



TRS-ACTIVECARE & ONWARD: INTRO TO REGIONAL RATING

Fall 2021

AGENDA

- Regional Rating Comparison
- Future Considerations for TRS-ActiveCare
- Discussion/Q&A



REGIONAL RATING



REGIONAL RATING SUSTAINS THE PLAN



- SB 1444 enable employers to shop for coverage outside TRS-ActiveCare
- Employers will compare TRS to other options that reflect the local cost of care
- Without regional rating, employers in lower cost areas may leave TRS-ActiveCare
 - Premiums across the state would increase
 - Could decrease cost-effectiveness and benefits of TRS-ActiveCare
- Adjusting rates for regional costs:
 - Allows TRS-ActiveCare to remain a competitive option across entire state



IMPACT OF KEEPING STATEWIDE AVERAGE

Illustration of Regional Dynamics Using Example Data

Region	Cost Per Member	Statewide TRS Premium	Non-TRS Bid
Region A	\$100	\$90	\$102
Region B	\$95	\$90	\$97
Region C	\$90	\$90	\$92
Region D	\$85	\$90	\$87
Region E	\$80	\$90	\$82
Average	\$90	\$90	\$92

Regions D & E will leave at \$90 statewide premium, triggering new rates with remaining three regions.

Figures here are intended only as an illustration of expected dynamics using artificial data and do not reflect actual estimates of costs or bids.

IMPACT OF KEEPING STATEWIDE AVERAGE (CONT.)



Illustration of Regional Dynamics Using Example Data

Region	Cost Per Member	Statewide TRS Premium	Non-TRS Bid
Region A	\$100	\$95	\$102
Region B	\$95	\$95	\$97
Region C	\$90	\$95	\$92
Region D	\$85	Withdrawn	\$87
Region E	\$80	Withdrawn	\$82
Average	\$95	\$95	\$92

Region C will leave after premiums are recalculated at \$95 for remaining regions.

IMPACT OF KEEPING STATEWIDE AVERAGE (CONT.)



Illustration of Regional Dynamics Using Example Data

Region	Cost Per Member	Statewide TRS Premium	Non-TRS Bid
Region A	\$100	\$97.5	\$102
Region B	\$95	\$97.5	\$97
Region C	\$90	Withdrawn	\$92
Region D	\$85	Withdrawn	\$87
Region E	\$80	Withdrawn	\$82
Average	\$97.5	\$97.5	\$92

Region B may leave at \$97.5 statewide premium, leaving only the highest cost region.

REGIONAL RATING PROMOTES STABILITY AND COST-EFFECTIVENESS



Illustration of Regional Dynamics Using Example Data

Region	Cost Per Member	Regional TRS Premiums	Non-TRS Bid
Region A	\$100	\$98	\$102
Region B	\$95	\$93	\$97
Region C	\$90	\$90	\$92
Region D	\$85	\$87	\$87
Region E	\$80	\$82	\$82
Average	\$90	\$90	\$92

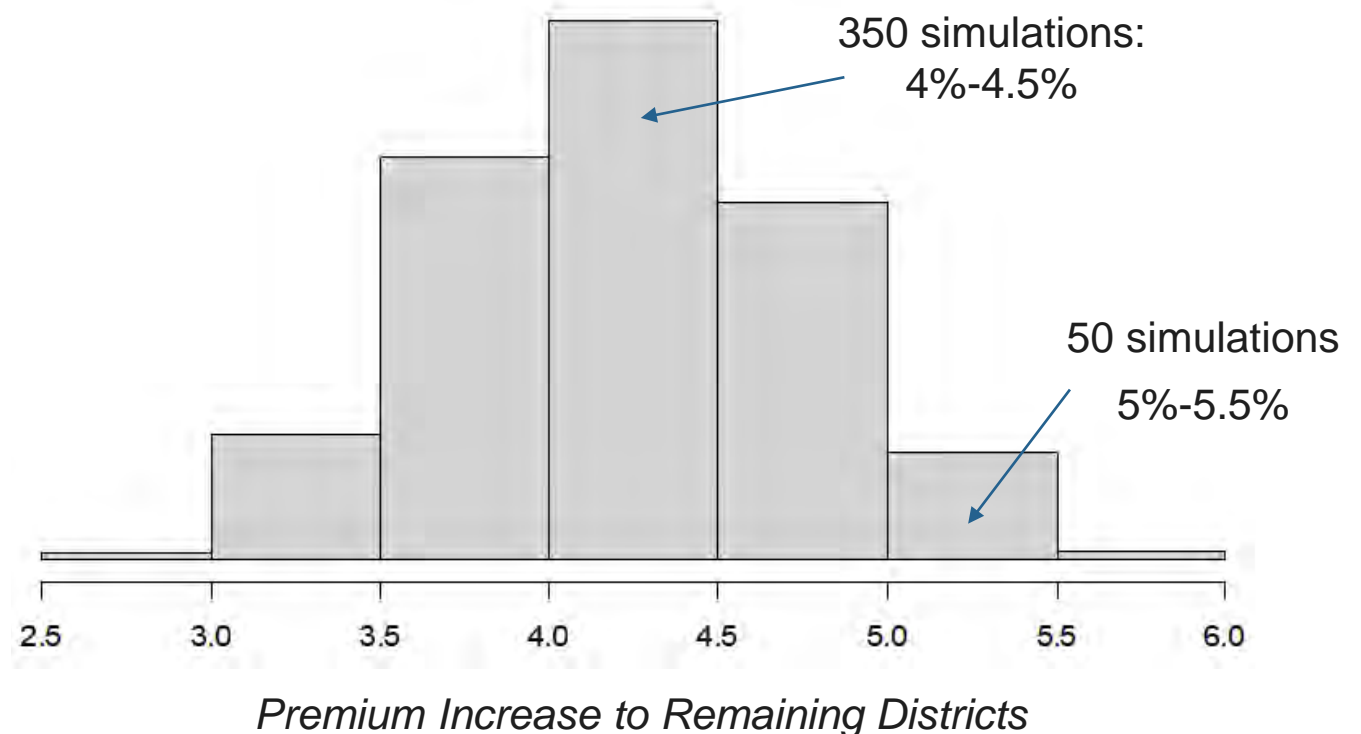
Every region receives a competitive rate even with some moderate smoothing of costs across state.

Figures here are intended as an illustration only using artificial data and do not reflect actual estimates or regional rating proposal. Actual degree of smoothing has yet to be determined.

COST OF KEEPING STATEWIDE RATE

1st Year Rate Increase Simulated 1,000 times Half of Lower Cost Entities w/+500 Employees Leave

- Without regional rating, if employers with lower costs left, rates would increase for every districts by up to 7%.
- Rate increase would compound each year as the next set of lower-cost employers leave.
- TRS-ActiveCare would risk becoming insolvent if that trend was allowed to continue.



