

Minutes of the Board of Trustees

April 26, 2019

The Board of Trustees of the Teacher Retirement System of Texas met on April 26, 2019, in the boardroom located on the fifth floor of the TRS East Building offices at 1000 Red River, Austin, Texas. The following Board members were present:

Jarvis Hollingsworth, Chair
Joe Colonna
John Elliott
Greg Gibson
Christopher Moss
Nanette Sissney
James D. Nance

Others present:

Brian Guthrie, TRS	Michael Bentrutt, Aetna
Andrew Roth, TRS	Nick Arnold, Humana
Don Green, TRS	Cheryl Anderson, TAFT Retiree Plus
Carolina de Onís, TRS	Joyce Knapik
Katrina Daniel, TRS	Jeff Adair, Prospecta
Janet Bray, TRS	Troy Coleman, Coleman and Associates
Jerry Albright, TRS	Liz Severyns, Focus Consulting Group
Jase Auby, TRS	Jim Ware, Focus Consulting Group
Barbie Pearson, TRS	Todd Brown, Access Sciences
Amanda Jenami, TRS	Tom Krapu, Access Sciences
Rebecca Merrill, TRS	
Heather Traeger, TRS	
Katherine Farrell, TRS	
Chet Henry, TRS	
Keith Johnson, Reinhart Boerner Van Deuren	
Steve Voss, Aon Hewitt	
Mike McCormick, Aon Hewitt	
Michael Johnson, Bridgepoint	

Mr. Hollingsworth called the meeting to order at 8:05 a.m.

1. Call roll of Board members.

Ms. Farrell called the roll. A quorum was present, Mr. Corpus and Ms. Ramirez were absent.

Mr. Hollingsworth took a personal point of privilege to congratulate Mr. Nance on his successful testimony before the 86th Legislature's Senate Committee on Nominations.

2. Consider the following administrative matters including approval of the February 2019 proposed meeting minutes – Jarvis V. Hollingsworth:

On a motion by Mr. Elliott, seconded by Mr. Colonna, the Board voted to approve the proposed minutes of the February 2019 Board meeting.

Mr. Hollingsworth announced, with no objections made, to take up Agenda Item 15.

15. Receive an update regarding TRS Facilities – Brian Guthrie, Don Green, Richard Scheel, Sylvia Bell, Eric Lang and Grant Walker.

Mr. Brian Guthrie provided background regarding the overall agency footprint and TRS' continue growth. He noted plans to renovate the Red River facilities was under way but due to the increase construction and renovation costs put into question the best value proposition for long-term space planning. He said a consultant was engaged to identify not only needs but potential options and solutions.

At 8:11 a.m., Mr. Hollingsworth announced the Board would recess into executive session on agenda item 15, under Sections 551.072 and 551.071 of the Government Code, to discuss real property matters and consult with legal counsel as needed.

At 9:59 a.m., Mr. Hollingsworth reconvened the meeting in open session.

Mr. Hollingsworth announced, with no objections made, to take up Agenda Item 3.

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

Ms. Joyce Knapik expressed concerns over retired teachers not receiving a raise and the changes in health insurance.

4. Receive an update on the TEAM Program – Brian Guthrie and Chet Henry.

Mr. Guthrie provided an overview of the program and the schedule. He reported an issue with the latest test evaluation summary. He said Phase 2 TRUST benefits is scheduled to go live early second quarter of 2020, more specifically in April or May of next year. Mr. Chet Henry reported there are a series of test evaluations and the first evaluation took two months before the quality met requirements. He said they altered the evaluation process to a more iterative approach in an effort to avoid such delay again.

Mr. Guthrie reviewed the budget status of the overall project. He said a contract addressing additional scope of work was reached in principal for another \$2.6 million. Mr. Adair added the contract also addressed a list of team members to work on the project. Mr. Guthrie stated the primary focus on the project is quality.

5. Receive a presentation from the TEAM Program Independent Program Assessment (IPA) Vendor – Michael Johnson, Bridgepoint Consulting.

Mr. Michael Johnson provided an overview of Bridgepoint's assessment of the TEAM program's progress. He said since his last report, quality has improved and an agreement with Perspecta on moving forward with a new date was reached. He noted in July the focus will be on the finalization of the Perspecta contract and monitoring the delivery and quality of the TES package.

6. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:

- a. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, security assessment related to information resources technology, legislative, and personnel matters.**
- b. Board operational matters, including a review of draft agendas for upcoming meetings.**
- c. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations or condolences.**

Mr. Guthrie provided a legislative update. He reported the ballots for the board election were mailed and the election closes on May 6th. Mr. Guthrie discussed past conferences and meetings and referenced upcoming ones.

Mr. Guthrie gave an update on mid-year actuarial valuation as required during the legislative session. He said the Trust's performance since August was relatively flat increasing the unfunded liability slightly from 87 to 99 years. He then reviewed the upcoming Sunset review process for the agency. He noted the total compensation review timeline and how this review may change the use of the state classification system. Mr. Guthrie concluded by reviewing the upcoming board agendas.

7. Chief Operations and Administration Officer (COAO) Update – Andrew Roth.

Mr. Andrew Roth discussed shared services and next steps towards opportunities for improvement. He noted shared services have been outstripped by the overall swift growth of the agency. He provided an update on the diversity and inclusion program and the director's position. Mr. Roth concluded with recognition and awards employees had received.

8. Receive the Report of the Strategic Planning Committee on its April 25, 2019 meeting – Committee Chair.

Mr. Elliott, Committee Chair, provided the following report of the Strategic Planning Committee:

The Strategic Planning Committee met on April 25, 2019. The committee approved the proposed minutes of the Strategic Planning Committee for the December 2018 meeting.

The first presentation to the Committee was provided by Brian Guthrie and Rebecca Merrill who reviewed the Executive Director's Areas of Focus and results forum for the 2019-2023 TRS Strategic Plan Objectives. Chris Cutler also participated in this presentation and addressed TRS' objectives of enhancing its IT systems and services and information security program.

Concluding the Strategic Planning Committee, Ms. Carolyn Perez provided an update on TRS Strategic Communications.

- 9. Receive the report of the Benefits Committee on its April 25, 2019 meeting and consider adoption or acceptance of the following – Committee Chair:**
- a. Medical Board Meeting Minutes for January 2019;**
 - b. Benefit Payment for December 2018 – February 2019;**
 - c. TRS-ActiveCare FY 2020 PPO Rates and Benefits Changes; and**
 - d. TRS-ActiveCare FY 2020 HMO Rates and Benefits Changes.**

Ms. Sissney, Committee Chair, provided the following report of the Benefits Committee:

The Benefits Committee met Thursday, April 25th. The first item of business was approval of the minutes of the December 2018 Benefits Committee meeting.

Ms. Barbie Pearson presented the Medical Board minutes from the January 8, 2019 meeting. The committee recommends to the Board the acceptance of the Medical Board minutes for January 8, 2019.

Ms. Pearson also presented for the Committee's consideration to recommend to the Board the approval of Benefit Payments for December 2018 through February 2019. The committee recommends to the Board approval of the presented Benefit Payments.

The Committee received an update on Benefit Services Operations from Ms. Pearson on the second quarter of Fiscal Year 2019.

Next, the committee received an update from Ms. Katrina Daniel on TRS-ActiveCare as well as overall program and plan performance.

Ms. Daniel then recommended benefit and premium changes for the FY2020 plan year for the self-funded plans, including the HMO plans. Ms. Daniel recommended an overall average 3.9 percent premium increase to the self-funded ActiveCare plans, applying a 3 percent increase to the ActiveCare 1 HD, and the ActiveCare Select plan, and an 8.9 percent increase to the ActiveCare 2. Ms. Daniel further recommended benefit changes to the plans that included increases to the maximum out-of-pocket limits and increases in brand drug cost sharing to encourage more generic drug use. Finally, Ms. Daniel

recommended premium increases to the HMO plans that resulted in a less than 5 percent overall increase and modest benefit changes.

The committee approved the recommendations and recommends changes to TRS-ActiveCare plans as recommended by staff.

On a motion by Ms. Sissney, on behalf of the Benefits Committee, the Board accepted the Medical Board minutes from the January 8, 2019 meeting.

On a motion by Ms. Sissney, on behalf of the Benefits Committee, the Board approved the benefit payments for December 2019 through February 2019.

