TRS Health Benefits Report | 2019

Published November 2019

TRS
TEACHER RETIREMENT SYSTEM OF TEXAS

TRS Mission

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

Contents

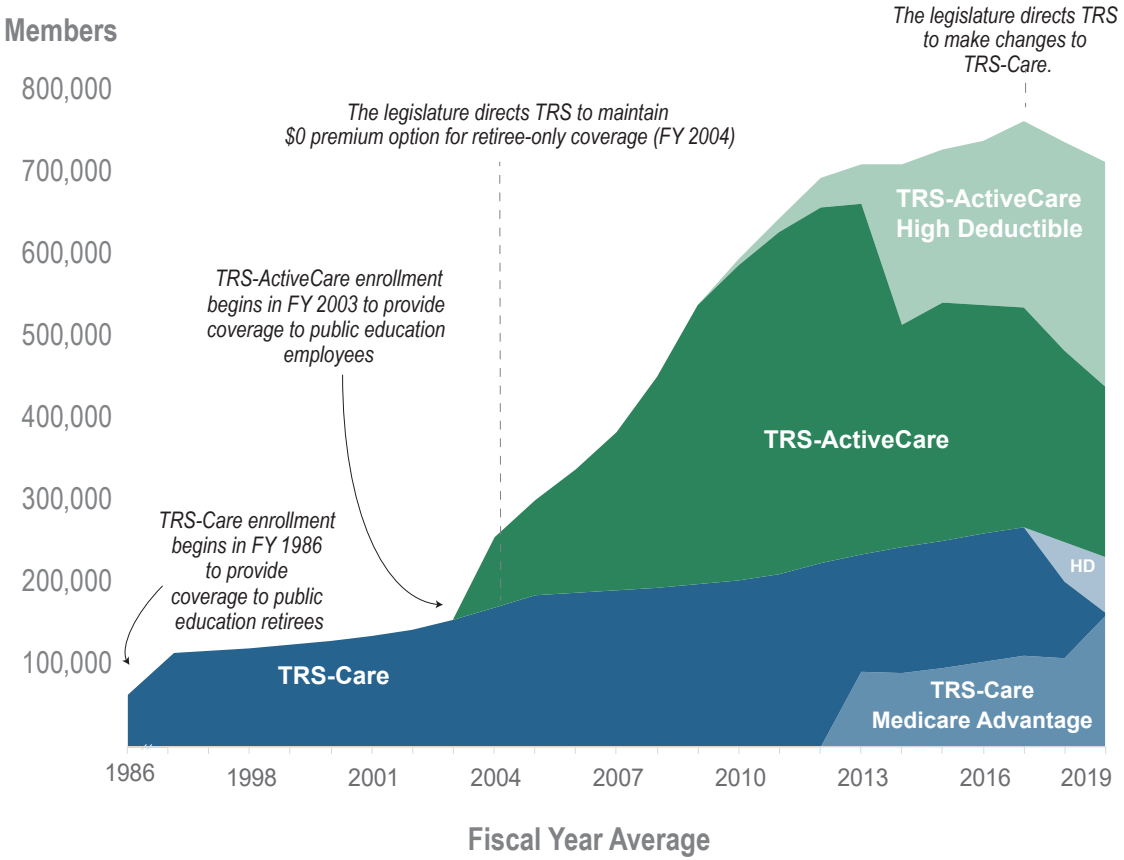
1 TRS Covers a Large & Diverse Group of Texans

The Teacher Retirement System of Texas (TRS) has a long history of delivering health benefits to public education affiliated participants. Since 1986, TRS has provided health coverage to retirees through TRS-Care. Starting in 2003, TRS has also offered coverage to public education employees through TRS-ActiveCare. In fiscal year 2019, TRS provided health coverage to 712,888 people, including 483,113 public education employees and their families and 229,775 retirees and their families.

Health benefits offered by TRS are funded by employee and retiree contributions, as well as funding from schools and the legislature. The TRS Board of Trustees makes adjustments to benefits and determines the total cost of premiums. The legislature and school districts determine their contributions to retiree and employee premiums.

Over time, changes in funding have resulted in new plans and changes in participation. Based on direction from the

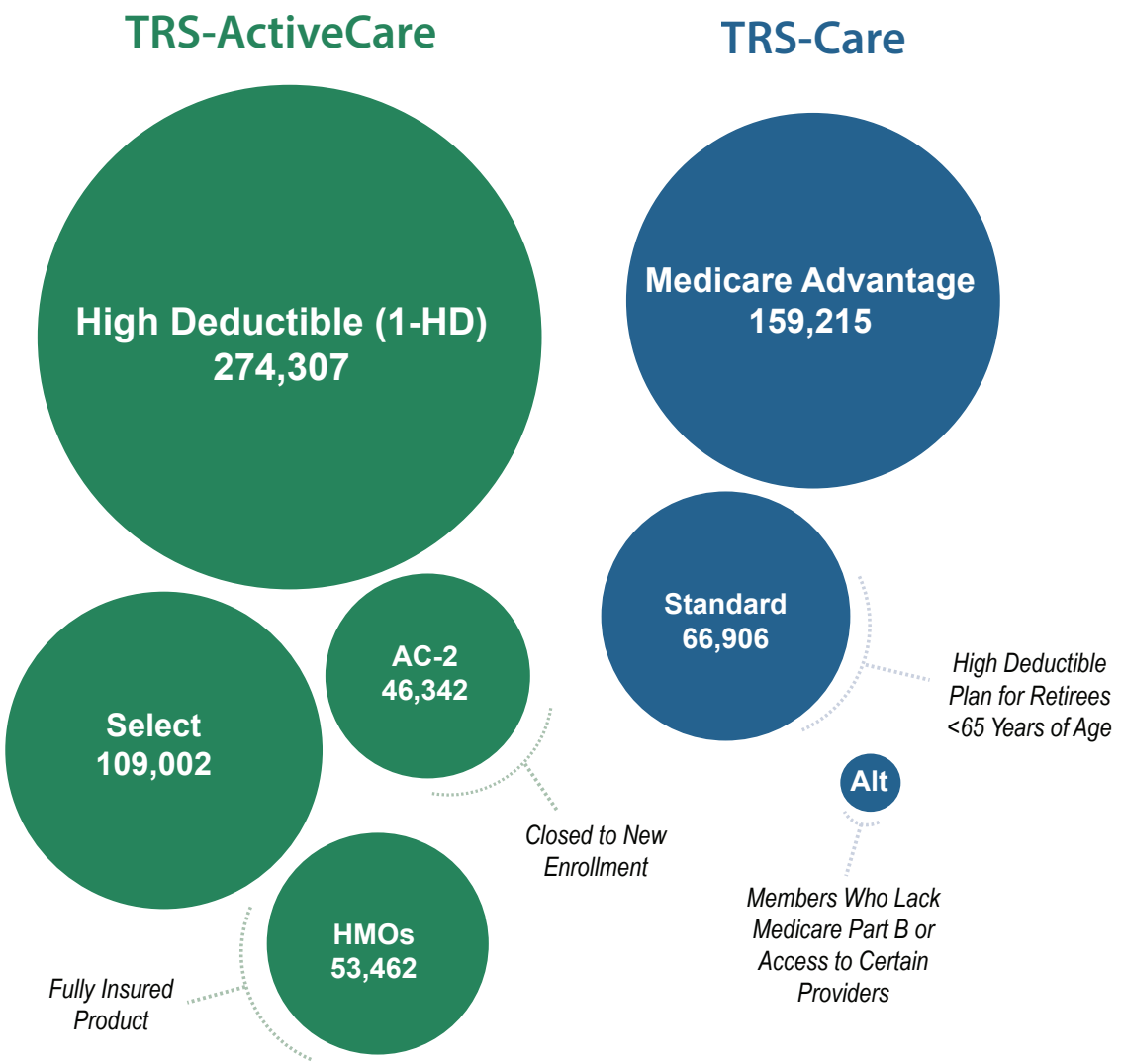
Three Decades of Public Education Health Benefits



legislature, for example, TRS offered a zero dollar premium to retirees for more than a decade. In 2017, due to a predicted shortfall, the legislature directed TRS to make changes. Based on this direction, TRS created new plans, including a high deductible plan for TRS-Care Standard participants not yet eligible for Medicare. As a result of the premium increases, the retiree health programs experienced a significant reduction in enrollment.