REGIONAL RATING COMPARISON - INTRODUCTION



Not intended to be estimate of 2022-23 rates

TRS-ActiveCare will move to Regional Rating beginning Sept. 1, 2022

Employers will be grouped by +- Education Service Center (ESC) that serves their district

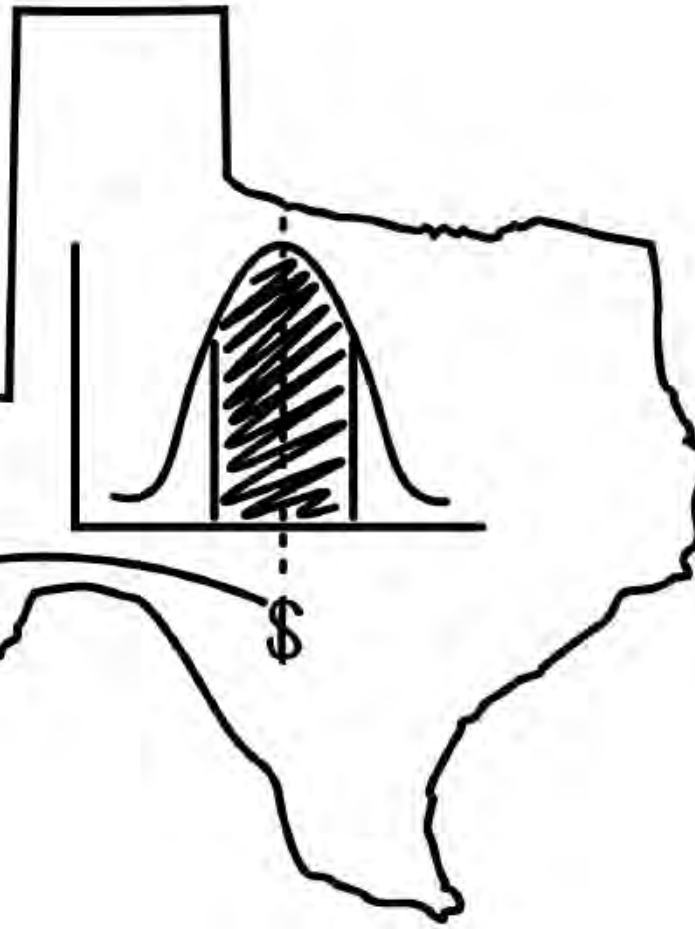
This comparison shows how expected costs in each region compare to statewide average cost TRS uses for rates today

STEP 1: AVERAGE RATE

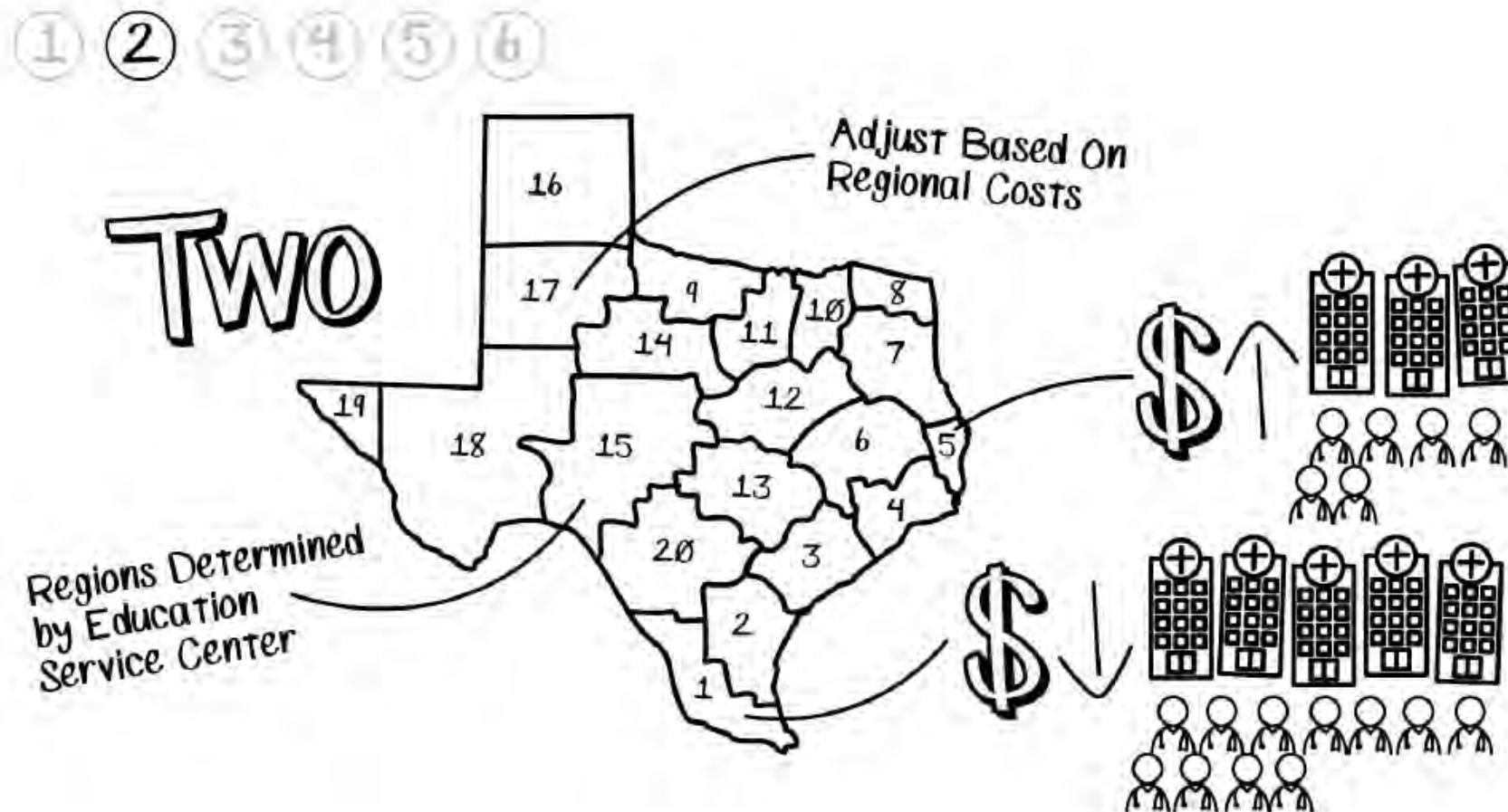
① ② ③ ④ ⑤ ⑥

One

Average Rate



STEP 2: REGIONAL COST OF CARE

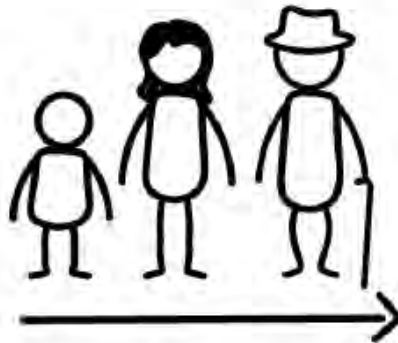


STEP 3: ADJUST FOR DEMOGRAPHICS

① ② ③ ④ ⑤ ⑥

Three

Adjust For:



Age



Gender



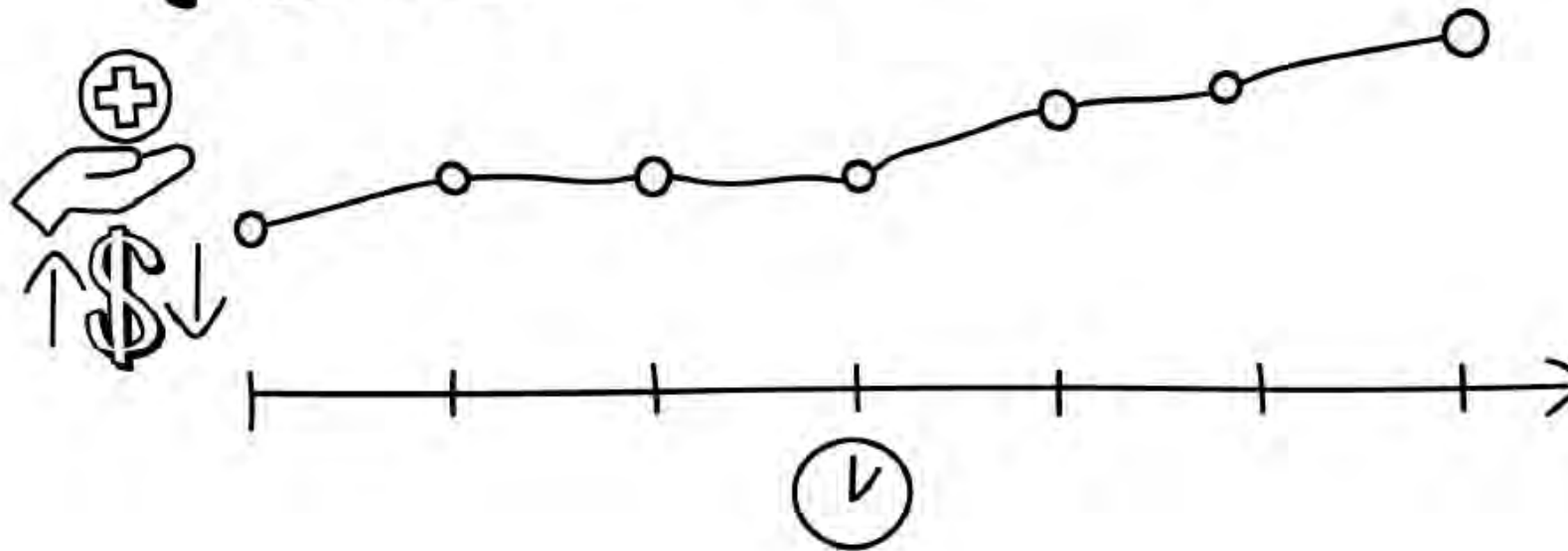
Risk

STEP 4: HISTORICAL COSTS

① ② ③ ④ ⑤ ⑥

FOUR

Historical Costs



STEP 5: ACCOUNT FOR BENEFITS & NETWORK

① ② ③ ④ ⑤ ⑥

FIVE

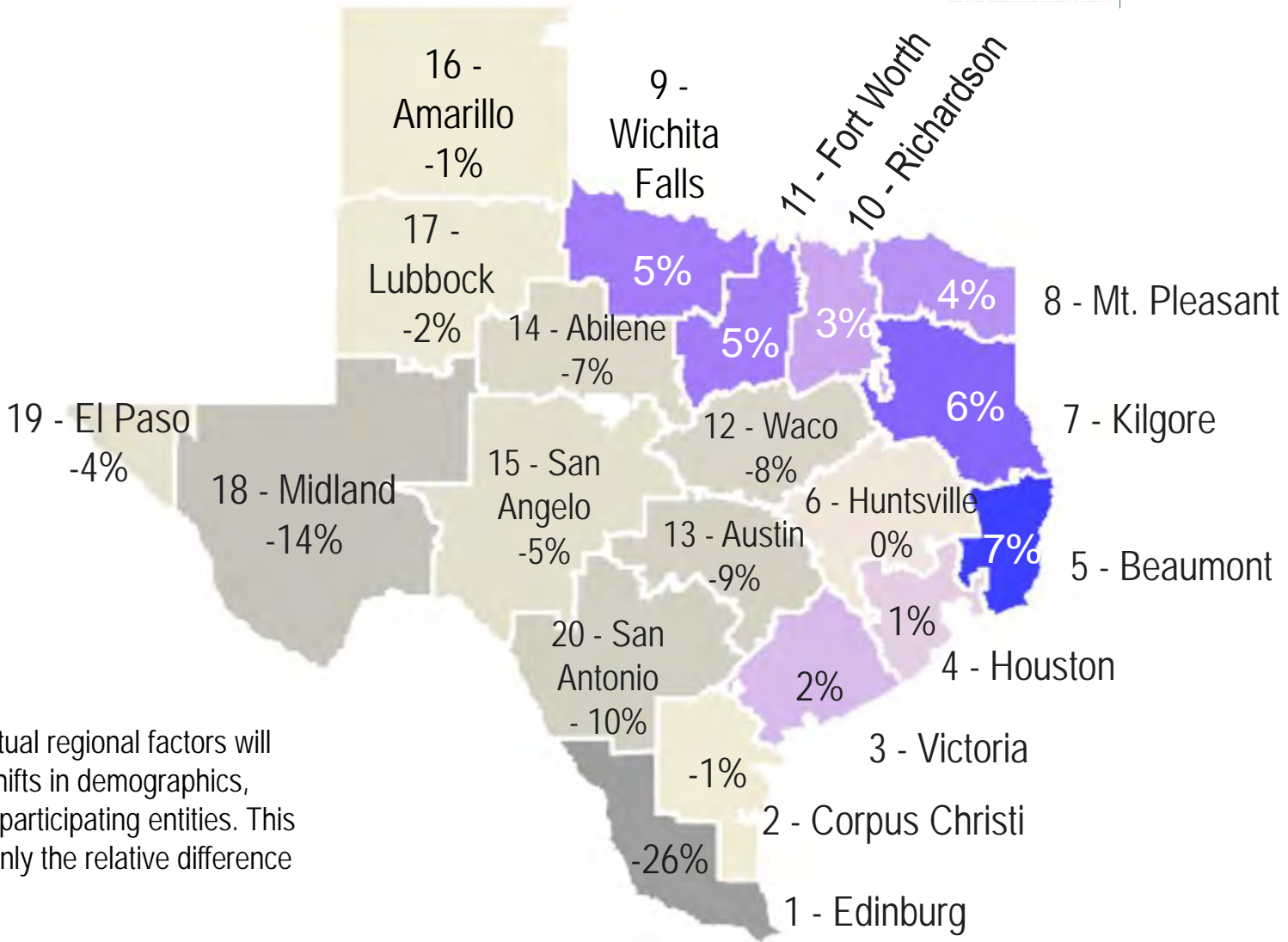
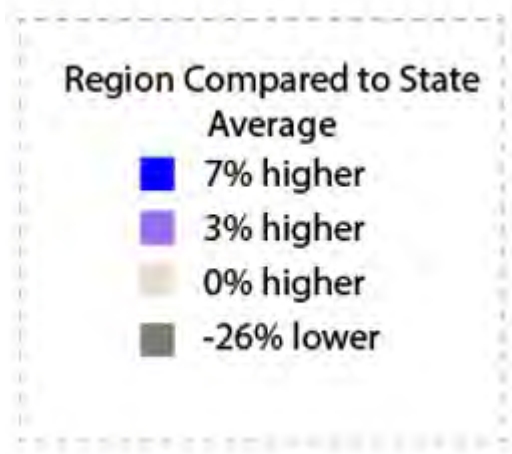
Account for Benefits

