

Texas Higher Education Human Resources Association 2010 Summer Conference

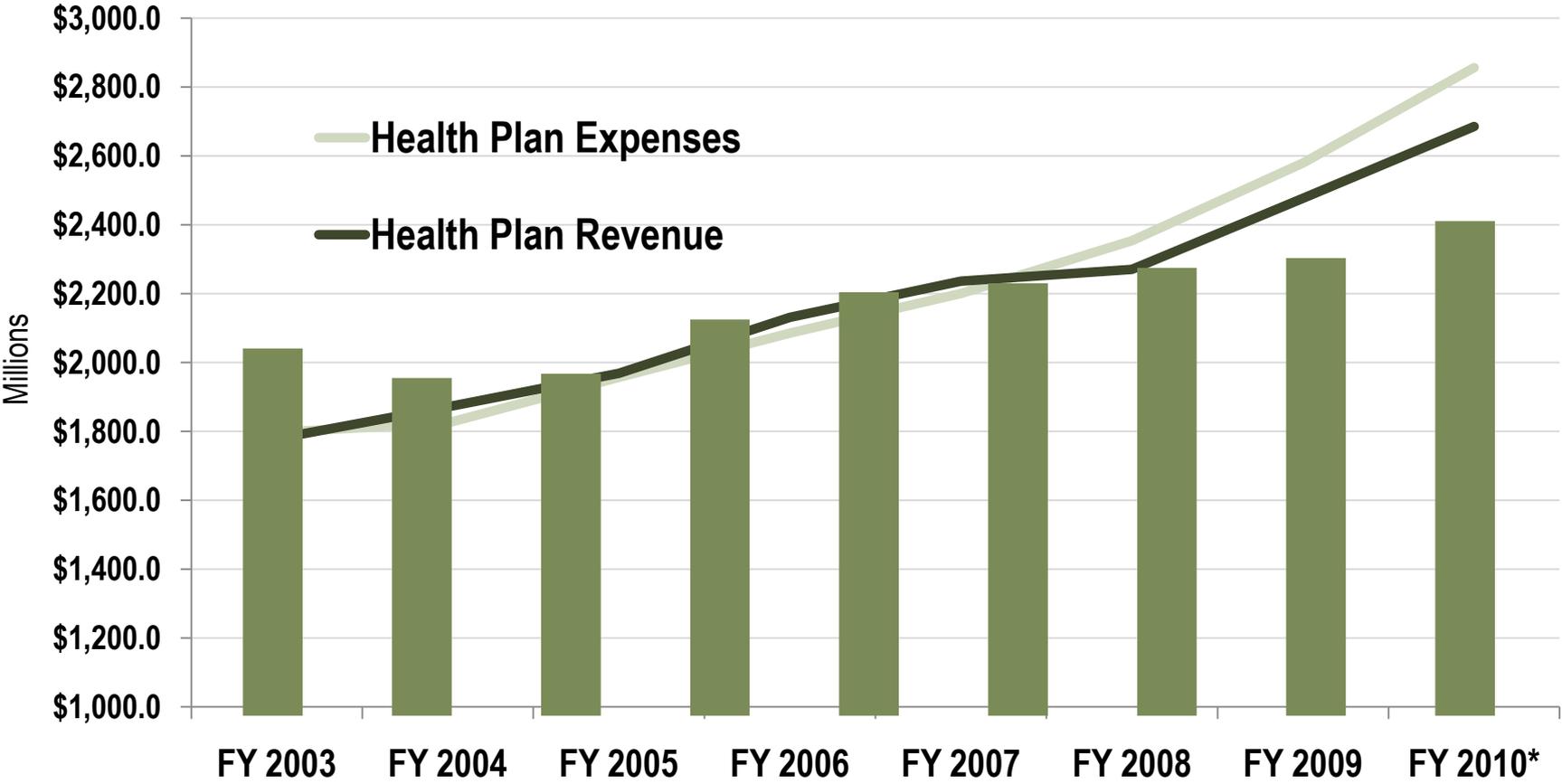


Texas Employees Group Benefits Program: FY 2011 changes and future outlook

Ann S. Fuelberg
Executive Director

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Why health insurance changes were necessary