Similarly, most active employees have transitioned into a high deductible plan (TRS-ActiveCare 1-HD). In four of Texas' largest metro areas, TRS also offers participants the ability to enroll in accountable care organizations (ACOs) through TRS-ActiveCare Select. By selecting this option, participants enroll in a plan with a lower deductible and lower cost sharing for office visits. The ACOs offer smaller, more targeted networks that are coordinated through primary care physicians. TRS also offers TRS-Active-Care-2, which is closed to new enrollment, and fully insured products through health maintenance organizations (HMOs) in certain regions.

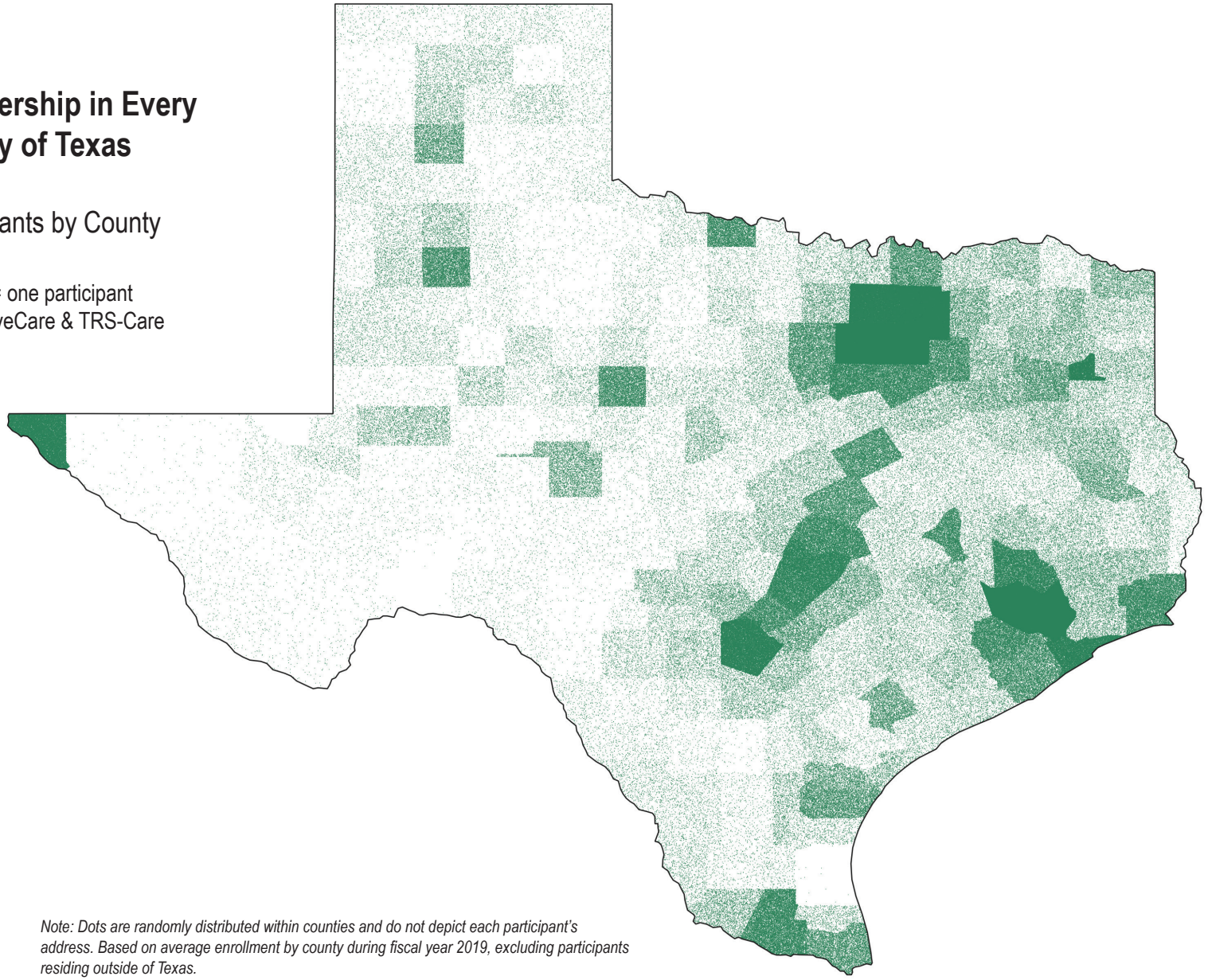
FY 2019 Average Enrollment by Program



Membership in Every County of Texas

Participants by County

One dot = one participant
TRS-ActiveCare & TRS-Care



Note: Dots are randomly distributed within counties and do not depict each participant's address. Based on average enrollment by county during fiscal year 2019, excluding participants residing outside of Texas.

2 TRS Provides High-Value Benefits

TRS recognizes that access to affordable, quality medical care is crucial to participants' quality of life. Whether its the birth of a new child, access to drugs that help manage a complex medical condition, or maintaining a long-term relationship with primary care providers, access to each benefit has a large impact on the daily lives of our participants.

That is why we collaborate with school districts, retirees, and participants through advisory committees, in-person events, accessible complaint procedures, and customer service surveys to inform plan changes each year.

5,394 Newborns
89% Accessed Care

17 M Prescriptions
12 M Medical Claims

FY 2019, Excludes TRS-ActiveCare HMOs

3 TRS Engages Members Through High Quality Customer Service

Many participants stay with TRS from employment through retirement. This provides a unique opportunity to make improvements with a long-term impact.

To ensure that participants can access care when they need it, TRS strives to provide excellent customer service. We are also modernizing our eligibility and customer service systems to improve the timeliness and accuracy of our services. Beyond responding to questions from participants, TRS invests in a variety of effective communications initiatives to proactively ensure participants get the most from their benefits. This includes targeted clinical messages, monthly digital newsletters, in-person meetings and online resources.

TRS also offers disease management programs to help participants understand how to manage their care. For participants with complex conditions, vendors assign nurse case managers to help coordinate care.

Fiscal Year 2019 Activities

625,227
participant phone calls received by TRS and its vendors

80%
answered within 1 minute

47%
of new Jan. 2019 TRS-Care retirees previously enrolled in TRS-Active-care

10,253
active participants in disease management in August 2019

546,994
preventive care reminders sent

719,821
preventive care visits

Figures exclude TRS-ActiveCare HMOs.

4 TRS Keeps Administrative Costs Low

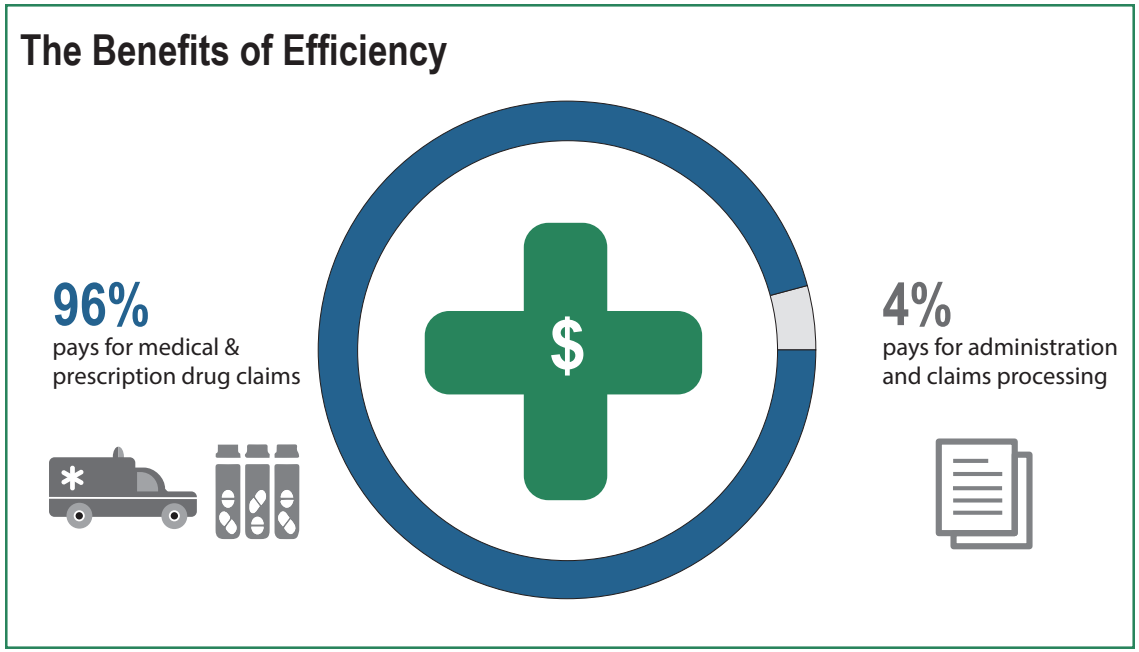
To ensure that participants can access their benefits and have questions answered in a timely manner, TRS works with a variety of vendors to administer benefits. This includes working with medical and pharmacy carriers to ensure that claims are paid correctly and on time, suspicious claims are investigated, and benefits are cost-effective and high-quality.

