

## Introduction to Regional Rating Video Transcript

Since TRS-ActiveCare started, we've offered the same rates across the state.

A new Texas law, Senate Bill 1444, gives public education employers more flexibility to choose what health plans they offer employees by looking at coverage outside of ActiveCare.

When doing this, they'll compare TRS-ActiveCare's state-wide premiums to plans with premiums based on the cost of care in their local region.

If they're in a lower cost region, ActiveCare would look expensive and they would be likely to leave – and that would drive up the average ActiveCare rate across the state.

To avoid that, and to ensure TRS continues to offer a reliable, competitive health care plan, TRS-ActiveCare will be regionally rated starting with the 2022-2023 plan year.

This will help protect the stability of TRS-ActiveCare and give employers the benefit of rates reflecting their local cost of care.

And while pricing will be localized, the safety net and benefits will still be Texas-sized.

So what will go into the new rating process?

There are 6 stages to adjusting the prices.

First, TRS starts with the average statewide rate.

Then, we adjust it based on the cost of care for medical services in your region.

Your region will be determined by what education service center you are in.

If you're in a lower cost region like South Texas, your rate will be lower than the average.

If you're in a higher cost region, your rate will be higher than the average.

Regional costs can vary, based on the number of doctors and hospitals in the area and how much people access care.

Next, we make adjustments based on age, gender, and risk of the people enrolled in that region.

For example, if your region has an older population or more people with diabetes than the statewide average, that will be reflected.

We combine this with the step about cost of care, and we get the expected cost of the region.

After that, we look at the historical relative health costs in the region and mix them with that expected cost in the area.

To get to the cost of each specific plan, we adjust the regional rate to account for the benefits that plan will cover.

For example, a plan with a higher deductible will be adjusted to have a lower rate than a plan with lower deductible.

We also take the network into account.

If the plan has a very broad network of doctors and hospitals like TRS-ActiveCare HD does, we would make an adjustment to reflect that in that plan's rate.

Finally, the rates will factor in whether someone is covering just themselves or dependents or their entire family.

Each adjustment is backed by data and results in rates that reflect the cost of care for your region.

Even with the change to regional rating, plans will still access the entire risk-pool of TRS-ActiveCare.

So, if an employer has a high-cost claimant, the cost still spreads across over 450,000 participants.

It won't be limited to just participants within your district, co-op or region, like alternative plans can be.

Moving to regionally priced plans:

- reflects the health costs in your area and among your population;
- allows TRS-ActiveCare to provide a regionally competitive rate;
- gives employers access to the purchasing power of TRS-ActiveCare.

Together, we'll design your benefits, your way.