On a motion by Ms. Sissney, on behalf of the Benefits Committee, the Board adopted the following resolution to adopt the TRS ActiveCare FY 2020 PPO rates and benefit changes.

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

April 25–26, 2019

Whereas, Chapter 1579, Insurance Code, establishes the Texas School Employees Uniform Group Health Coverage Program ("TRS-ActiveCare"), a uniform group health benefits program;

Whereas, under Chapter 1579, Insurance Code, the Teacher Retirement System of Texas ("TRS"), as trustee, is authorized to implement and administer TRS-ActiveCare;

Whereas, TRS currently has contracts with three health maintenance organizations, Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company ("BCBSTX"), SHA, L.L.C. d/b/a FirstCare Health Plans, and Scott and White Health Plan, which contracts allow these entities to offer benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of each health maintenance organization ("HMO") that have previously been approved by the TRS Board of Trustees (the "Board");

Whereas, TRS staff and TRS health benefits consultant, Gabriel, Roeder, Smith & Company Health and Welfare Consulting, LLC ("GRS") have recommended that during Fiscal Year 2020, BCBSTX, SHA, L.L.C. d/b/a FirstCare Health Plans, and Scott and White Health Plan 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 fiscal year 2019, with only those changes in benefits noted hereafter, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents;

Whereas, Staff and GRS have recommended that for fiscal year 2020, the Board approves the gross premium rates noted herein, which premium rates include a monthly administration fee of

\$10 per employee enrolled in an HMO, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

Whereas, The Board desires to approve the recommendations, including the respective, proposed plan design being offered in fiscal year 2020 by each of the three HMOs, with the respective changes in benefits (including changes as noted hereafter) proposed by BCBSTX, SHA, L.L.C. d/b/a FirstCare Health Plans, and Scott and White Health Plan, and to approve the gross premium rates offered for fiscal year 2020 by each of the three HMOs as recommended by Staff and GRS; now, therefore, be it

Resolved, the Board hereby approves the proposal for BCBSTX to offer to TRS-ActiveCare participants during fiscal year 2020 the same plan design it offered in fiscal year 2019, with no major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents, and approves and adopts the following gross monthly premium rates for enrollment in this HMO during fiscal year 2020 according to coverage tier:

BCBSTX Gross Premium Changes

Coverage Tier	FY 2019 Premiums	FY 2020 Premiums	Percent Change
Employee Only	\$ 474.02	\$ 486.56	+ 2.6%
Employee & Spouse	\$ 1,146.83	\$ 1,177.52	+ 2.7%
Employee & Child(ren)	\$ 742.19	\$ 761.96	+ 2.7%
Employee & Family	\$ 1,216.42	\$ 1,249.00	+ 2.7%

Resolved, that the Board hereby approves the proposal for SHA, L.L.C. d/b/a FirstCare Health Plans to offer to TRS-ActiveCare participants during fiscal year 2020 the same plan design it offered in fiscal year 2019, 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 approves and adopts the following gross monthly premium rates for enrollment in this HMO during fiscal year 2020 according to coverage tier:

SHA, L.L.C. d/b/a FirstCare Health Plans Major Benefit Change Highlights

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
Medical Deductible	Individual -- \$ 750.00	Individual -- \$ 950.00
	Family -- \$ 2,250.00	Family -- \$ 2,850.00
Pharmacy Deductible	Individual -- \$ 100.00	\$150 per member
	Family -- \$ 300.00	(Excl. Preferred Generics)

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
Maximum Out of Pocket	Individual -- \$ 7,350.00 Family -- \$ 14,700.00	Individual -- \$ 7,450.00 Family -- \$ 14,900.00
Specialist Office Visit Copay	\$60	\$70
Urgent Care Copay	\$75 (deductible waived)	\$50 (deductible waived)
<u>Preferred Generic Prescription Drugs</u>		
Retail Copay (up to 30-day supply)	\$15	\$5 \$12.50
Retail Maintenance Copay (after 1 st fill; up to 30-day supply)	\$15	 \$12.50
Mail Order Copay/Coinsurance (up to 90-day Supply)	\$45 (drug deductible waived)	(drug deductible waived)
<u>Preferred Brand Drugs</u>		
Retail Copay/Coinsurance (up to 31-day supply)	\$40 after drug deductible	30% after drug deductible
Retail Maintenance Copay/Coinsurance (after 1 st fill; up to 31-day supply)	\$40 after drug deductible	30% after drug deductible 30% after drug deductible
Mail Order Copay/Coinsurance (60 to 90-day Supply)	\$120 after drug deductible	
<u>Non-preferred Brand Drugs</u>		50% after drug deductible

