



The Honorable Jim Murphy, Chairman
House Pensions, Investments and Financial Services Committee
PO Box 2910
Room EXT E2.164
Austin, TX 78768

August 27, 2020

Dear Chairman Murphy:

On behalf of the Board of Trustees and the Arlington ISD, we offer input on the House Pension, Investments and Financial Services Committee's (Committee) Interim Charge #2 – "Monitor the Teacher Retirement System's (TRS) actions in implementing high deductible regional plans for certain school districts interested in providing alternatives to the current TRS-ActiveCare options."

Affordable healthcare has been a priority in Arlington ISD legislative agendas dating to 2015. Trustees and administrators testified before two legislative committees about the high cost of ActiveCare coverage, the impact those costs have on our ability to recruit and retain quality staff and flexibility to exit ActiveCare. In the 86th Legislative Session, companion bills were filed by Representative Matt Krause and Senator Kelly Hancock to authorize Arlington ISD to exit TRS-ActiveCare and establish a pilot, independent healthcare insurance plan for its employees that would implement measures intended to address root causes of major cost drivers. The pilot was intended to serve as a model for similar plans to be established by TRS ActiveCare. While neither bill was successful, the Legislature and TRS clearly heard our concerns about ActiveCare. Following the 86th Legislative Session, TRS-ActiveCare administrators actively engaged with AISD about opportunities to improve plan designs and control costs for member districts and their employees.

AISD commends TRS for actions taken during the 86th interim period to implement high deductible regional healthcare plans and control costs for all members:

- TRS hosted meetings across the state in fall of 2020 to take input on plan designs. This was the first time TRS has solicited broad stakeholder input on plan design. The open dialogue was appreciated and productive. Offerings for the 2020-21 plan year reflect input gathered through the regional meetings.
- Plan administration and medical provider contracts were competitively bid. Expectations were clearly defined for providers and the procurement process yielded competitive pricing for more consumer-driven plan designs.
- Two new plans were added to provide members with greater choice. The new ActiveCare Primary plan has lower premiums than the existing high-deductible plan, utilizes a statewide network, includes copays for doctor visits before meeting a deductible and requires PCP referrals to see specialists to control plan costs. The new ActiveCare

Primary+ plan replaces the existing Select plan. Plan features are similar to the Primary and High Deductible plans. Deductibles are lower and premiums are 7.5 percent less than the former plan. AISD employees on Primary+ will save between \$504 for employee only coverage and \$1,560 for family coverage for premiums alone this year.

- Premiums for the High Deductible 1 plan increased by less than 1 percent overall. Employee only coverage increased by 5 percent, but family coverage decreased by 5.44 percent. The decrease in family coverage will save AISD employees on that plan \$924 this year.

Pronounced improvements have been made to ActiveCare plans to reduce and control member costs this year. We sincerely appreciate the entry TRS has made into the complex area of managed care solutions this year. The improvements reflected in the 2020-21 TRS-ActiveCare plans will have a very real, positive impact for educators across the state, especially in this time of economic challenge.

Additional measures to control healthcare costs in future years include:

- Implementing managed care solutions in which employees take more ownership in managing their health and healthcare costs. Incremental implementation will be most effective. Examples include differentiated premiums ranging from discounts for active participation in a wellness plan to inflated premiums for those who choose to smoke.
- Implementing a robust wellness plan that incentivizes personal healthcare management.
- Actively engaging member districts in annual plan design.
- Requiring providers to offer competitive, consumer-driven plan designs to maintain their contracts.

Sincerely,

Justin Chapa

Justin Chapa
Board of Trustees
Chair, Governance Committee

Marcelo Cavazos

Dr. Marcelo Cavazos
Superintendent