In fiscal year 2019, only 3.8% of health-related expenses at TRS went to administrative costs. This included the costs of both TRS state employees and vendors working for TRS.

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

By spreading risk across a large number of school districts and participants, TRS is able to offer several self-insured products. TRS directly pays claims and only incurs the cost of processing claims, providing customer service, and developing networks with the carriers for its TRS-ActiveCare-1-HD, TRS-ActiveCare-Select, and TRS-CareStandard products.

Even with fully-insured products, TRS is able to negotiate favorable terms and minimize administrative costs. These cost savings are passed on to participants, ensuring that more medical care can be provided for each premium dollar.



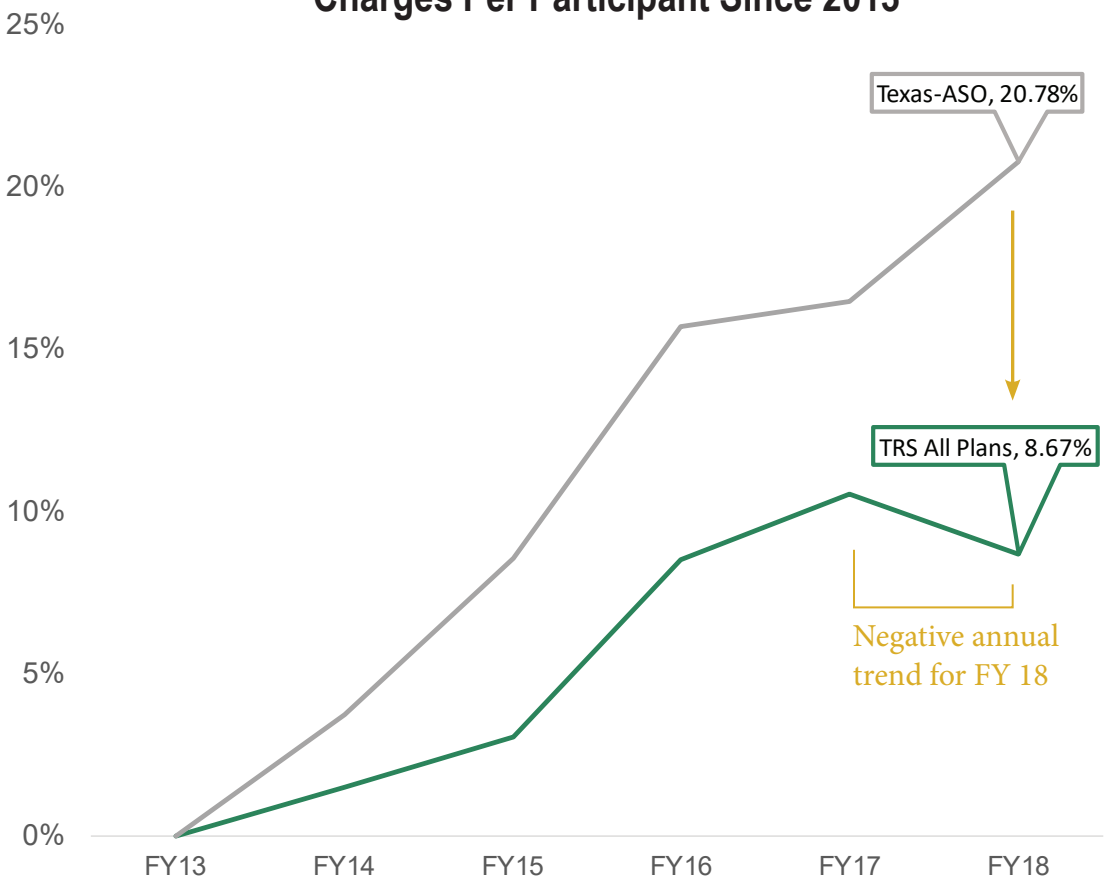
5 TRS Cost Growth Is Below Average

According to analysis from the Health Care Cost Institute, the vast majority of cost growth in Texas since 2013 is due to price inflation. Purchasers of health care face a consolidated provider market in Texas where hospitals and other key providers employ substantial market leverage to increase prices each year.

The TRS self-insured plans use administrative service only (ASO) contracts for self-insured products. From fiscal year 2013 through fiscal year 2018, Texas employers using ASO contracts experienced 20.78% per participant cost growth.

During the same period of time, TRS per participant cost growth was limited to 8.67%. While health care inflation will continue to create challenges in affordability and funding sustainability, TRS works to limit cost growth while maintaining access to high-quality care.

Cumulative Cost Growth in Allowed Charges Per Participant Since 2013



Note: ASO= Administrative Services Only. Allowed charges represent the cost to both the plan and participants. TRS plans include all self-insured plans. Milliman data for Texas-ASO does not include pharmacy rebates. This comparison does not adjust for changes in plan design or demographics over time.

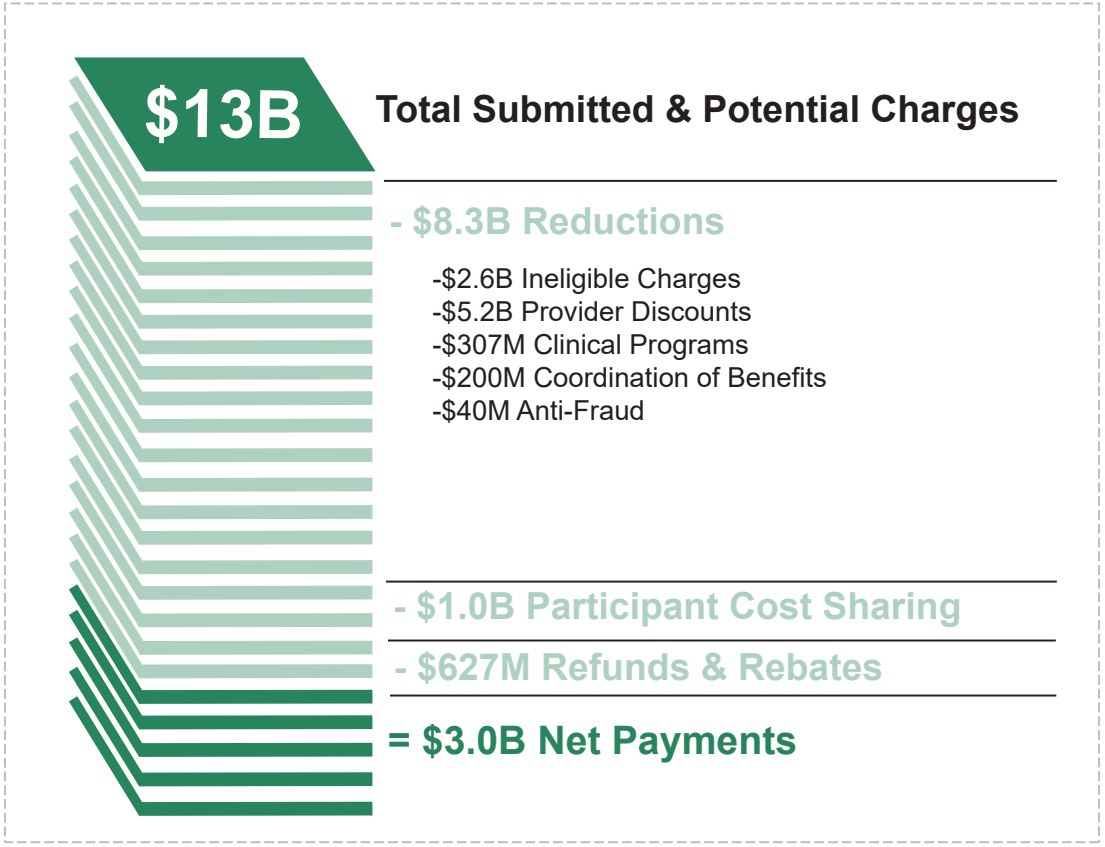
TRS reduced plan costs by $10 billion in fiscal year 2018 through reductions to submitted charges, participant cost sharing, and refunds and rebates.