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
Retail Copay/Coinsurance (up to 31-day supply)	\$100 after drug deductible	50% after drug deductible
Retail Maintenance Copay/Coinsurance (after 1 st fill; up to 31-day supply)	\$100 after drug deductible	50% after drug deductible
Mail Order Copay/Coinsurance (60 to 90-day Supply)	\$300 after drug deductible	
<u>Specialty Medications</u>	20% after drug deductible	Tier 1 and 2 - 15% after drug deductible Tier 3 - 25% after drug deductible

SHA, L.L.C. d/b/a FirstCare Health Plans Gross Premium Changes

Coverage Tier	FY 2019 Premiums	FY 2020 Premiums	Percent Change
Employee Only	\$ 534.04	\$ 560.50	+ 5.0%
Employee & Spouse	\$ 1,348.92	\$ 1,416.52	+ 5.0%
Employee & Child(ren)	\$ 849.76	\$ 892.16	+ 5.0%
Employee & Family	\$ 1,385.36	\$ 1,454.80	+ 5.0%

Resolved, that the Board hereby approves the proposal for Scott and White Health Plan to offer to TRS-ActiveCare participants during fiscal year 2020 the same plan design it offered in fiscal year 2019, 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 approves and adopts the following gross monthly premium rates for enrollment in this HMO during fiscal year 2020, according to coverage tier:

Scott and White Health Plan Major Benefit Change Highlights

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
Medical Deductible	Individual -- \$ 1,000.00 Family -- \$ 3,000.00	Individual -- \$ 950.00 Family -- \$2,850.00

Out-of-Pocket Maximum	Individual -- \$ 7,000.00 Family -- \$14,000.00	Individual -- \$ 7,450.00 Family -- \$14,900.00
Primary Care Provider Copay	\$15, 1st office visit copay waived for illness	\$20, 1st office visit copay waived for illness, \$0 copay for primary visit for dependents age 19 and under
Emergency Room Copay	\$250 + 20% coinsurance after deductible	\$500 after deductible

Scott and White Health Plan Gross Premium Changes

Coverage Tier	FY 2019 Premiums	FY 2020 Premiums	Percent Change
Employee Only	\$ 578.36	\$ 558.54	- 3.4%
Employee & Spouse	\$ 1,353.40	\$ 1,306.58	- 3.5%
Employee & Child(ren)	\$ 908.06	\$ 876.76	- 3.4%
Employee & Family	\$ 1,509.56	\$ 1,457.28	- 3.5%

Resolved, that the approved plans of coverage offered by each HMO to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, each of which commences on Sept. 1, 2019, 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 Sept. 1, 2019.

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.

On a motion by Ms. Sissney, on behalf of the Benefits Committee, the Board adopted the following resolution to adopt the TRS ActiveCare FY 2020 HMO rates and benefit changes.

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

April 25–26, 2019

Whereas, Chapter 1579, Insurance Code, establishes the Texas School Employees Uniform Group Health Coverage Program ("TRS-ActiveCare"), a uniform group health benefits program;

Whereas, under Chapter 1579, Insurance Code, the Teacher Retirement System of Texas ("TRS"), as trustee, is authorized to implement and administer TRS-ActiveCare;

Whereas, TRS currently has contracts with three health maintenance organizations, Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company ("BCBSTX"), SHA, L.L.C. d/b/a FirstCare Health Plans, and Scott and White Health Plan, which contracts allow these entities to offer benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of each health maintenance organization ("HMO") that have previously been approved by the TRS Board of Trustees (the "Board");

Whereas, TRS staff and TRS health benefits consultant, Gabriel, Roeder, Smith & Company Health and Welfare Consulting, LLC ("GRS") have recommended that during Fiscal Year 2020, BCBSTX, SHA, L.L.C. d/b/a FirstCare Health Plans, and Scott and White Health Plan 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 fiscal year 2019, with only those changes in benefits noted hereafter, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents;

