Program, hereinafter referred to as TRS-ActiveCare, and authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

**Whereas**, TRS staff and consultants assisting staff (the "Consultants") have recommended that benefit changes, as indicated below, be made to TRS-ActiveCare HD for the 2022 plan year commencing on September 1, 2021;

**Whereas,** TRS staff and the Consultants do not recommend any major benefit changes be made to TRS-ActiveCare Primary, TRS-ActiveCare Primary+, or TRS-ActiveCare 2 for the 2022 plan year commencing on September 1, 2021;

**Whereas,** TRS staff and the Consultants recommend that for the 2022 plan year commencing on September 1, 2021, premium rates at all levels of coverage in TRS-ActiveCare HD, TRS-ActiveCare Primary, TRS-ActiveCare Primary+, and TRS-ActiveCare 2, be set at the gross premium amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference;

**Whereas,** The TRS Board of Trustees ("Board") desires to adopt the recommendations of TRS staff and the Consultants; now, therefore, be it

**Resolved,** That the Board hereby adopts and authorizes the following major benefit changes, subject to all other plan requirements and restrictions, for TRS-ActiveCare HD, beginning in the 2022 plan year commencing on September 1, 2021 and thereafter, until further action by the Board:

<b>TRS-ActiveCare HD</b>		
<b>Plan Feature</b>	<b>Current 2021 Plan Year</b>	<b>Proposed 2022 Plan Year</b>
<u>In-Network</u> Individual Deductible Family Deductible	\$2,800 \$5,600	\$3,000 \$6,000
<u>In-Network Medical Coinsurance</u>	Participant pays 20% after deductible	Participant 30% after deductible
<u>Out-of-Network Medical Coinsurance</u>	Participant pays 40% after deductible	Participant pays 50% after deductible
<u>In-Network</u> Individual Out-of-Pocket Maximum Family Out-of-Pocket Maximum	\$6,900 \$13,800	\$7,000 \$14,000

**Resolved,** That the Board hereby adopts and authorizes no major benefit changes for TRS-ActiveCare Primary, TRS-ActiveCare Primary+, or TRS-ActiveCare 2, beginning in the 2022 plan year commencing on September 1, 2021 and thereafter, until further action by the Board.

**Resolved,** That the Board hereby adopts and authorizes the gross premium rates for TRS-ActiveCare HD, TRS-ActiveCare Primary, TRS-ActiveCare Primary+, and TRS-ActiveCare 2 contained in Exhibit A, for the 2022 plan year commencing on September 1, 2021 and thereafter, until further action by the Board;

**Resolved,** That the Board hereby authorizes the Executive Director or his designees to take any actions that are necessary or advisable to implement the benefit structures and gross premium rates as adopted or authorized herein, and to take any actions that are necessary or advisable to otherwise implement, administer, and continue the TRS-ActiveCare, until further action by the Board.

On a motion by Mr. Moss, seconded by Ms. Sissney, the Board unanimously voted to approve the following resolution for TRS-ActiveCare fiscal year 2022 HMO rates and benefit changes.

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

June 3, 2021

**Whereas,** Chapter 1579, Texas Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Uniform Group Health Coverage Program, hereinafter referred to as TRS-ActiveCare, and authorizes the Teacher Retirement System of Texas (“TRS”), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

**Whereas,** TRS currently has contracts with two health maintenance organizations (“HMOs”), Scott & White Care Plans (“SWCP”) and Blue Cross and Blue Shield of Texas (“BCBSTX”), which allows these entities to offer benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO that have previously been approved by the TRS Board of Trustees (the “Board”) and are listed in Exhibit A, attached to this resolution and incorporated herein by reference;

**Whereas,** SWCP proposed major benefit changes for the 2022 plan year commencing on September 1, 2021, to the respective plan design the HMO offered in the 2021 plan year;

**Whereas,** BCBSTX did not propose any major benefit changes for the 2022 plan year commencing on September 1, 2021, to the respective plan designs the HMO offered in the 2021 plan year;

**Whereas,** TRS staff and consultants assisting staff (the “Consultants”) evaluated the proposed major benefit changes and recommend that for the 2022 plan year commencing on September 1, 2021, SWCP and BCBSTX be allowed to provide health care services to TRS-ActiveCare participants in their respective service areas, as approved by the Board, under the same respective plan design that each HMO offered in the 2021 plan year, with only those major benefit changes proposed by SWCP and noted hereinafter, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents;

**Whereas,** TRS staff and the Consultants evaluated the benefits and premium rates proposed by SWCP for the HMO plan covering the forty-two (42) “Central Texas” counties listed in Exhibit A, the benefits and premium rates proposed by BCBSTX for the HMO plan covering the four (4) “South Texas” counties listed in Exhibit A, and the benefits and premium rates proposed by BCBSTX for the HMO plan covering the ninety-two (92) “West Texas” counties listed in Exhibit A;