Provider discounts represented the single largest reduction in cost from charges submitted by providers, accounting for $5.2 billion in savings.

Other reductions and savings accrued from clinical programs, avoidance of duplicative and ineligible charges, coordination with other sources of insurance, and anti-fraud activities. Refunds and rebates are primarily due to rebates on drugs negotiated with pharmaceutical manufacturers.

As participants have migrated into high deductible coverage, utilization has also decreased in part due to increased participant cost sharing. In fiscal year 2018, participant cost sharing was approximately $1 billion of submitted charges.

TRS Reduced Overall Plan Costs by $10 Billion in FY 2018



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

6 TRS-Care Funding In Statute Is Not Tied to Health Care Costs

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

However, because the funding in statute is based on payroll, it is not tied to actual health care costs. From 2005 to 2017, contribution rates remained the same. As a result, funding failed to keep pace with health care expenses. A November 2016 report by the Texas Joint Interim Committee to Study TRS Health Benefit Plans projected that TRS-Care would incur a $1.3 to $1.5 billion shortfall for the 2018-19 biennium and a $4.1 billion shortfall by fiscal year 2021.

In response, the 2017 legislation directed TRS to eliminate the basic $0 retiree premium contribution. In 2018, on average, the amount retirees paid for TRS-Care coverage increased by 47%. Additionally, plan benefits were reduced for the majority of retirees through increased deductibles, copays and maximum out-of-pocket limits. State and district contributions also increased.

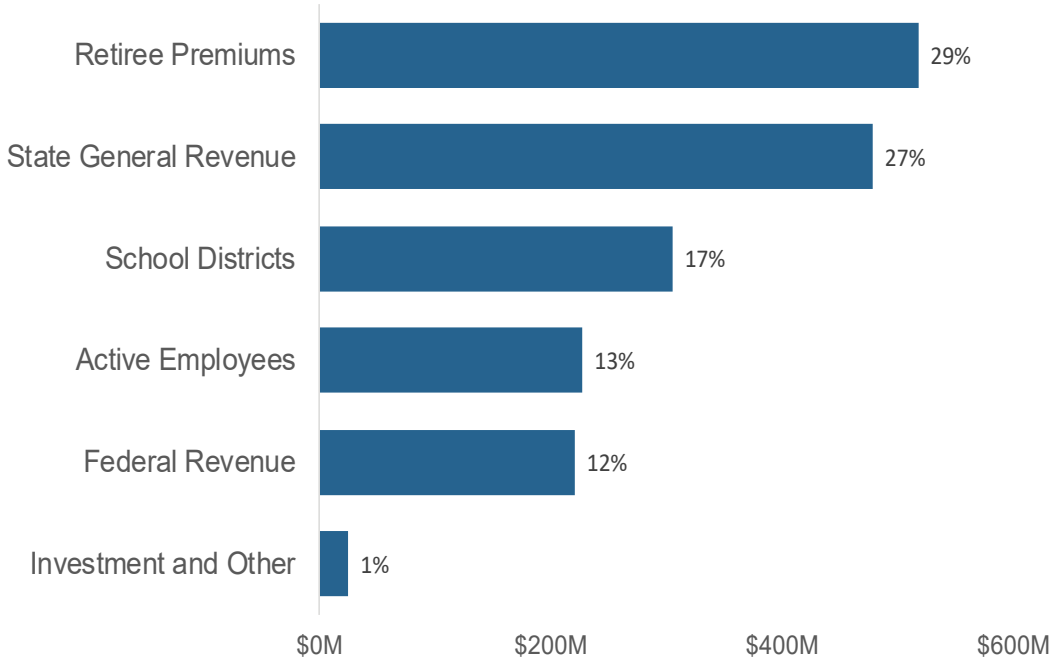
TRS participates in the appropriations process for TRS-Care. When the statutory funding amounts are not sufficient to cover estimated cost growth, TRS makes supplemental appropriations requests. The legislature has made several supplemental appropriations for TRS-Care, including $394.6 million for the 2020-21 biennium. In conjunction with the most recent supplemental appropriation, TRS was directed to avoid premium increases, maintain benefits, and establish a claims reserve adequate to pay for at least 60 days of claims. If health care costs growth continues to outpace salary increases, TRS-Care will again see shortfalls absent further action.

TRS- Care Funding Formula

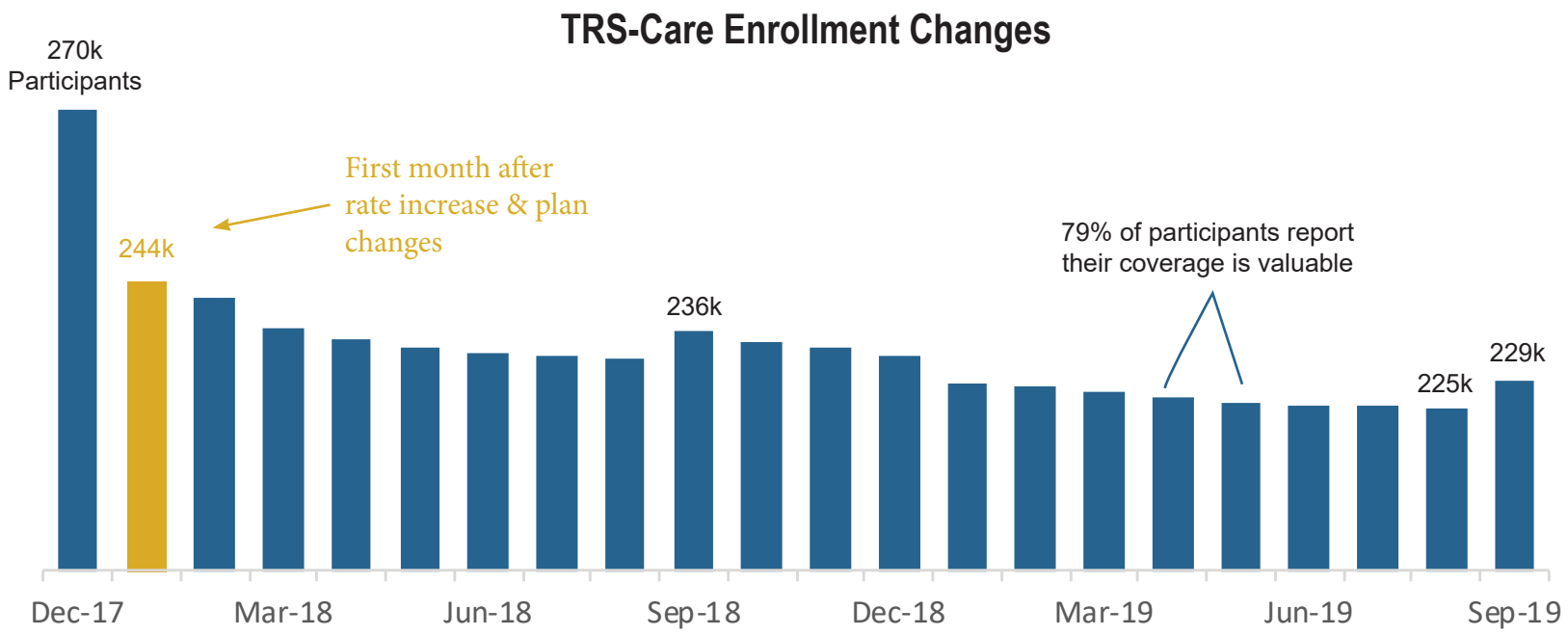
Percent of Public Education Payroll

Fiscal Year(s)	State	School Districts	Active Employees
2017	1.0%	0.55%	0.65%
2018-Present	1.25%	0.75%	0.65%

TRS-Care Funding by Source, FY 2019



Note: TRS received a $394.6 million supplemental appropriation in fiscal year 2018 for use in the 2020-21 biennium. Federal revenues include federal reinsurance and subsidies related to Medicare participants.



After the January 2018 rate increases in TRS-Care, enrollment in retiree plans declined.