Whereas, Staff and GRS have recommended that for fiscal year 2020, the Board approves the gross premium rates noted herein, which premium rates include a monthly administration fee of \$10 per employee enrolled in an HMO, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

Whereas, The Board desires to approve the recommendations, including the respective, proposed plan design being offered in fiscal year 2020 by each of the three HMOs, with the respective changes in benefits (including changes as noted hereafter) proposed by BCBSTX, SHA, L.L.C. d/b/a FirstCare Health Plans, and Scott and White Health Plan, and to approve the gross premium rates offered for fiscal year 2020 by each of the three HMOs as recommended by Staff and GRS; now, therefore, be it

Resolved, the Board hereby approves the proposal for BCBSTX to offer to TRS-ActiveCare participants during fiscal year 2020 the same plan design it offered in fiscal year 2019, with no major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents, and approves and adopts the following gross monthly premium rates for enrollment in this HMO during fiscal year 2020 according to coverage tier:

BCBSTX Gross Premium Changes

Coverage Tier	FY 2019 Premiums	FY 2020 Premiums	Percent Change
Employee Only	\$ 474.02	\$ 486.56	+ 2.6%
Employee & Spouse	\$ 1,146.83	\$ 1,177.52	+ 2.7%
Employee & Child(ren)	\$ 742.19	\$ 761.96	+ 2.7%
Employee & Family	\$ 1,216.42	\$ 1,249.00	+ 2.7%

Resolved, that the Board hereby approves the proposal for SHA, L.L.C. d/b/a FirstCare Health Plans to offer to TRS-ActiveCare participants during fiscal year 2020 the same plan design it offered in fiscal year 2019, 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 approves and adopts the following gross monthly premium rates for enrollment in this HMO during fiscal year 2020 according to coverage tier:

SHA, L.L.C. d/b/a FirstCare Health Plans Major Benefit Change Highlights

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
Medical Deductible	Individual -- \$ 750.00 Family -- \$ 2,250.00	Individual -- \$ 950.00 Family -- \$ 2,850.00
Pharmacy Deductible	Individual -- \$ 100.00 Family -- \$ 300.00	\$150 per member (Excl. Preferred Generics)
Maximum Out of Pocket	Individual -- \$ 7,350.00 Family -- \$ 14,700.00	Individual -- \$ 7,450.00 Family -- \$ 14,900.00
Specialist Office Visit Copay	\$60	\$70
Urgent Care Copay	\$75 (deductible waived)	\$50 (deductible waived)
<u>Preferred Generic Prescription Drugs</u>		
Retail Copay (up to 30-day supply)	\$15	\$5 \$12.50
Retail Maintenance Copay	\$15	

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
(after 1 st fill; up to 30-day supply) Mail Order Copay/Coinsurance (up to 90-day Supply)	 \$45 (drug deductible waived)	 \$12.50 (drug deductible waived)
<u>Preferred Brand Drugs</u> Retail Copay/Coinsurance (up to 31-day supply) Retail Maintenance Copay/Coinsurance (after 1 st fill; up to 31-day supply) Mail Order Copay/Coinsurance (60 to 90-day Supply)	 \$40 after drug deductible \$40 after drug deductible \$120 after drug deductible	 30% after drug deductible 30% after drug deductible 30% after drug deductible
<u>Non-preferred Brand Drugs</u> Retail Copay/Coinsurance (up to 31-day supply) Retail Maintenance Copay/Coinsurance (after 1 st fill; up to 31-day supply) Mail Order Copay/Coinsurance (60 to 90-day Supply)	 \$100 after drug deductible \$100 after drug deductible \$300 after drug deductible	 50% after drug deductible 50% after drug deductible 50% after drug deductible
<u>Specialty Medications</u>	20% after drug deductible	Tier 1 and 2 - 15% after drug deductible Tier 3 - 25% after drug deductible