*FY 2010 data is projected

Health Insurance Appropriations

ERS is using the contingency fund to pay health claims

	FY 2009	FY 2010*	FY 2011*
Total revenue	\$ 2,477.1	\$ 2,694.7	\$ 2,896.4
Contingency funds	\$ 102.4	\$ 172.6	\$ 109.9
Total expenses	\$ 2,579.5	\$ 2,867.3	\$ 3,149.2
Net shortfall	(\$ 0.0)	(\$ 0.0)	(\$ 142.9)



*Projected based on 9.1% cost trend

Projected annual plan benefit cost trends for FY 2010-2011

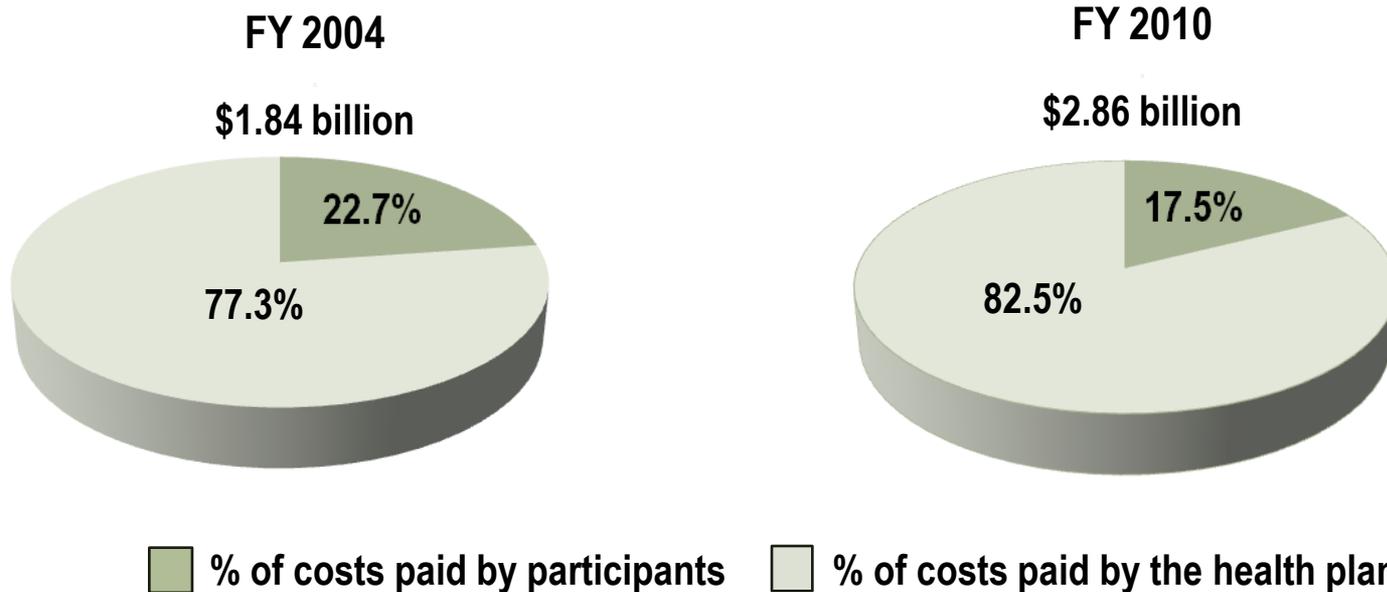


Benefit Cost Trend – March 2010

Category	Utilization Trend	Cost/Unit Trend	MCS Leverage	Plan Cost Trend	% Total Plan Costs
Hospital	2.5%	7.0%	1.0%	10.5%	45.5%
Other Medical Expense	2.5%	3.0%	0.5%	6.0%	32.2%
Pharmacy	3.2%	3.7%	3.6%	10.5%	22.3%
Total	2.7%	5.0%	1.4%	9.1%	100.0%

The health plans' costs are increasing

- Copayments and deductibles have not changed since September 2003, while the price and utilization of health care services has increased
- As a result, the health plan is paying a greater percentage of total costs



Action was necessary to ensure the financial stability of the health plan through FY 2011



- The GBP faced a \$140.4 million shortfall based on current:
 - plan design
 - funding level
 - cost trends
- State is increasing premium contributions in FY 2011 per the General Appropriations Act