Because statutory funding is unrelated to enrollment, this decrease in enrollment increases the sustainability and fund balance of the program in the near-term. However, it also means that fewer participants access comprehensive medical coverage, in part due to affordability. TRS' Medicare Advantage and Medicare Rx products offer more comprehensive coverage than is typically available in the market. For example, participants face no coverage gap in their prescription drug coverage. However, these same individuals can lower their premiums with plans outside of TRS that lack this protection.

For individuals that have been aggressively marketed products with a lower premium, reduced benefits could be problematic in the future if their health needs increase. To help mitigate the ability of companies offering competing products from selectively discouraging enrollment of higher-cost participants, TRS only allows participants who decline Medicare Advantage coverage to enroll or re-enroll after retirement if they have a qualifying life event.

These dynamics mean that TRS-Care is projected to have a positive fund balance in the near-term.

TRS-Care Fund Balance Projection

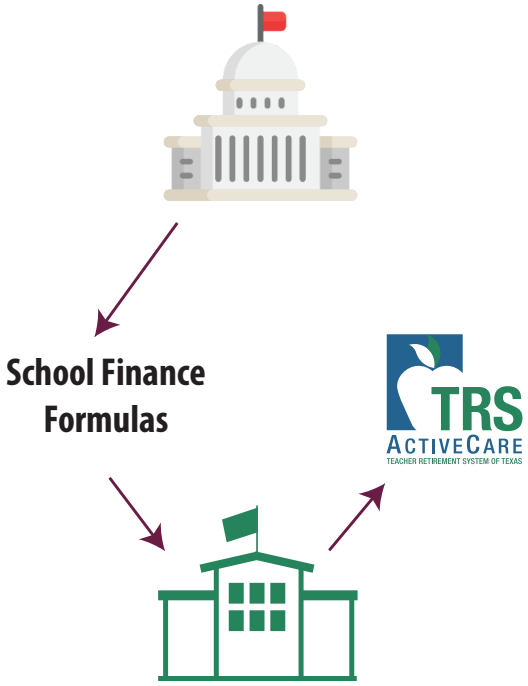
Financial History and Projection through FY2024
as of August 31, 2019

	Revenue							Expenses				
Fiscal Year	Retiree Contr.	State Contr.	Supple-mental Contr.	Active Em-ployee Contr.	District Contr.	Invest-ment Income	CMS, Part D and ERRP Subsidies	Medical Incurred	Drug Incurred (after rebates)	Medicare Advantage Premiums	Admin Costs	Ending Balance (Incurred Basis)
2016	374.7M	320.9M	0.0M	208.6M	189.1M	5.4M	198.3M	789.8M	716.5M	69.2M	53.0M	641.5M
2017	373.2M	328.1M	15.6M	213.2M	191.1M	5.2M	195.4M	746.0M	734.8M	61.8M	51.9M	368.7M
2018	488.1M	425.6M	394.6M	221.3M	266.1M	10.9M	183.2M	719.8M	669.1M	120.7M	50.4M	798.6M
2019	518.0M	437.2M	73.6M	227.3M	273.1M	25.0M	321.1M	610.5M	648.7M	77.6M	45.1M	1,292.0M
2020	517.7M	463.6M	231.0M	241.1M	288.9M	24.8M	268.2M	700.7M	805.8M	85.3M	44.7M	1,690.9M
2021	527.9M	472.9M	0.0M	245.9M	294.5M	27.7M	268.7M	746.0M	944.0M	114.1M	45.3M	1,679.2M
2023	539.3M	482.3M	0.0M	250.8M	300.2M	26.5M	305.0M	786.9M	1,093.8M	131.9M	45.7M	1,525.1M
2024	549.4M	492.0M	0.0M	255.8M	306.0M	22.9M	352.1M	830.9M	1,262.0M	148.2M	46.2M	1,216.0M

Notes:

- Invoice data through 8/31/2019
- This 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: 7.5% in FY2019 and each year thereafter.
- Pharmacy trends: 10.25% in FY2019 and each year thereafter.
- 3.0% payroll growth in FY2020; 2% increase in payroll growth thereafter.
- Enrollment assumptions based on headcounts assumed in prior annual Other Post Employment Benefits (OPEB) valuation report.
- The impact of the Excise (“Cadillac”) Tax, which is anticipated to become effective on 1/1/2022, have not been taken into account for FY2022 and beyond.
- Interest rate assumed to be 1.59% beginning 9/1/2019

7 TRS-ActiveCare Funding Comes Exclusively Through Schools



100% of Funding Comes Through School Districts

State statute requires that state funding for TRS-ActiveCare be distributed through the school finance formulas. The legislature, therefore, appropriates funding for schools through the Texas Education Agency. For TRS-ActiveCare, TRS only receives money transfered by school districts to TRS.

This limits the participation of TRS in the budget process relating to state funding for public education employee health care costs. As a result, TRS has no direct control over how much money is available to ensure that employee premiums are affordable.

Minimum funding is based on a 2003 law—not the cost of health care.

Instead, TRS sets the total premiums to ensure adequate funding for benefits. School districts then determine how much they will contribute. School districts are required to contribute at least $225 per employee per month in addition to the employee contribution. School districts use a mix of state and local funding to make this contribution to TRS.

When TRS-ActiveCare was created, $225 per employee was equivalent to 90% of the cost of the state employee health plan administered by the Employees Retirement System of Texas (ERS). To purchase the basic plan offered by TRS, it was anticipated that $225 would allow TRS to offer a $0 premium for employee-only coverage. Public education employees also received pay raises so they could purchase a more comprehensive plan equivalent to state employee coverage.

However, this $225 minimum has not changed since the creation of TRS-ActiveCare in 2003. As a result, today employees pay for a greater share of the total premium and their medical costs compared to when the program was created.

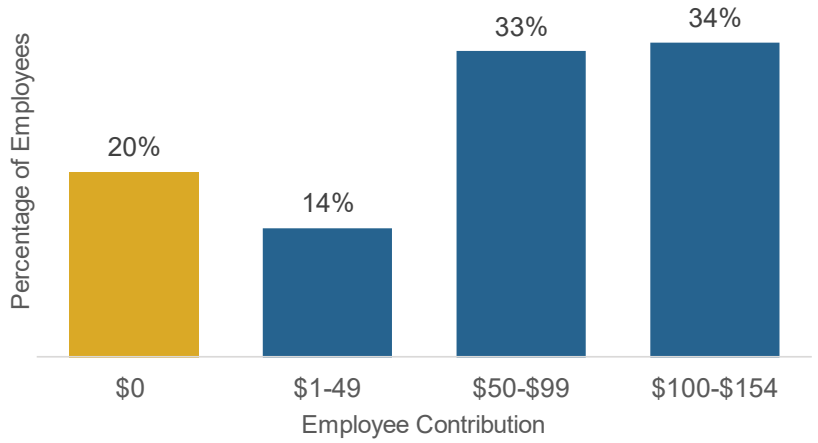
Because state and district contributions have not kept pace with funding for the state employee plan, the TRS option comparable to the state employee plan became unaffordable for many TRS participants. The requirement to offer a TRS plan com-

parable to state employee coverage was therefore eliminated by the legislature in 2013.

School districts can contribute more than $225. Most districts do, and this additional contribution reduces the employees' share of the total premium.

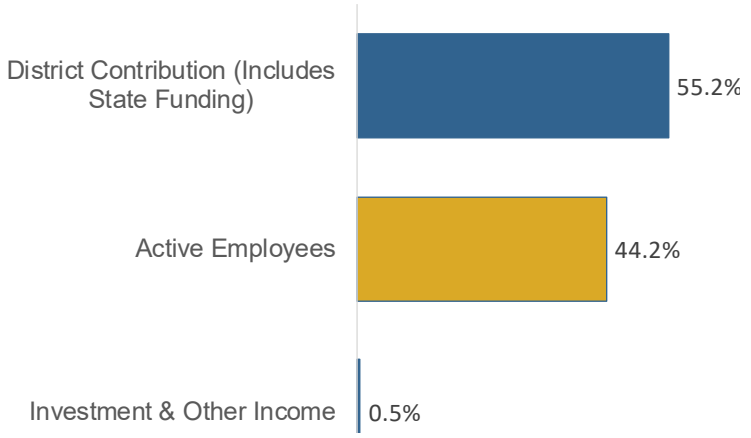
However, based on data collected for the 2019-20 plan year, only 20% of employees have a $0 employee contribution for employee-only coverage in the high deductible plan. As a result, in fiscal year 2019, TRS estimates that employees paid for 46.2% of the total premium. After including cost sharing, employees paid for approximately 60% of their medical and pharmacy costs in fiscal year 2019.