SHA, L.L.C. d/b/a FirstCare Health Plans Gross Premium Changes

Coverage Tier	FY 2019 Premiums	FY 2020 Premiums	Percent Change
Employee Only	\$ 534.04	\$ 560.50	+ 5.0%
Employee & Spouse	\$ 1,348.92	\$ 1,416.52	+ 5.0%
Employee & Child(ren)	\$ 849.76	\$ 892.16	+ 5.0%
Employee & Family	\$ 1,385.36	\$ 1,454.80	+ 5.0%

Resolved, that the Board hereby approves the proposal for Scott and White Health Plan to offer to TRS-ActiveCare participants during fiscal year 2020 the same plan design it offered in fiscal year 2019, 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 approves and adopts the following gross monthly premium rates for enrollment in this HMO during fiscal year 2020, according to coverage tier:

Scott and White Health Plan Major Benefit Change Highlights

Benefit	FY 2019 Plan Year	FY 2020 Plan Year
Medical Deductible	Individual -- \$ 1,000.00	Individual -- \$ 950.00
	Family -- \$ 3,000.00	Family -- \$2,850.00
Out-of-Pocket Maximum	Individual -- \$ 7,000.00	Individual -- \$ 7,450.00
	Family -- \$14,000.00	Family -- \$14,900.00
Primary Care Provider Copay	\$15, 1st office visit copay waived for illness	\$20, 1st office visit copay waived for illness, \$0 copay for primary visit for dependents age 19 and under
Emergency Room Copay	\$250 + 20% coinsurance after deductible	\$500 after deductible

Scott and White Health Plan Gross Premium Changes

Coverage Tier	FY 2019 Premiums	FY 2020 Premiums	Percent Change
Employee Only	\$ 578.36	\$ 558.54	- 3.4%
Employee & Spouse	\$ 1,353.40	\$ 1,306.58	- 3.5%
Employee & Child(ren)	\$ 908.06	\$ 876.76	- 3.4%

Employee & Family	\$ 1,509.56	\$ 1,457.28	- 3.5%
-------------------	-------------	-------------	--------

Resolved, that the approved plans of coverage offered by each HMO to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, each of which commences on Sept. 1, 2019, 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 Sept. 1, 2019.

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.

10. Receive the report of the Budget Committee on its April 25, 2019 meeting and consider proposed amendments to FY 2019 Budget for TRS-Care – Committee Chair.

Dr. Gibson, Committee Chair, provided the following report of the Budget Committee:

The Budget Committee met Thursday, April 25th. The first item of business was approval of the minutes of the December 2018 Budget Committee meeting.

Mr. Green presented a high level overview of the FY 2019 mid-year budget as well as the FTE status report. He addressed the spending activity for the first six months of the fiscal year and the projected FTE cap variance.

Mr. Green presented a status of the TRS-Care funding. A budget amendment was adopted by the committee for recommendation to the board. The amendment would add \$800,000 for TRS-Care HILOB expenses.

Mr. Green and Ms. Stroud presented an update on the Procurement Initiatives and HUB goals. They discussed the areas of concern identified in the procurement audit and the action plan for improvement. In addition, they reported on the HUB goal status as of March 2019.

On a motion by Dr. Gibson, on behalf of the Budget Committee, the Board approved the following resolution amending the fiscal year 2019 TRS-Care administrative operations budget:

**RESOLUTION AMENDING THE FISCAL YEAR 2019
ADMINISTRATIVE OPERATIONS BUDGETS**

**FOR THE TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP
BENEFITS PROGRAM (TRS-CARE)
April 25-26, 2019**

Whereas, Section 1575.054 of the Insurance Code authorizes the Teacher Retirement System of Texas (TRS) as trustee of the Texas Public School Retired Employees Group Benefits Program (TRS-Care) to pay the expenses incurred in developing and administering the group program as provided by a budget adopted by the trustee;

Whereas, On July 26, 2018, the TRS Board of Trustees (Board) adopted the Fiscal Year (FY) 2019 Administrative Operations Budget and General Provisions for the Commission Credits Program and the TRS-Care program and provided that TRSCare program operations be funded from the TRS-Care fund;

Whereas, The FY 2019 Administrative Operations Budgets for TRS-Care currently include amounts budgeted for salaries and professional services;

Whereas, Additional resources are needed to document the new business processes and requirements, design, migrate, and condition the health data, develop the application with new forms and letters in new technologies, test, train business and counselors, and build and deploy the production environment;

Whereas, the Budget Committee has recommended that the TRS-Care Administrative Operations Budget for salaries and professional services for FY 2019 be increased by \$800,000; now, therefore, be it

Resolved, That the Board, on behalf of TRS as trustee of TRS-Care, hereby amends the FY 2019 TRS-Care Administrative Operations Budget to increase the amount budgeted for salaries and professional services by \$800,000 bringing the total TRSCare budget to \$10,281,956.