Plan 1 Benefits	
\$	
\$	

Plan 2 Benefits	
\$	
\$	

Plan 3 Benefits	
\$	
\$	

REGIONAL COMPARISON TO STATEWIDE AVERAGE



Note: This comparison provided is based on current data and actual regional factors will change until April 2022. Regional factors will change based on shifts in demographics, network discounts, experience and the addition or elimination of participating entities. This comparison is not intended to reflect rate changes for FY2023, only the relative difference between regions based on current data.

FACTORS USE HISTORICAL INFORMATION AND WILL CHANGE

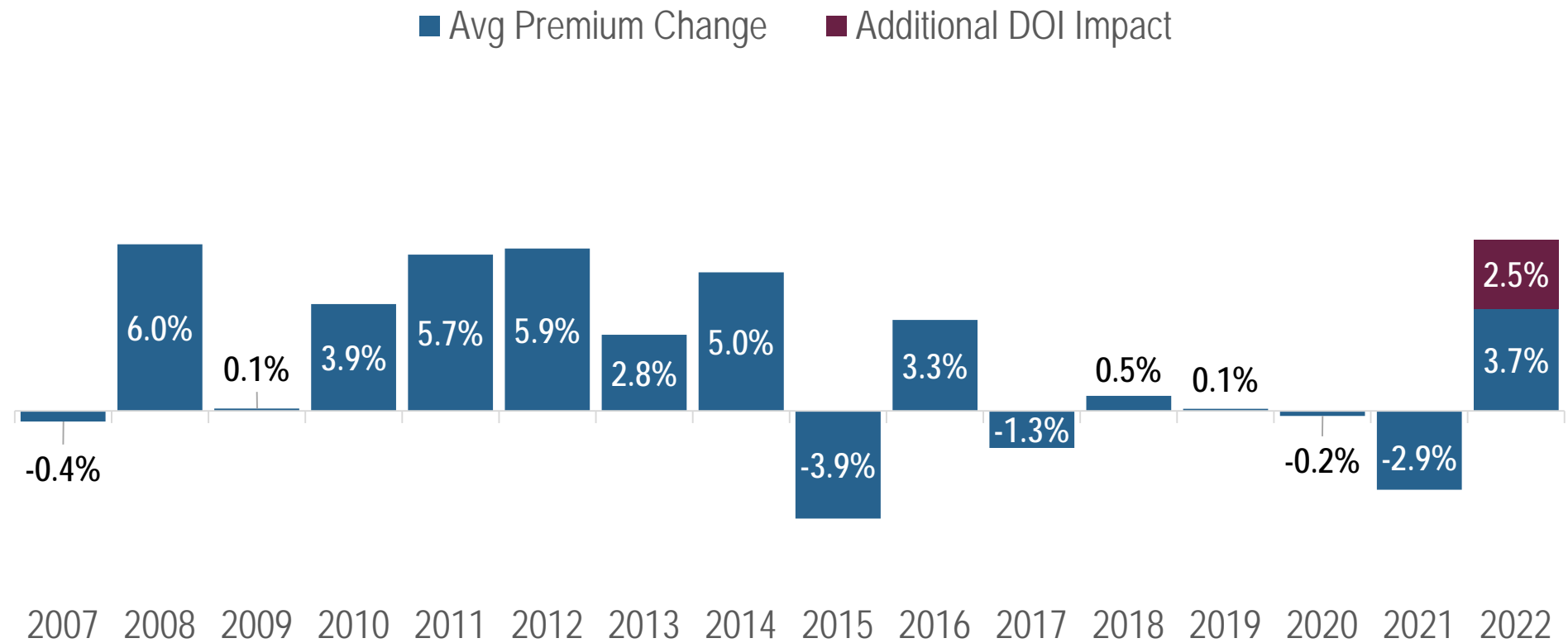
- The comparison provided is based on current data and will change until April 2022.
- Relative costs will change based on shifts in:
 - Demographics
 - Risk profiles
 - Network discounts
 - Experience and
 - The addition or elimination of participating employers.
- The list of districts that remain in TRS-ActiveCare for Sept. 1, 2022, for example, will change by Dec. 31, 2021.



EFFECTIVE RATE CHANGE HISTORY

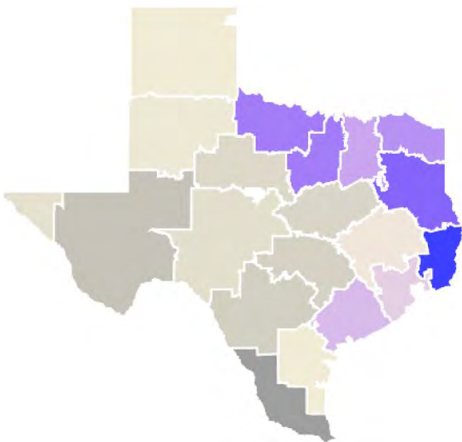
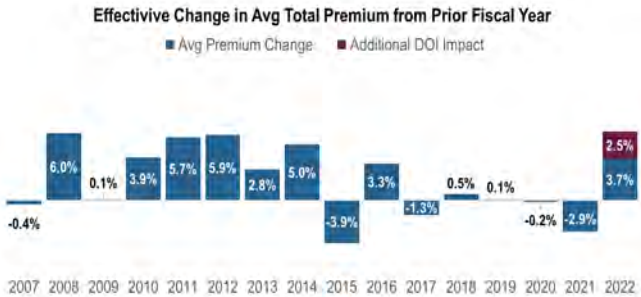