Only 20% of Full-Time Employees Still Have a $0 Employee Contribution for Employee-Only Coverage



Note: Estimate for full-time employees in the 2019-20 plan year.

Employees Pay for Nearly Half of the Total Premium



Note: Fiscal year 2019 TRS Revenues for TRS-ActiveCare.

TRS-ActiveCare Fund Balance Projection

Financial History and Projection through FY2024
as of August 31, 2019

	Revenue							Expenses					
Fiscal Year	State & District Contr.	Employee Contr.	HMO Contr.	LTC	Invest-ment Income	Other Income	Total Revenue	Medical Incurred	Drug Incurred (after rebates)	HMO Premium Payments	Admin Costs	Total Expenses	Ending Balance (Incurred Basis)
2016	719.5M	1,124.3M	217.2M	0.2M	3.1M	0.2M	2,064.5M	1,430.3M	325.5M	214.5M	128.4M	2,098.7M	53.6M
2017	754.0M	1,141.9M	230.6M	0.1M	4.7M	0.2M	2,131.6M	1,426.4M	306.7M	227.1M	127.1M	2,087.3M	97.8M
2018	767.9M	1,169.9M	240.7M	0.1M	6.9M	0.1M	2,185.6M	1,589.2M	275.7M	237.4M	124.8M	2,227.2M	56.3M
2019	766.6M	1,164.6M	246.5M	0.1M	10.6M	0.5M	2,189.1M	1,459.5M	254.2M	243.2M	123.5M	2,080.4M	165.0M
2020	757.3M	1,152.5M	260.4M	0.1M	5.1M	0.5M	2,176.0M	1,526.4M	253.7M	257.1M	119.7M	2,156.8M	184.1M
2021	757.3M	1,152.5M	260.4M	0.1M	4.6M	0.5M	2,175.5M	1,626.7M	290.5M	257.1M	119.6M	2,294.0M	65.6M
2023	757.3M	1,152.5M	260.4M	0.1M	2.5M	0.5M	2,173.4M	1,732.3M	324.6M	257.1M	119.6M	2,433.7M	(194.7M)
2024	757.3M	1,152.5M	260.4M	0.1M	0.0M	0.5M	2,170.9M	1,845.2M	361.4M	257.1M	119.6M	2,583.3M	(607.1M)

Notes:

- Actual data through August 31, 2019
- Medical trends: 7.00% through FY 2019 for all plans; reduced by 0.25% each year thereafter.
- Pharmacy trends: 9.00% through FY 2019 for all plans, reduced by 0.50% each year thereafter.
- State contributions are equal to $75 PEPM. District contributions are equal to $150 PEPM.
- Employee contributions are set to current levels in FY2016 and increase 5% each year thereafter.
- Interest rate is assumed to be 1.25%

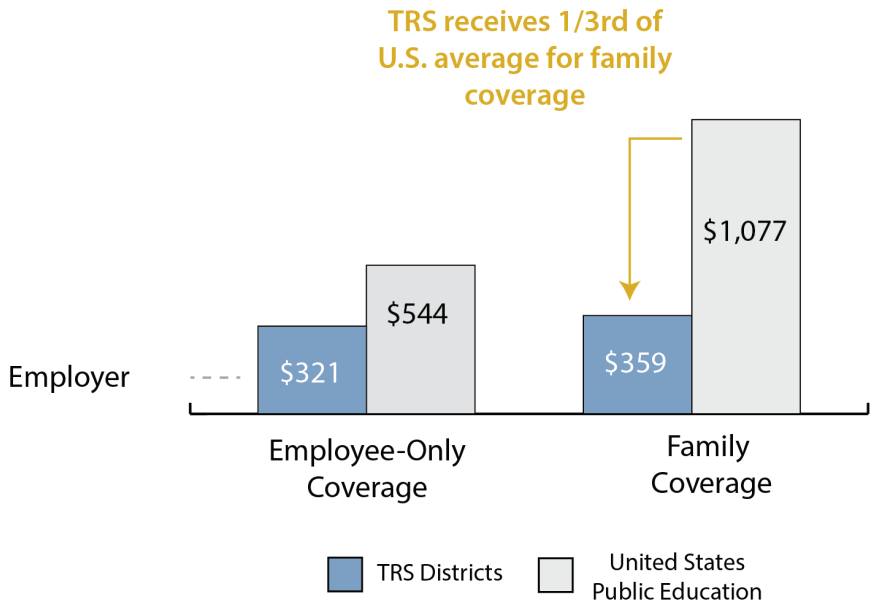
8 Funding from Government Sources is Below U.S. Average for Active Employees

Employer contributions per employee in TRS-ActiveCare are approximately half of the U.S. average for employer contributions to employee-only coverage.

When employees elect to cover their children and/or spouses, there is an additional cost for the claims of their dependents. School districts participating in TRS-ActiveCare do not typically increase the amount they contribute for family coverage by a significant amount. Consequently, the difference between the national average and TRS funding is even larger for family coverage.

Based on the claims experience of the prior year, in April of each year, the TRS Board determines premiums for the plan year starting in September. After rates are set by TRS, school districts decide whether to increase their contribution amounts. Any increases in total premiums made by the TRS Board not covered by district contributions are paid by employees.

Per Employee Monthly Contribution from State & Local Government Sources



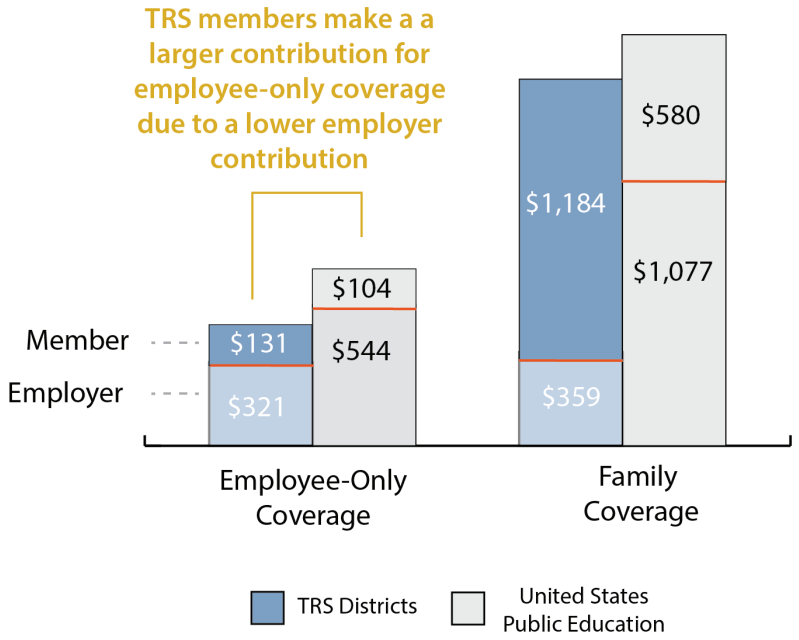
Note: Per-employee per month revenues based on the mean contribution for employees across school districts. TRS data is from the 2019-20 plan year and U.S. Public Education is from 2019 based on U.S. Bureau of Labor Statistics.

For employee-only coverage, TRS-ActiveCare employees contribute a greater share of the total premium (24% in TRS-ActiveCare compared to 16% nationally). TRS-ActiveCare participants are also largely enrolled in a high deductible plan. Nationally, public education employees may be enrolled in other plan types with lower deductibles for an amount similar to what TRS covered employees pay due to larger employer contributions.

For family coverage, due to the gap in funding from districts, employees in TRS-ActiveCare contribute more than double the U.S. average.

TRS-ActiveCare employees also pay more in cost sharing after premiums than is typical for state employees in Texas.

TRS Receives Less Funding Per Person from All Sources



Note: Per-employee per month contributions based on the mean contribution for employees across school districts. TRS data is from the 2019-20 plan year and U.S. Public Education is from 2019 based on U.S. Bureau of Labor Statistics mean.

9 Participant Satisfaction Results

When asked what would improve TRS-Care and TRS-ActiveCare, the most common responses were lower deductibles, out-of-pocket expenditures, and lower premiums.