Texas Employees Group Benefits Program



SURVEY RESULTS

Survey response exceeds expectations

- More than 45,000 completed surveys
- Represents a 26 percent response rate

Gender breakdown:

- 41% male
- 50% female

Age breakdown:

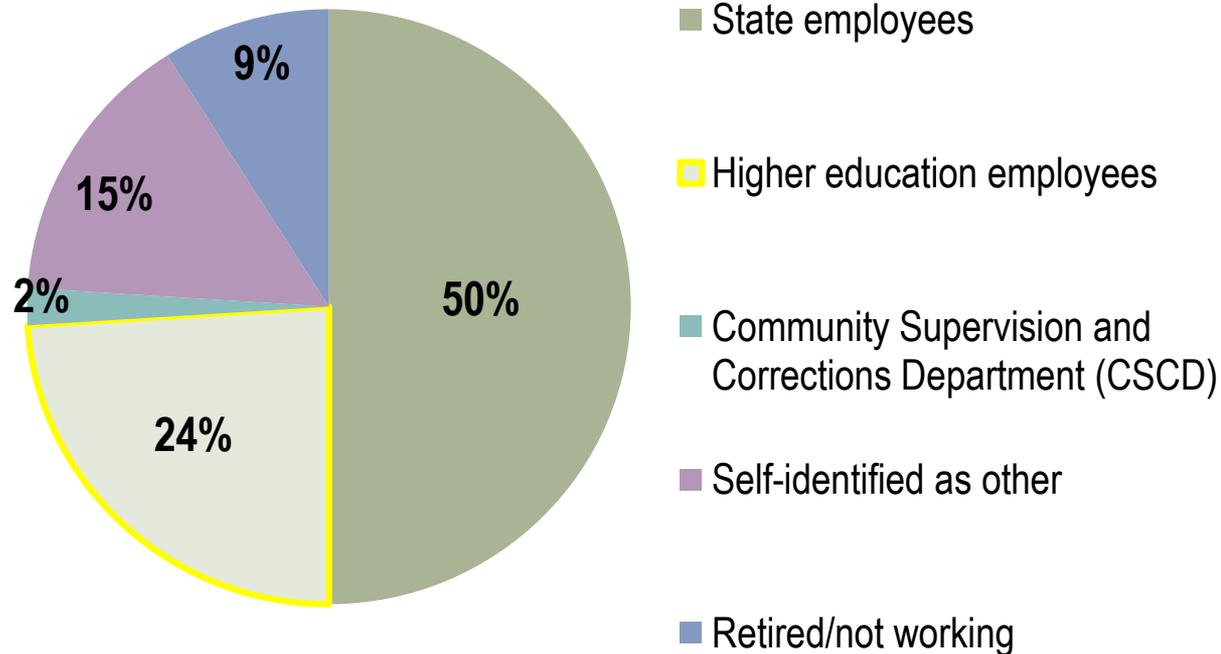
- 12% age 35 or younger
- 29% 36-50
- 43% 51-64
- 16% 65+

Years in plan:

- 38% less than 10
- 16% 10-14 years
- 14% 15-19 years
- 32% 20+ years

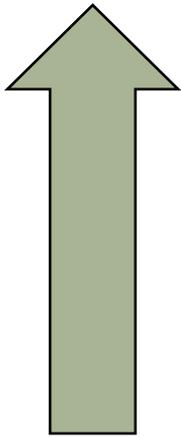
- 29% have family members with access to other coverage

Demographics of Survey Participants



Survey Findings at a High Level

Small increases in fees, slightly increased copayments, and changes based on years of service are acceptable



Will pay a little more for

Primary and specialty care

Hospital, ER, and doctor

For all prescriptions

Will agree to

Pay some of the premium

Adding a copayment for high-tech radiology

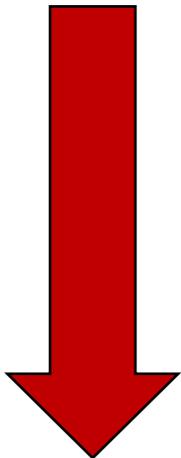
Adding a copayment to avoid deductible or deductible increase