11. Receive the report of the Policy Committee on its April 25, 2019 meeting and consider the following – Committee Chair:

- a. Consider adoption of proposed amendments to the Resolution Designating Persons Authorized to Sign TRS Vouchers;**
- b. Consider adoption of proposed amendments to the Code of Ethics for Contractors;**
- c. Consider adoption of proposed amendments to the General Authority Resolution;**
- d. Consider adoption of proposed amendments to the External Communication Policy;**
- e. Consider adoption of proposed amendments to the Securities Lending Policy;**
- f. Consider adoption of a new rule and rule amendments to TRS Rules in Title 34, Part 3 of the Texas Administrative Code:**
 - i. New § 25.11, relating to Employees of Foreign TRS Subsidiaries.**
 - ii. Amended § 51.2, relating to Vendor Protests, Dispute Resolution, and Hearing.**
 - iii. Amended § 51.11, relating to Historically Underutilized Businesses.**

In Mr. Corpus absence, Mr. Hollingsworth provided the following report of the Policy Committee:

The Policy Committee met on April 25, 2019. The committee approved the proposed minutes of its December 2018 meeting.

The committee conducted the required review of the Board's security lending policy. The committee recommended to the Board adoption of proposed amendments to the policy.

The committee recommended to the Board adoption of the proposed new and amended TRS rules 25.11, 51.2, 51.11 in Title 34, Part 3 of the Texas Administrative Code.

The committee authorized for publication in the Texas Register the proposed amended TRS rules, as listed in the agenda, in Title 34, Part 3 of the Texas Administrative Code.

The committee conducted the required review of the code of ethics for contractors. The committee recommended to the Board adoption of proposed amendments to the code of ethics for contractors.

The Committee conducted the required review of the Board's general authority resolutions. The committee recommended that the Board adopt the proposed amendments to the GAR.

The committee then conducted the required review of the resolution designating persons authorized to sign TRS vouchers. No amendments were recommended.

The committee conducted the required review of the external communications policy. No amendments were recommended.

On motion by Mr. Hollingsworth, on behalf of the Policy Committee, the Board adopted the proposed amendments to the security lending policy.

On motion by Mr. Hollingsworth, on behalf of the Policy Committee, the Board adopted the proposed new and amended TRS rules 25.11, 51.2, and 51.11 in Title 34, Part 3 of the Texas Administrative Code.

On motion by Mr. Hollingsworth, on behalf of the Policy Committee, the Board adopted the proposed amendments to the code of ethics for contractors.

On motion by Mr. Hollingsworth, on behalf of the Policy Committee, the Board adopted the proposed amendments to the General Authority Resolution.

12. Receive the report of the Investment Management Committee on its April 25, 2019 meeting – Committee Chair.

Mr. Colonna, Committee Chair, provided the following report of the Investment Management Committee:

The Investment Management Committee met on April 25, 2019.

Jerry Albright began with his CIO update.

The fourth quarter 2018 performance review was then reviewed by Steve Voss and Mike McCormick with Aon Hewitt.

Next, Dale West provided an overview of the public equity markets, followed by an annual update on hedge funds presented by Brand Gilbert. James Nield then presented the semiannual risk report.

Concluding the Investment Management Committee, we received an update on the strategic asset allocation. A review of the fiduciary duties was presented by Keith Johnson. Mohan Balachandran and Matt Talbert presented the strategic asset allocation study 2019 update.

The final presentation was the benchmarking discussion conducted by Steve Voss and Mike McCormick with Aon Hewitt.

13. Receive the report of the Audit, Compliance and Ethics Committee on its April 25, 2019 meeting and consider proposed revisions to the Fiscal Year 2019 Audit Plan – Committee Chair.