Consistent with national surveys of employees enrolled in high deductible plans that lack first-dollar coverage, many active employees expressed concerns about the value of their coverage. In a 2019 survey conducted by Texas A&M University on behalf of TRS, 53% of respondents said the benefits provided by TRS-ActiveCare were not very valuable.

The typical active employee faced higher out-of-pocket costs compared to individuals covered by large, private sector employers.

In the 2019 survey, retirees enrolled in TRS-Care overwhelmingly saw its value. Seventy-nine percent of retirees enrolled in TRS-Care found the benefits valuable, with 29% describing them as very valuable.

For Family Coverage, Each Year TRS-ActiveCare Employees, on Average, Pay:

Double the U.S. median premium for coverage of public education families. This equals an extra $6,900 per year.

Triple the U.S. average for family coverage of employees in large employer plans. After cost sharing, TRS families pay $9,305 more per year.

Participant Top Priorities for Improving Benefits

79% lower cost sharing (deductibles, out-of-pocket max)
69% lower premiums

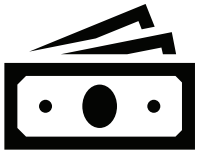
Note: U.S. Large Employer is based on calendar year 2018 averages in Kaiser Family Foundation analysis (Rae, Copeland, and Cox, 2019). TRS premium data is from the 2018-19 plan year and cost sharing is based on claims analysis of data from fiscal year 2018. Costs are before any drug rebates.

10 TRS' Strategic Plan for Health Care

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

Communicate Funding Needs

- Communicate affordability and sustainability issues in legislative briefings.
- Discuss contribution formulas as part of Texas Sunset Commission evaluation process.
- Continue including sustainability and affordability issues in legislative appropriations requests.



Increase the Value of Health Care

- Reprocure medical service contracts to leverage competition among carriers.
- Develop new TRS-ActiveCare plan options for regional markets that offer competitive premiums with a curated provider network.
- Collaborate with school districts to highlight opportunities for more cost-effective use of care.

Improve Participant Health

- Increase outreach to participants about availability of no-cost preventive care.
- Improve disease management programs through new procurement strategies.
- Increase the use of value-based contracts that focus on provider quality for key conditions such as low back pain and bariatric surgery.

Appendix

A: Prevalence of Certain Chronic Health Conditions

	TRS-ActiveCare		TRS-Care		Total	
Chronic Condition	Population	Prevalence (%)	Population	Prevalence (%)	Population	Prevalence (%)
Hypertension	62,411	14.5%	136,744	60.7%	199,155	30.7%
Diabetes	21,749	5.1%	53,296	23.7%	75,045	11.6%
Depression	30,775	7.2%	22,742	10.1%	53,517	8.3%
Asthma	16,887	3.9%	17,324	7.7%	34,211	5.3%
Coronary artery disease	3,933	0.9%	36,427	16.2%	40,360	6.2%
COPD	1,741	0.4%	12,774	5.7%	14,515	2.2%
Congestive heart failure	2,514	0.6%	17,442	7.7%	19,956	3.1%

Note: Estimates are based on information provided by medical carriers using medical claims only. Including pharmacy claims would increase estimates of prevalence. Excludes TRS-ActiveCare HMO enrollment. Estimates based on August 2019 enrollment.

B: 2019-20 TRS-ActiveCare Rate Changes

Self-Insured Rate Changes:

- 3.0% increase in gross premium for TRS-ActiveCare-1-HD & TRS-ActiveCare Select;
- 8.9% increase in gross premiums for TRS-ActiveCare 2.

Participant premiums shown here are based on minimum $225 contribution. On average, participants are receiving a $324 contribution from their employer in the 2019-20 plan year, so most participants will pay a lower premium than shown here. School districts adopt their budgets after rates are announced in April of each year, so school districts may increase their contributions to reduce or eliminate the gross premium increases adopted by the TRS Board in April of 2019.

Full coverage details are available at www.trs.texas.gov.

	FY 2020 Premium	Increase from 2019	Participant Premium*
TRS-ActiveCare-1-HD			
Employee Only	$378	$11	$153
Employee & Spouse	$1,066	$31	$841
Employee & Children	$722	$21	$497
Employee & Family	$1,415	$41	$1,190
TRS-ActiveCare Select			
Employee Only	$556	$16	$331
Employee & Spouse	$1,367	$40	$1,142
Employee & Children	$902	$26	$677
Employee & Family	$1,718	$50	$1,493
TRS-ActiveCare-2			
Employee Only	$852	$70	$627
Employee & Spouse	$2,020	$165	$1,795
Employee & Children	$1,267	$104	$1,042
Employee & Family	$2,389	$195	$2,164

*After minimum $225 contribution by school district.

C: 2019-20 TRS-ActiveCare Benefit Changes

Self-Insured Benefit Changes:

- Increase in maximum out-of-pockets (MOOPs);
- Increase in participant cost sharing for brand drugs and out-of-network inpatient hospital charges.

Full coverage details are available at www.trs.texas.gov.

	Individual	Family
TRS-ActiveCare-1-HD		
In-Network MOOP	$6,750 (↑$100)	$13,500 (↑$200)
Out-of-Network MOOP	$20,250 (↑$6,950)	$40,500 (↑$13,900)
Preferred Brand Drugs	25% after Deductible (↑5%)	
Out-of-Network Inpatient Hospital	Participant pays the excess over the $500 per day cap (from 40% coinsurance)	
TRS-ActiveCare Select		
In-Network MOOP	$7,900 (↑$550)	$15,800 (↑$1,100)
Generic Drugs	↓$5	
Preferred Brand Drugs	↑ coinsurance capped at 2 times the current copay	
TRS-ActiveCare-2		
In-Network MOOP	$7,900 (↑$550)	$15,800 (↑$1,100)
Out-of-Network MOOP	$23,700 (↑$9,000)	$47,400 (↑$18,000)
Preferred Brand Drugs	↑ coinsurance, capped at twice the current	
Non-Preferred Brand Drugs	↑ coinsurance, up to $430 for a 90 day supply	
Out-of-Network Inpatient Hospital	Participant pays the excess over the $500 per day cap (↑ from $150 copay per day + 40% coinsurance)	

D: TRS-ActiveCare Employee Contributions for Employee-Only Coverage Remained Stable in the 2019-20 plan year

% of Active Employees Paying Less Than Stated Contribution Per Month

	25%		50% (Median)		75%		90%	
Tier	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
Employee	$42	$47	**$101**	**$102**	$178	$176	$309	$304
Employee + Child	$384	$397	$451	$472	$578	$585	$728	$677
Employee + Spouse	$691	$700	$777	$796	$1,002	$989	$1,124	$1,135
Employee + Family	$1,023	$1,040	$1,122	$1,132	$1,269	$1,231	$1,594	$1,458

Note: Estimated for full-time employees using data with enrollment representing 90% of TRS-ActiveCare participation in 2018-19 plan year and 98% for the 2019-20 plan year at time of reporting. 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.

E: 2020 TRS-Care Benefits

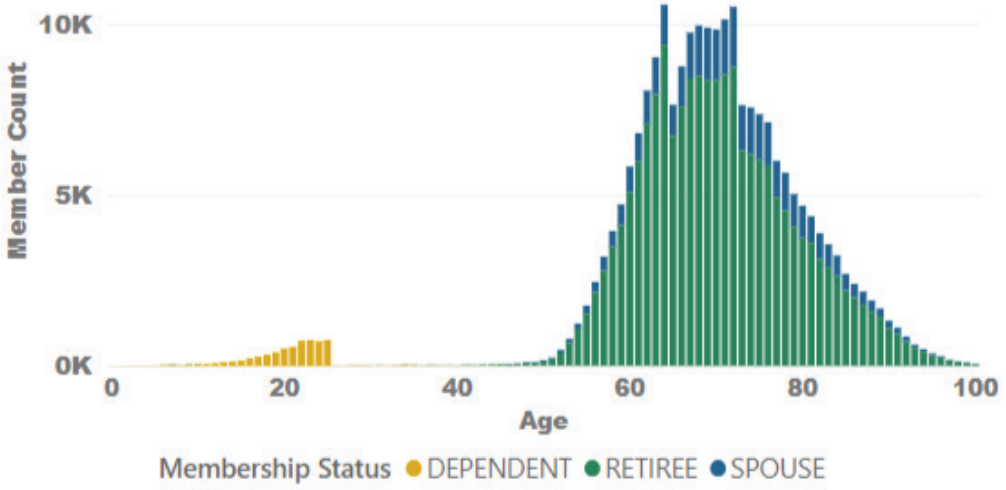
Starting Jan. 1, 2020, TRS-Care Medicare Advantage participants no longer have to pay a deductible for primary care physician office visits. Participants only pay a $5 copay for sick visits at their primary care physician's office, and will continue to pay nothing for their annual well visit.