Are willing to

Base retiree insurance contribution on years of service

Have a tiered network for specialists, labs, and prescriptions

Charge higher fees to people who don't use disease management programs or alternate generics when available, smokers, and dependents who have access to another policy



Do not want to pay a lot more for

Specialty care

Hospitalization and emergency rooms

Brand name drugs

Rather than to

Pay more than 50% for dependents

Base employee out-of-pocket health insurance premium on years of employment – fewer years, higher cost

Pay an additional fee for high-tech radiology procedures that are not pre-approved

Pay a higher deductible to keep a lower copayment

Are less willing to

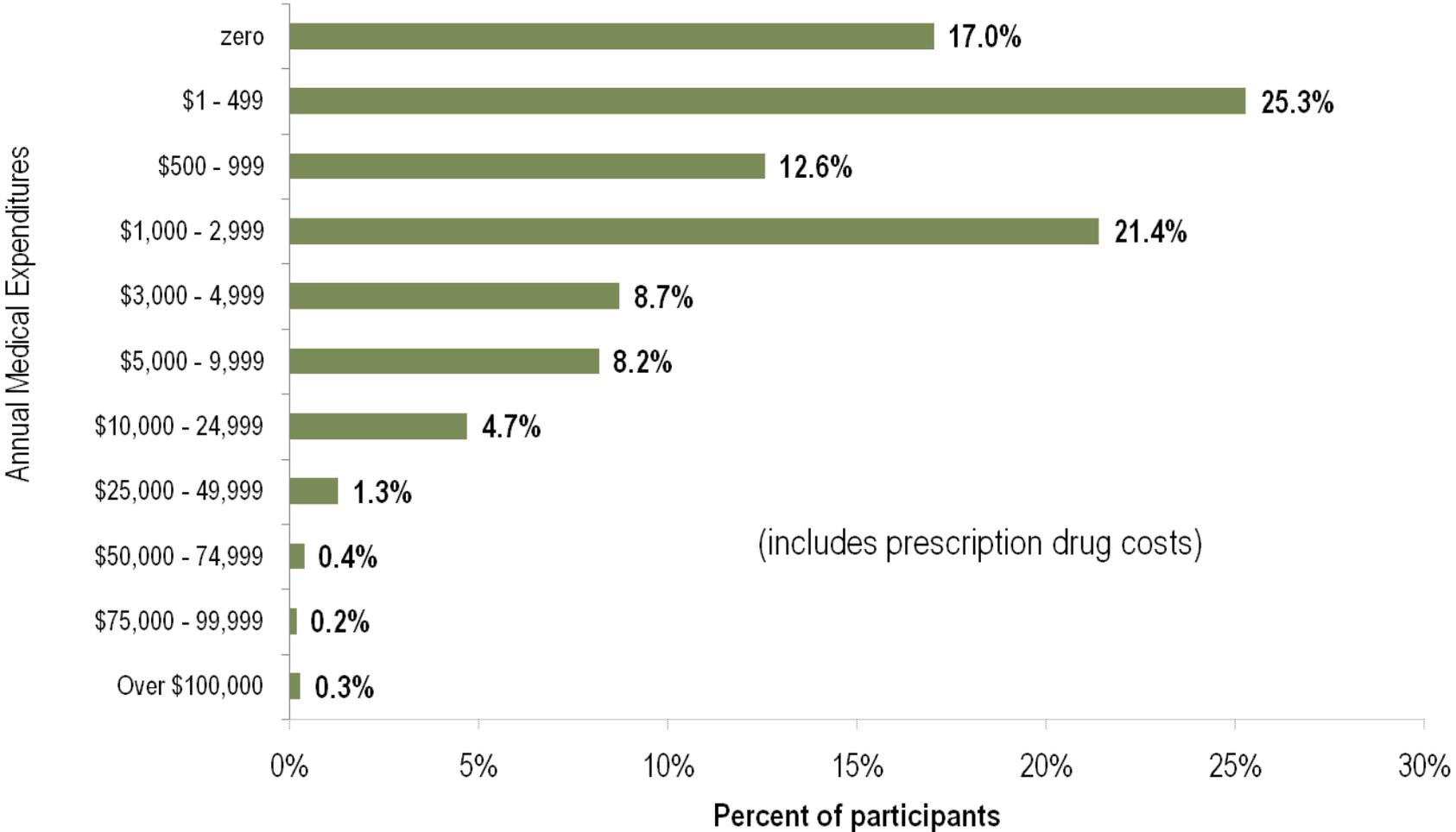
Increase the required years of service from 10 to 20 to qualify for retiree insurance