**Whereas,** TRS staff and the Consultants recommend for the 2022 plan year commencing on September 1, 2021, the Board approve the gross premium rates noted hereinafter, which premium rates include the same monthly administration fee of \$15.00 per employee enrolled in an HMO as previously approved by the Board for the 2021 plan year, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

**Whereas,** the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants, including the respective, proposed plan designs being offered for the 2022 plan year commencing on September 1, 2021, by each of the two HMOs, with respective changes in benefits (including changes as noted hereinafter) proposed by SWCP, and the gross premium rates for the 2022 plan year commencing on September 1, 2021; now, therefore, be it

**Resolved,** that the Board hereby approves the proposal for SWCP to offer to TRS-ActiveCare Participants during the 2022 plan year commencing on September 1, 2021, the same plan design it offered in the 2021 plan year, with the following proposed major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the following gross monthly premium rates, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2022 plan year commencing on September 1, 2021, according to coverage tier:

#### **SWCP Major Benefit Change Highlights**

<b>Plan Feature</b>	<b>Current 2021 Plan Year</b>	<b>Proposed 2022 Plan Year</b>
Individual/Family Deductible	\$950/\$2,850	\$1,150/\$3,450
Individual/Family Out-of-Pocket Maximum	\$7,450/\$14,900	No change
Primary Care Physician	\$20 copay	No change
Specialist Physician	\$70 copay	No change
Urgent Care Visit	\$50 copay	No change
Emergency Room Visit	\$500 copay after deductible	No change
Inpatient Hospital	\$150 per day copay, plus 20% after deductible (\$750	Eliminate per day copay; participant pays 20%

	maximum copay per admission)	coinsurance after deductible
Pharmacy Deductible	\$150 (excl. generics)	\$200 (excl. generics)
Generic Drug ( <i>Retail/Mail</i> )	\$5/\$12.50 copay	\$10/\$25
Preferred Brand Drug	30% after deductible	No change
Non-Preferred Brand Drug	50% after deductible	No change
Specialty Drug	15%/25% after deductible (preferred/nonpreferred)	No change

### Gross Monthly Premiums

Coverage Tier	Current 2021 Plan Year Premiums Per Month	Proposed 2022 Plan Year Premiums Per Month
Employee Only	\$ 551.10	\$542.48
Employee & Spouse	\$1,382.06	\$1,362.70
Employee & Child(ren)	\$ 883.50	\$872.16
Employee & Family	\$1,478.56	\$1,568.42

**Resolved**, the Board hereby approves the proposal for BCBSTX to offer to TRS-ActiveCare Participants who reside in the four (4) "South Texas" counties listed in Exhibit A during the 2022 plan year commencing on September 1, 2021, the same plan design it offered in the 2021 plan year, with no major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the following gross monthly premium rates, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2022 plan year commencing on September 1, 2021, according to coverage tier:

### Gross Monthly Premiums

Coverage Tier	Current 2021 Plan Year Premiums Per Month	Proposed 2022 Plan Year Premiums Per Month
Employee Only	\$491.54	\$524.90
Employee & Spouse	\$1,182.52	\$1,264.28



Employee & Child(ren)	\$766.96	\$819.60
Employee & Family	\$1,258.52	\$1,345.58

**Resolved**, the Board hereby approves the proposal for BCBSTX to offer to TRS-ActiveCare Participants who reside in the ninety-two (92) “West Texas” counties listed in Exhibit A during the 2022 plan year commencing on September 1, 2021, the same plan design it offered in the 2021 plan year, with no major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the following gross monthly premium rates, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2022 plan year commencing on September 1, 2021, according to coverage tier:

#### **Gross Monthly Premiums**

<b>Coverage Tier</b>	<b>Current 2021 Plan Year Premiums Per Month</b>	<b>Proposed 2022 Plan Year Premiums Per Month</b>
Employee Only	\$534.42	\$596.54
Employee & Spouse	\$1,287.58	\$1,443.66
Employee & Child(ren)	\$835.68	\$936.18
Employee & Family	\$1,370.12	\$1,532.74

**Resolved**, that the approved plans of coverage offered by each HMO only to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, each of which commences on September 1, 2021, shall remain unchanged until further action by the Board.

**Resolved**, that the approved service area of each HMO shall remain unchanged until further action by the Board;

**Resolved**, that with prior written approval from the Executive Director or his designee, each HMO may offer to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, lower premiums than those herein approved, each of which commences on September 1, 2021.

**Resolved**, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds and the execution of all documents, deemed

by him or such designee to be necessary or advisable to implement this resolution and to administer the TRS-ActiveCare contracts with the HMOs in the best interests of the TRS-ActiveCare program.

At 1:14 pm, Mr. Hollingsworth adjourned the meeting.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 15<sup>TH</sup> DAY OF JULY 2021.

ATTESTED BY:

Katherine H. Farrell

Katherine H. Farrell

Secretary to the TRS Board of Trustees

July 16, 2021  
Date