Effective Change in Avg Total Premium from Prior Fiscal Year



*Note: This chart shows the change in the average premium per employee based on actual enrollment.
FY2022 is estimated. DOI = Districts of Innovation offering competing coverage alongside TRS-ActiveCare.*

HOW RATES WILL BE SET

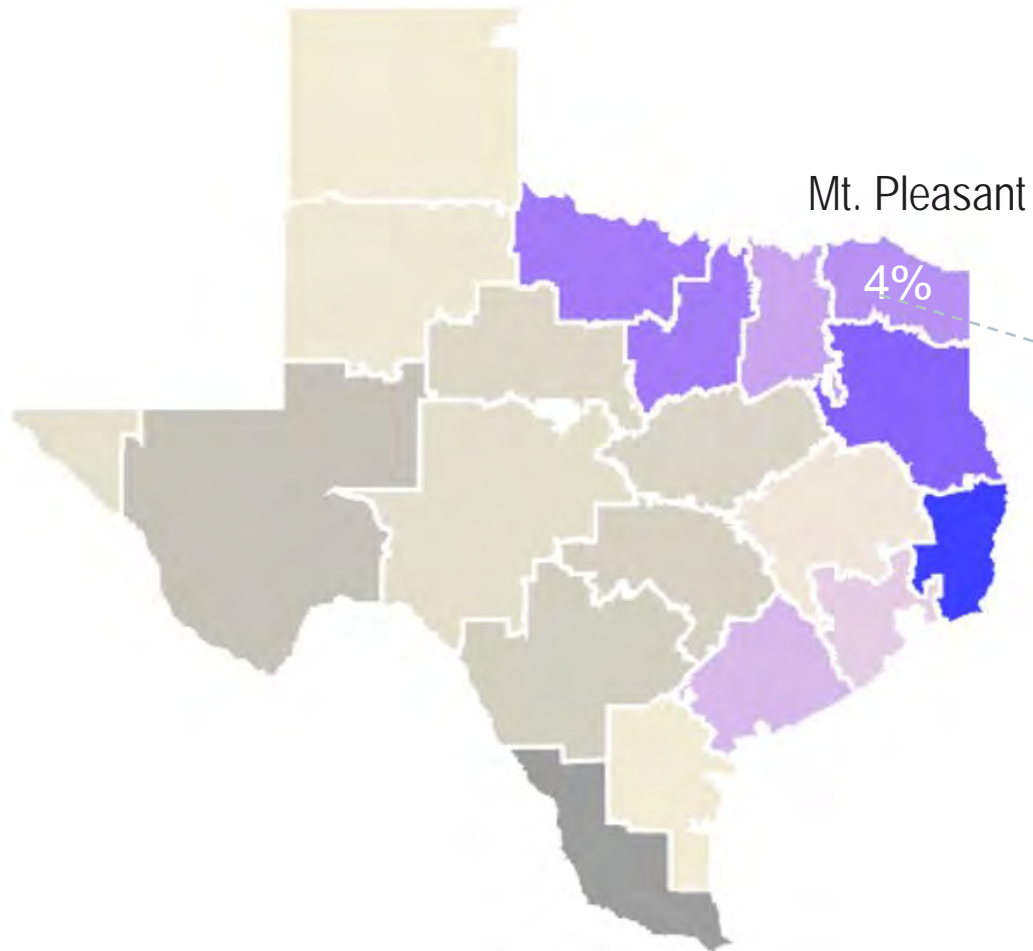


X% statewide trend (FY23 not determined yet)

+ **X%** regional adjustment (estimates provided today)

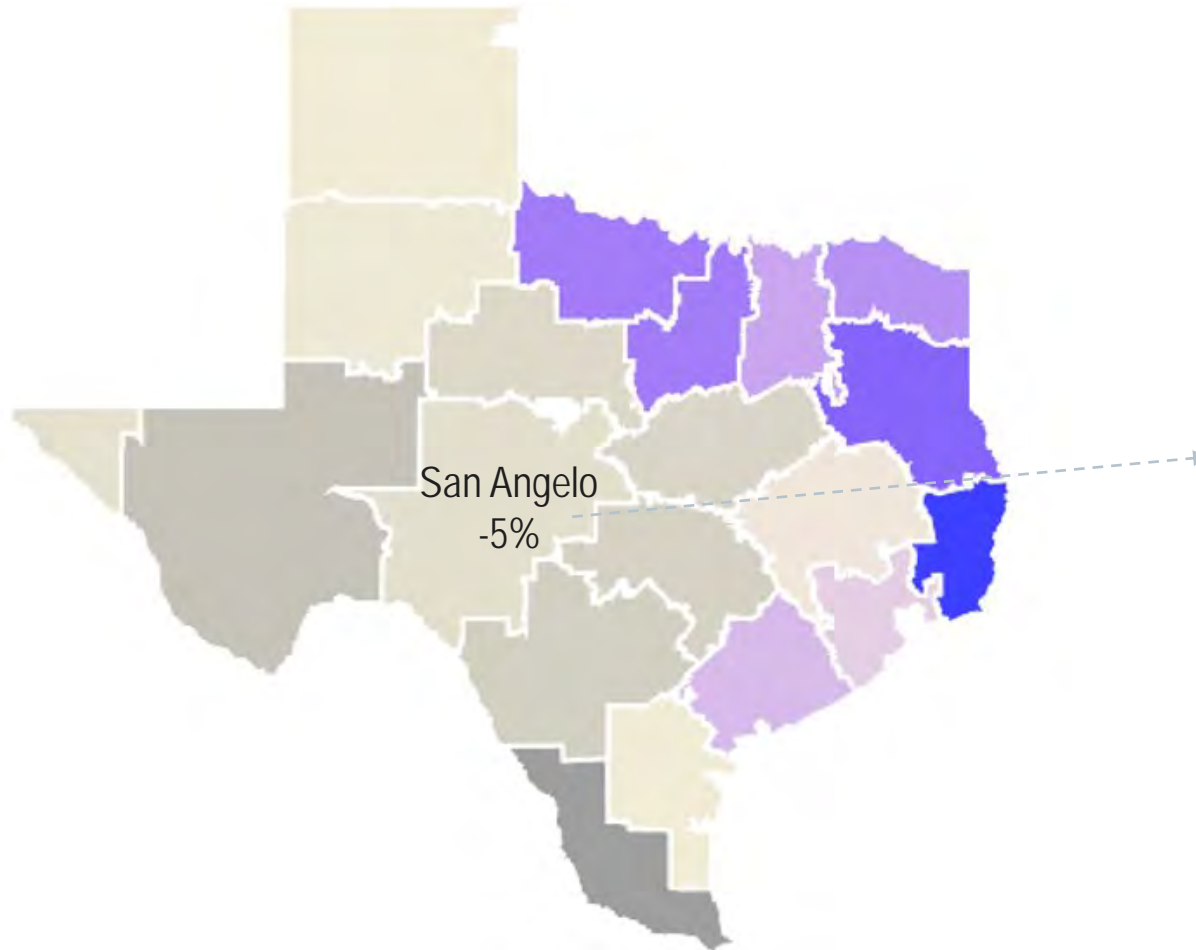
= **X%** premium adjustment for your entity