Require retirees younger than 65 to pay more until they reach 65

Allot eligible retirees a set amount each month that can be used to buy insurance

Use a smaller hospital network

FY 2009 HealthSelect Plan Costs

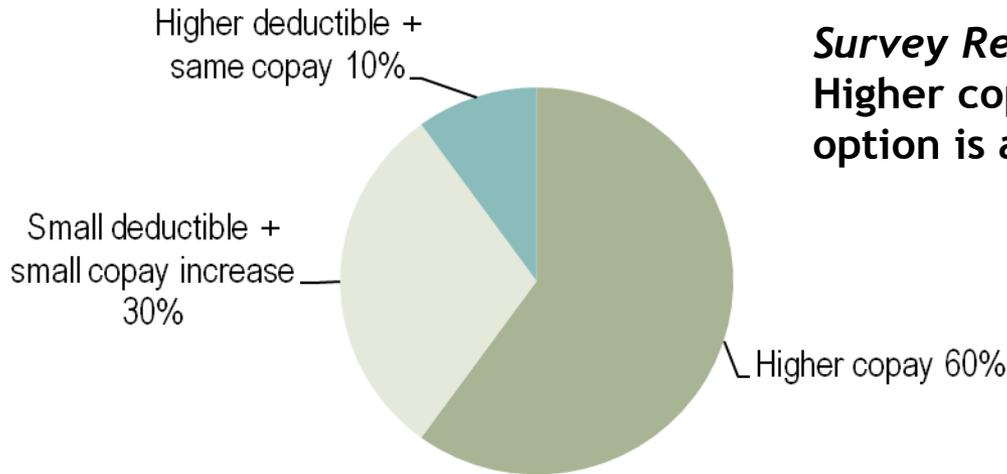


Texas Employees Group Benefits Program



HEALTH PLAN CHANGES

Copayment Changes



Survey Results:

Higher copays are acceptable; the least attractive option is adding a medical deductible