Mr. Moss, Committee Chair, provided the following report of the Audit, Compliance and Ethics Committee:

The Audit Compliance and Ethics Committee met at 3:38 on Thursday, April 25, 2019 in the Boardroom. The minutes of the December 13, 2018, Audit, Compliance and Ethics Committee were approved.

State Auditor's Office staff presented the results of TRS' comprehensive annual financial report audit for fiscal year 2018.

The Chief Compliance Officer presented the routine compliance reports.

The Chief Audit Executive presented recommended revisions to the fiscal year 2019 audit plan. The committee approved the recommendation to the Board of Trustees to adopt the proposed revisions to the fiscal year 2019 audit plan.

Internal audit staff presented the results of projects, including reports from TRS compliance testing, incentive compensation testing, talent management, culture audit and employer testing. Internal audit staff also presented an update on outstanding audit and consulting recommendations and various administrative reports. The meeting ended at 5:11 p.m.

On motion by Mr. Moss, on behalf of the Audit, Compliance and Ethics Commission, the Board adopted the proposed revisions to the fiscal year 2019 audit plan.

14. Consider the selection of a vendor or vendors for Executive Assessments and Executive Coaching, including consideration of a finding that deliberating or conferring on the selection of a vendor or vendors in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Janet Bray.

Ms. Janet Bray stated the current contract for executive assessments and executive coaching to the executive director, chief investment officer and the chief audit executive is currently held by a single vendor that is to expire this August 31, 2019. She reported a solicitation separating the executive assessments and executive coaching was issued and reviewed the requirements for the separate contracts.

Mr. Todd Brown and Mr. Tom Krapu with Access Sciences, presented for the executive coaching solicitation.

Mr. Jim Ware and Ms. Liz Severyns with Focus Consulting Group, presented for the executive coaching and executive assessments solicitations.

Dr. Troy Coleman with Coleman and Associates, presented for the executive coaching and executive assessments solicitations.

On a motion by Mr. Colonna, seconded by Mr. Moss, the Board unanimously voted that deliberating or conferring on Board procurement matters in open meeting would have a detrimental effect on the position of the Retirement System in negotiating with a third person.

At 12:56 p.m., Mr. Hollingsworth announced the Board would recess into executive session for agenda item 14, under Section 825.115(e) to discuss Board procurement matters.

At 1:29 p.m., Mr. Hollingsworth reconvened the meeting in open session.

On a motion by Mr. Moss, seconded by Mr. Colonna, the Board adopted the following resolution selecting Focus Consulting to provide executive assessment services.

**RESOLUTION REGARDING SELECTION OF
EXECUTIVE ASSESSMENT CONTRACTOR**

April 25-26, 2019

Resolved, That the Board of Trustees (the "board") of the Teacher Retirement System of Texas ("TRS") hereby selects Focus Consulting to provide TRS executive assessment services; and,

Resolved, That the Board authorizes the Executive Director or a designee to negotiate a service contract for a term of two (2) years from contract award date with two (2) 1-year renewal options, having determined that Focus Consulting provides the best overall value to

TRS for the required services; and, if negotiation is deemed by the Executive Director in his discretion to be successful, then the Executive Director is hereby authorized to execute such contract, including future amendments, with Focus Consulting on such terms and conditions as the Executive Director may deem in his discretion to be in the best interest of TRS, and further to execute and deliver all such documents that the Executive Director may deem necessary or appropriate to effect this resolution with respect to such contract; and

Resolved, That the Board authorizes the Executive Director to expend funds and to take all actions deemed by him to be necessary or advisable with such contract, on financial terms and conditions deemed by the Executive Director to be in the best interest of TRS, it being understood that the Board's selection of Focus Consulting pursuant to this resolution shall not be construed as a binding agreement or obligation to contract, and there shall be no binding agreement among the parties until a full and final written contract is successfully negotiated and executed by both parties.

16. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records – Carolina de Onis.

Ms. de Onis reported on successfully getting an open records case dismissed.

At 1:30 p.m., without further business Mr. Hollingsworth adjourned the meeting.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE 19th DAY OF JULY 2019.

ATTESTED BY:

Katherine H Farrell
Katherine H. Farrell
Secretary to the TRS Board of Trustees

July 22, 2019
Date