HOW RATES WILL BE SET



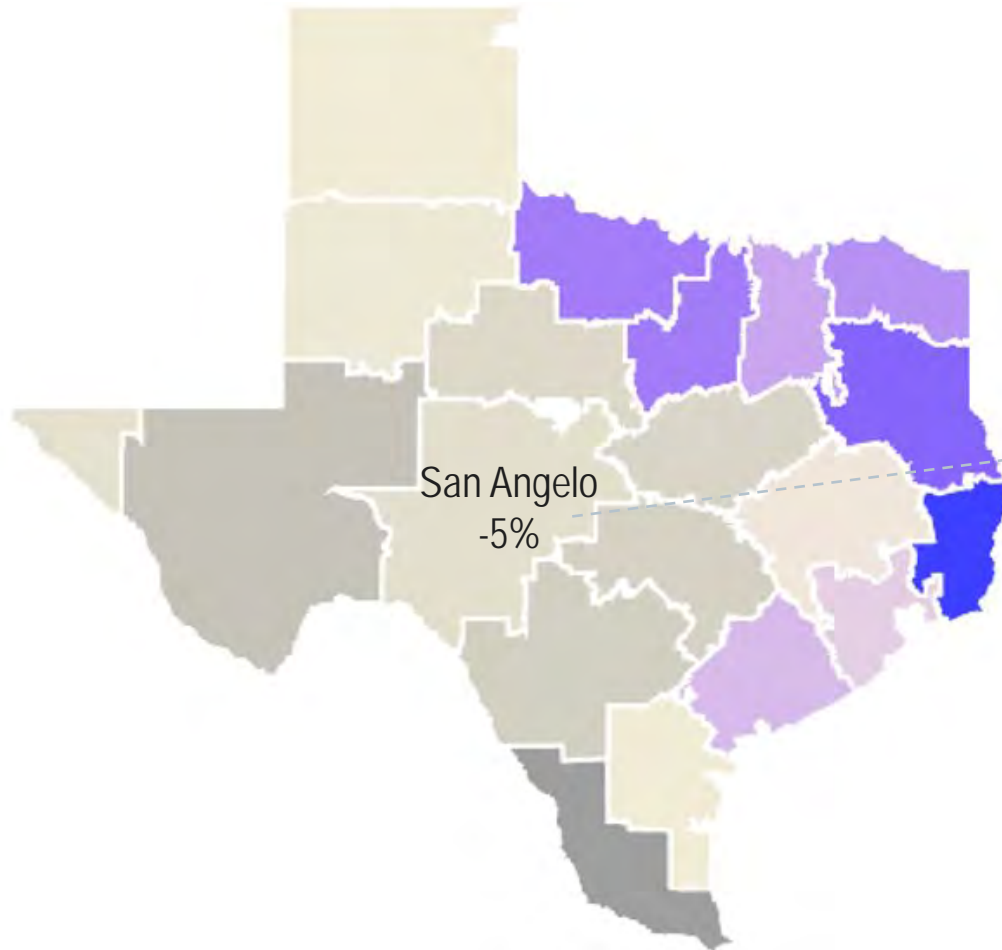
$$\begin{aligned} & 4\% \text{ statewide trend (illustrative - to be determined)} \\ & + 4\% \text{ regional adjustment} \\ \hline & = 8\% \text{ premium } \underline{\text{increase}} \text{ for your entity} \end{aligned}$$

HOW RATES WILL BE SET



$$\begin{aligned} & 4\% \text{ statewide trend (illustrative – to be determined)} \\ & - 5\% \text{ regional adjustment (current estimates on slide 16)} \\ \hline & = 1\% \text{ premium } \underline{\text{decrease}} \text{ for your entity} \end{aligned}$$

HOW RATES WILL BE SET



2% statewide trend (illustrative – to be determined)

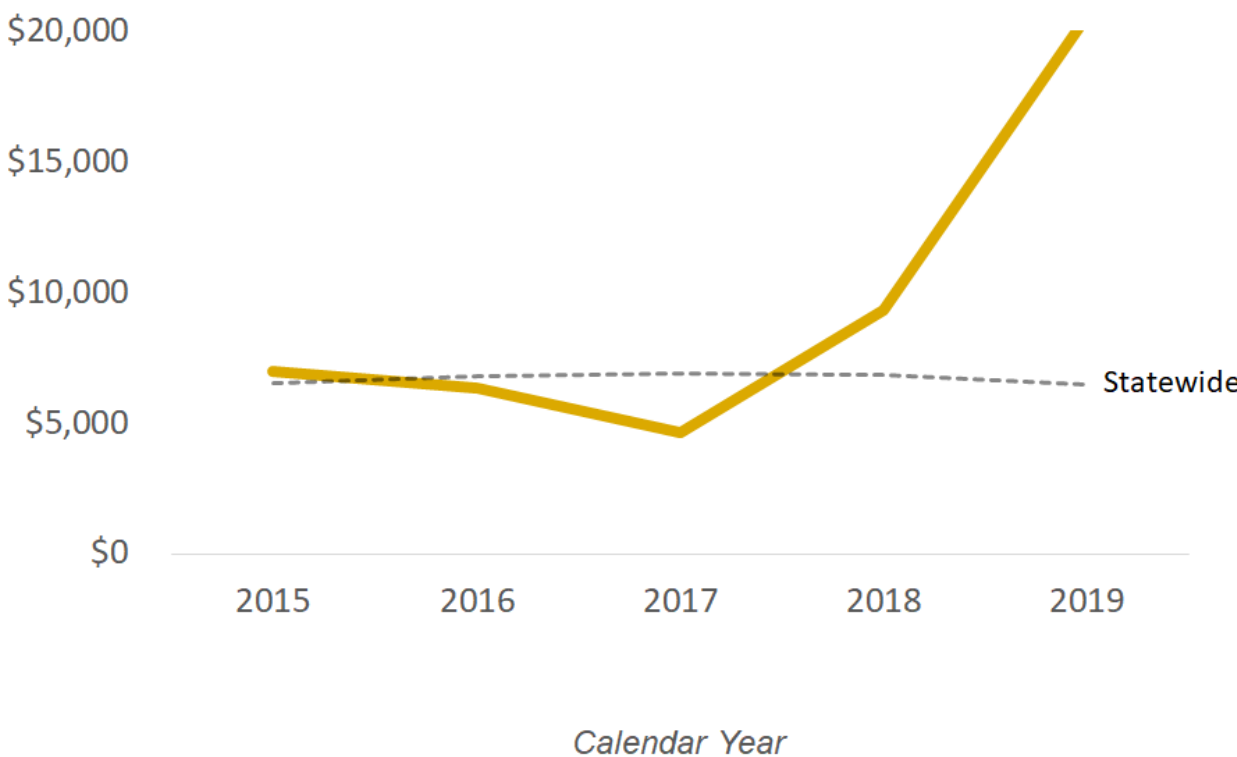
- **5%** regional adjustment (current estimates on slide 16)