Starting Sept. 1 2019, TRS-Care Standard participants will continue to have access to general medicine physicians through the TRS-Care telemedicine benefit at a lower copay of $30, down from $40. TRS-Care participants will also have access to behavioral health services through the TRS-Care telemedicine provider. Participants who are 18 or older can receive confidential care for conditions such as anxiety and depression from a psychiatrist, psychologist, licensed therapist, or certified substance abuse counselor. Participants will also have access to nutrition counseling from a registered dietitian through the TRS telemedicine provider starting Jan. 1, 2020.

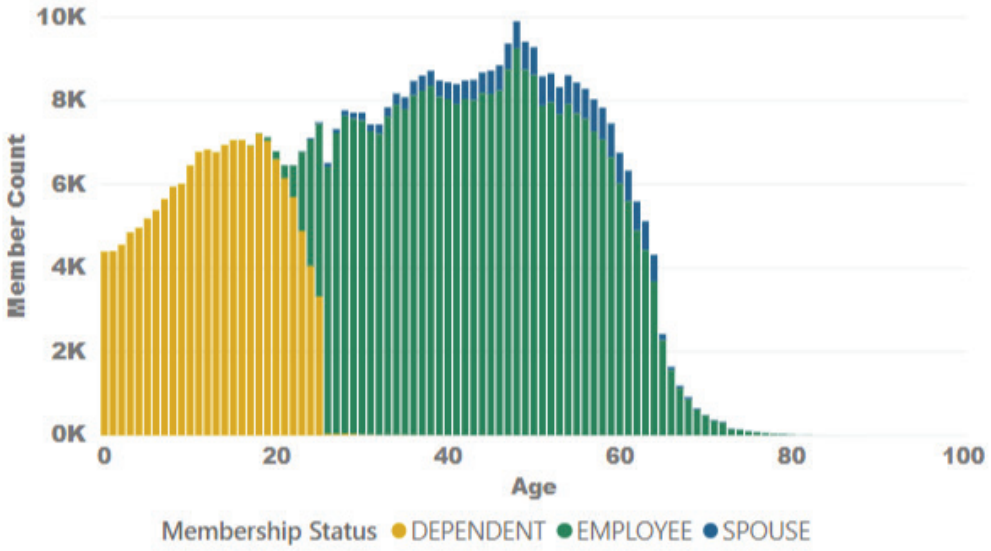
There were no changes in plan design or premium rates for TRS-Care programs in the 2020 plan year.

More coverage details are available at www.trs.texas.gov.

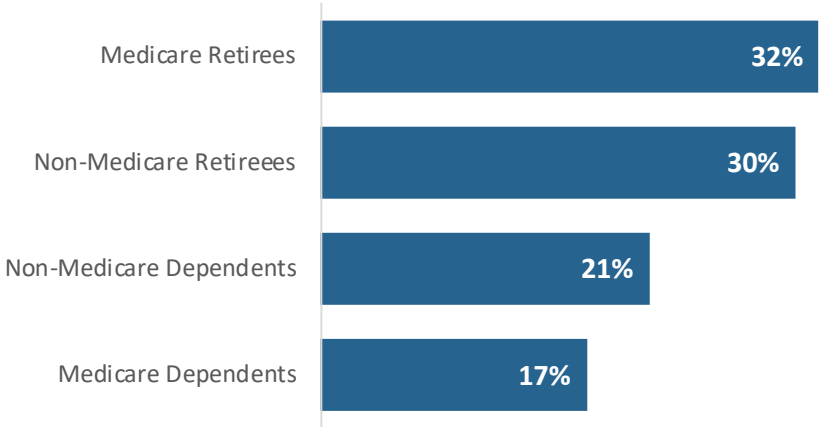
F: TRS-Care Membership is Primarily Retiree-Only



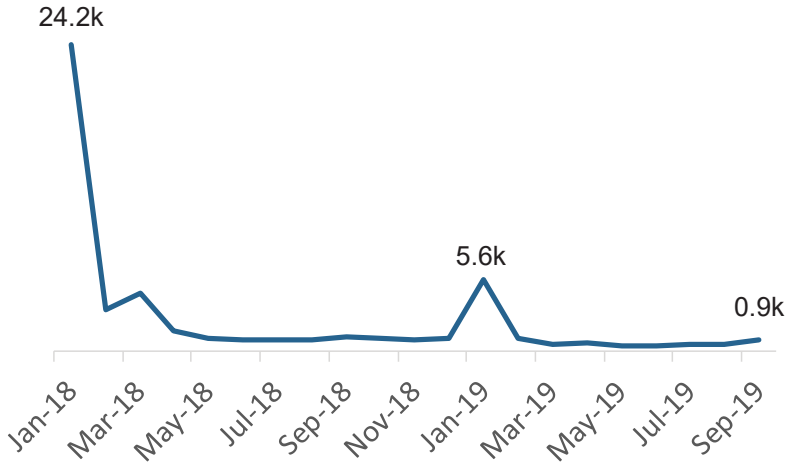
G: TRS-ActiveCare Membership Includes Many Children



H: TRS-Care Terminations After Dec. 2018 Came from a Variety of Membership Types



I: TRS-Care Terminations Decreased in 2019



J: Average Monthly Membership in TRS-Care Is Stabilizing But Remains Below Prior Levels

	Medicare Terminations	Non-Medicare Terminations	Total Terminations	Additions	Deaths	Monthly Average Enrollment
Calendar Year 2017	3,354	1,363	4,717	15,661	5,400	269,396
Calendar Year 2018	18,087	23,506	41,593	11,408	3,922	235,996
Jan - Sept 2019	7,340	3,215	10,555	9,507	2,306	227,054

K: TRS-ActiveCare Per Member Per Year Costs

Fiscal Year	Medical Cost	Medical Trend	Prescription Drug Cost	Prescription Drug Trend	Total Cost	Total Trend
2008	$2,485.90		$498.82		$2,984.72	
2009	$2,685.94	8.0%	$500.58	0.4%	$3,186.52	6.8%
2010	$2,884.61	7.4%	$580.06	15.9%	$3,464.67	8.7%
2011	$3,056.66	6.0%	$635.15	9.5%	$3,691.81	6.6%
2012	$3,223.90	5.5%	$607.91	-4.3%	$3,831.81	3.8%
2013	$3,355.69	4.1%	$617.99	1.7%	$3,973.68	3.7%
2014	$3,003.44	-10.5%	$692.13	12.0%	$3,695.57	-7.0%
2015	$3,033.65	1.0%	$649.22	-6.2%	$3,682.87	-0.3%
2016	$3,209.11	5.8%	$750.27	15.6%	$3,959.39	7.5%
2017	$3,347.08	4.3%	$766.67	2.2%	$4,113.74	3.9%
2018	$3,414.24	2.0%	$665.88	-13.1%	$4,080.11	-0.8%
2019	$3,485.12	2.1%	$576.70	-13.4%	$4,061.82	-0.4%

Medical and pharmacy costs are shown based on claims incurred during the fiscal year and paid through August 31, 2019.
FY2019 figures include an estimate of IBNR. Pharmacy costs are shown net of incurred rebates.

L: TRS-Care Per Member Per Year Costs

Fiscal Year	Medical Cost	Medical Trend	Prescription Drug Cost	Prescription Drug Trend	Total Cost	Total Trend
2009	$2,654.88		$2,138.52		$4,793.40	
2010	$2,788.40	5.0%	$2,203.12	3.0%	$4,991.51	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%	$6,169.22	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	$2,970.24	-9.4%	$2,888.42	4.7%	$5,858.66	-2.9%

Medical and pharmacy costs are shown based on claims incurred during the fiscal year and paid through August 31, 2019.
FY2019 figures include an estimate of IBNR. Pharmacy costs are shown net of incurred rebates.