= **3%** premium decrease for your entity

TRS-ACTIVECARE WILL CONTINUE TO PROTECT EMPLOYERS FROM INSTABILITY



Medical Claims Vary Significantly Each Year at Individual Districts

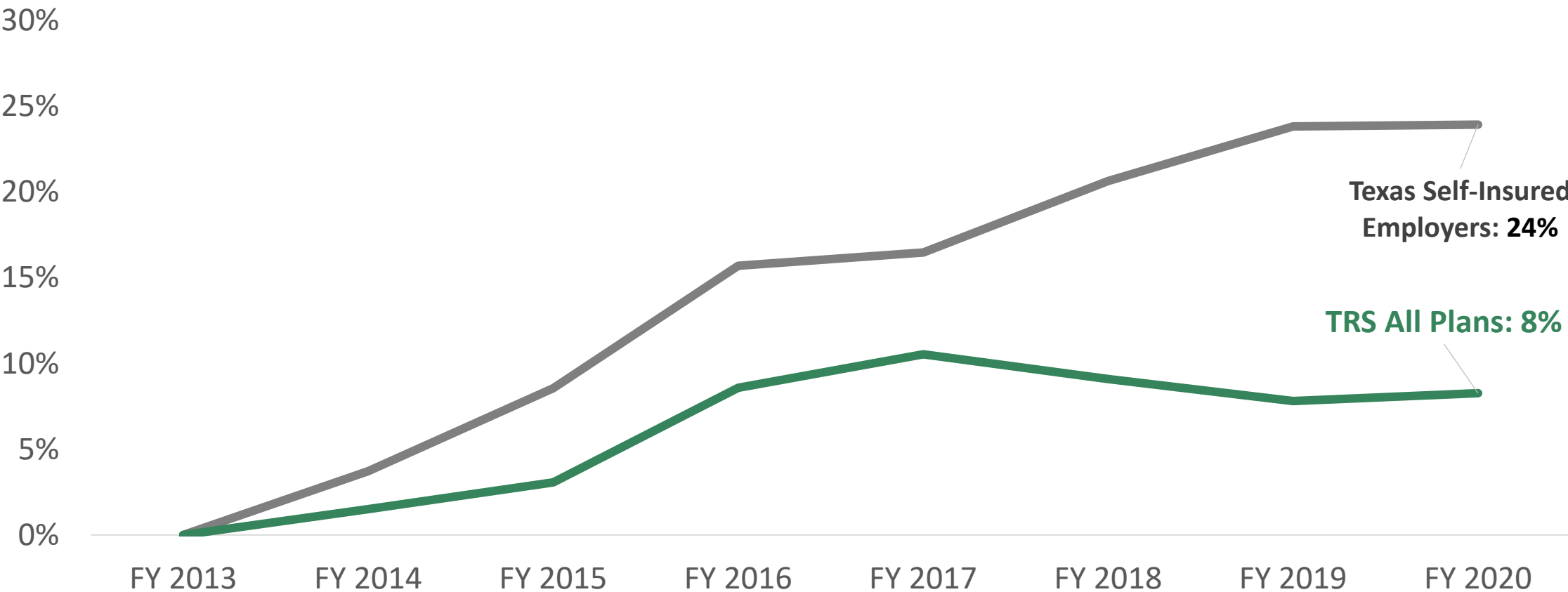


Medical only, excludes HMO enrollment. 2019 does not include December medical claims. 68 districts randomly sampled among those with data for all five years. Based on allowed amounts.

TRS-ACTIVECARE KEEPS COST GROWTH LOWER THAN OTHER EMPLOYERS



Cumulative Increase in Per Member Allowed Charges Since 2013



Note: 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. Excluding rebates from TRS All Plans would increase cumulative growth to 13%. This comparison does not adjust for changes in plan design or demographics over time.

TRS-ACTIVECARE WILL CONTINUE TO PROTECT DISTRICTS FROM CLAIMS VOLATILITY

- **Maintaining a Larger Pool with Regional Rates Allows TRS to:**
 - Lock in premiums for districts in advance of plan year.
 - Produce savings by eliminating stop loss insurance, risk charges, profit margins at districts.
 - Continue providing market-leading provider discounts.
 - Maintain low administrative costs.
 - Provide more stability in rates across years.





FUTURE CONSIDERATIONS FOR TRS-ACTIVECARE

TRS-ACTIVECARE CONTINUES TO INNOVATE

More potential solutions and support for education employers:

- Provider performance tools to ID high-quality providers in higher cost areas
- Stronger communication & engagement between TRS and decision-makers of education employers.
- Partnering with you to determine ways to make health care more accessible.

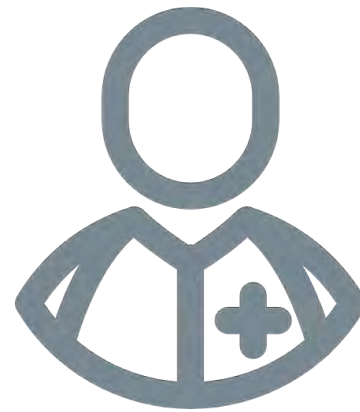


THE IMPACT OF COVID-19 ON TRS HEALTH PLANS



31%

Of current members had a confirmed or suspected case of COVID-19 since the start of pandemic.



+200,000

Members with office visits that included a COVID-19 related issue, including testing and diagnosis.



\$286M

Paid claims related to COVID-19 through August 2021.

FUNDING FOR COVID-19 EXPENSES WILL IMPROVE AFFORDABILITY



TRS waived costs sharing during pandemic

- Telemedicine
- COVID-19 related testing
- COVID-19 related inpatient treatment

TX Legislature appropriated \$286 M for COVID-19 related expenses at TRS*

Appropriation increases affordability

- Offsets costs in TRS-ActiveCare that equate to approximately 5% in premiums

REMEMBER TO TAKE THE INTENT SURVEY

Timeline for Joining and Leaving TRS-ActiveCare

PARTICIPATING EMPLOYER



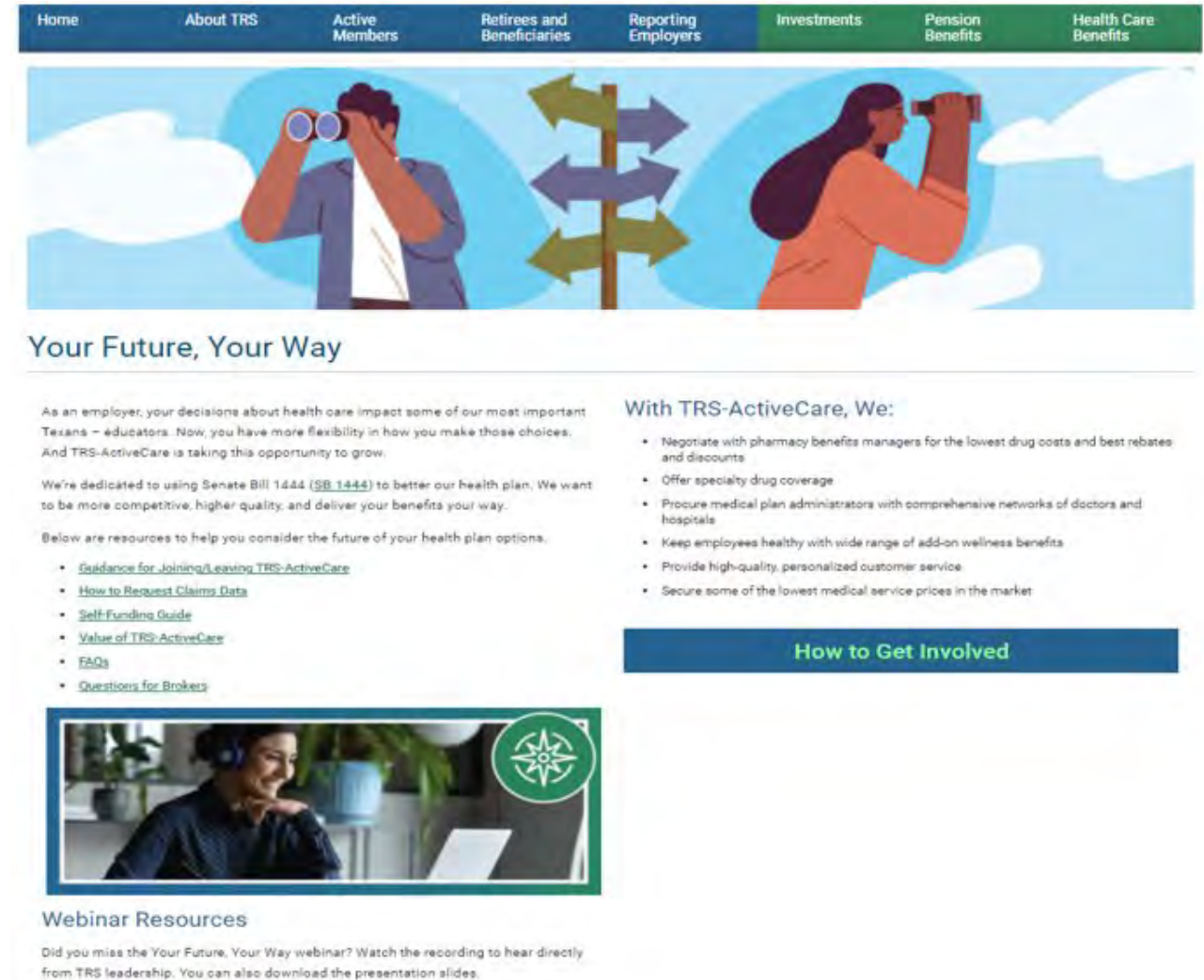
NON-PARTICIPATING EMPLOYER

If you've never left TRS-ActiveCare, each year you can evaluate your decision to leave. Likewise, if you've never joined TRS-ActiveCare, each year you can evaluate your decision to join.



HELPFUL GUIDANCE FOR EMPLOYERS

- SB 1444 guidance on leaving and joining
- Health care claims data request process
- Webinar recording of recent district leader meeting
- Self-funding guide
- Broker question checklist
- Value fact sheet
- TRS Annual Health Benefits Report - 2020
- www.trs.texas.gov/healthcare-your-way



The screenshot shows the TRS-ActiveCare website. The top navigation bar includes links for Home, About TRS, Active Members, Retirees and Beneficiaries, Reporting Employers, Investments, Pension Benefits, and Health Care Benefits. Below the navigation bar is a large banner image featuring a man and a woman looking through binoculars at a signpost with multiple arrows pointing in different directions. The banner is titled "Your Future, Your Way".

Below the banner, the text reads: "As an employer, your decisions about health care impact some of our most important Texans – educators. Now, you have more flexibility in how you make those choices. And TRS-ActiveCare is taking this opportunity to grow. We're dedicated to using Senate Bill 1444 (SB 1444) to better our health plan. We want to be more competitive, higher quality, and deliver your benefits your way. Below are resources to help you consider the future of your health plan options."

Below this text is a list of links: "Guidance for Joining/Leaving TRS-ActiveCare", "How to Request Claims Data", "Self-Funding Guide", "Value of TRS-ActiveCare", "FAQs", and "Questions for Brokers".

To the right of this list, under the heading "With TRS-ActiveCare, We:", there is a bulleted list of benefits: "Negotiate with pharmacy benefits managers for the lowest drug costs and best rebates and discounts", "Offer specialty drug coverage", "Procure medical plan administrators with comprehensive networks of doctors and hospitals", "Keep employees healthy with wide range of add-on wellness benefits", "Provide high-quality, personalized customer service", and "Secure some of the lowest medical service prices in the market".

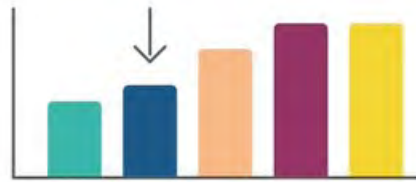
Below the bulleted list is a dark blue button with the text "How to Get Involved".

At the bottom of the page, there is a section titled "Webinar Resources" which includes a video thumbnail of a woman wearing a headset and a green circular icon with a white star. The text below the video says: "Did you miss the Your Future, Your Way webinar? Watch the recording to hear directly from TRS leadership. You can also download the presentation slides."

Regionally Priced Plans



Reflect Costs in Your
Area & Population



Provides a Regionally
Competitive Rate



Gives Access to
Purchasing Power

THANK YOU

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