CURRENT

Office Visits

Health Select \$20/\$30
HMOs \$30/\$40

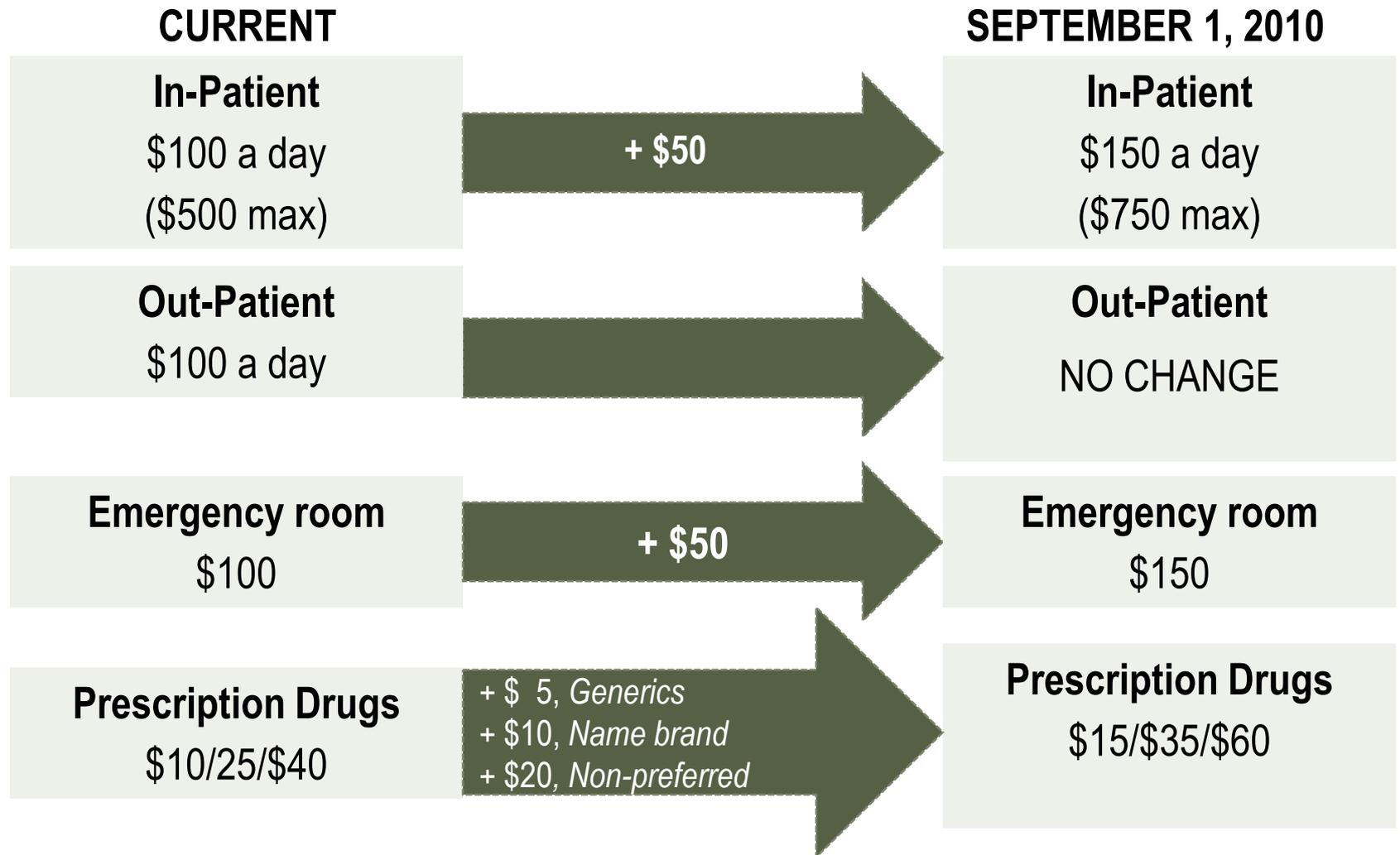
+ \$5 for HS PCP
+ \$10 for HS Specialists
HMO adds coinsurance

SEPTEMBER 1, 2010

Office Visits

Health Select \$25/\$40
HMOs \$25/\$40

Copayment Changes



Changes to the Annual Maximum Amount Participants Will Pay Through Coinsurance

COINSURANCE

CURRENT

In-Network
\$1,000

Out-of-Network
\$3,000

Out-of-Area
\$1,000

SEPTEMBER 1, 2010

In-Network
\$2,000

Out-of-Network
\$7,000

Out-of-Area
\$3,000

+ \$1,000

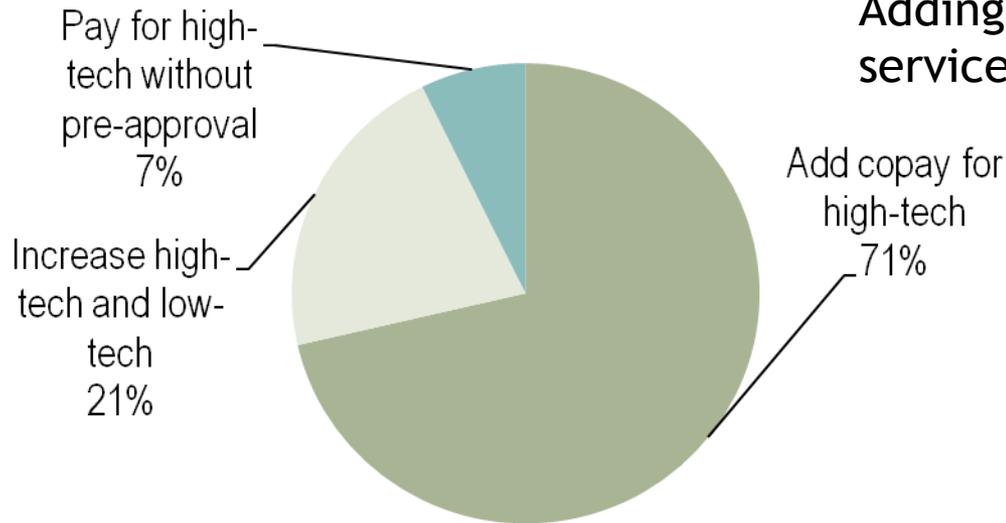
+ \$4,000

+ \$2,000

New to the Health Insurance Plan

Survey Results:

Adding a copay for high-tech radiology services is acceptable to survey participants



NEW TO THE PLAN

- Radiology (CT scan, MRI, Nuclear Medicine): \$100 copay (new) + coinsurance

New to the Health Insurance Plan

- Urgent care facilities benefit – \$50 copay + coinsurance
- Limit annual visits and lower allowable charges for chiropractic care
- Ability to buy more than 30-day supply of maintenance drugs at participating retail pharmacies with no retail maintenance fees (*currently soliciting pharmacies*)

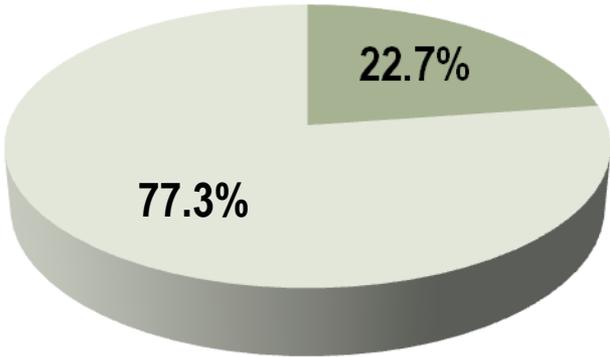
Changes Offer Choice to Lower Costs

- Use a generic instead of a brand name drug, and use outpatient vs. inpatient services
- Shop around for the most cost effective medical and pharmacy services; check out resources like “Provider Finder” and “Texas PricePoint” that provides cost estimates at www.bcbstx.com/hs/providers/resources.htm
- Call the 24/7 NurseLine first or go to an after-hours clinic before making an expensive trip to the Emergency Room
- Enroll in TexFlex, a flexible spending health care account to help save on eligible medical expenses; you can spend your total annual contribution immediately if needed

Participants' share of the plan's total costs will remain below the FY 2004 level

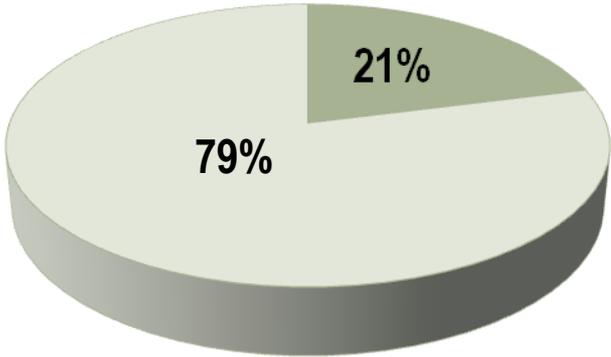
FY 2004

\$1.84 billion



FY 2011

\$3.1 billion



 % of costs paid by participants  % of costs paid by the health plan

Texas Employees Group Benefits Program



FY 2011 RATES

Most of the GBP insurance plans' monthly rates will not change; Disability rates will be lower

Insurance Plan	September 1, 2010
Dependent Life	No change
Optional Life (Elections I - IV)	No change
Voluntary Accidental Death & Dismemberment	No change
State of Texas Dental Choice Plan	No change
Dental Health Maintenance Organization (DHMO)	No change
Short & Long-term Disability	Reduce by 10%

HealthSelect of Texassm



Coverage Level	Total	State	Member	Change in Member's Monthly Cost
Member Only	\$411.04	\$411.04	\$0.00	\$ 0.00
Member & Spouse	883.72	647.38	236.34	16.02
Member & Children	727.56	569.30	158.26	10.74
Member & Family	1,200.24	805.64	394.60	26.76

- Individuals that cover dependents will continue to have 50% of their dependents' monthly costs paid for by the State
- Because the State increased the insurance plan's FY 2011 appropriations, those individuals' share will also increase

HealthSelect of Texassm – SKIP



Category of coverage	Total	State	Member	Change in Member's Monthly Cost
Member & SKIP Family (Group 1)	1,200.24	948.90	251.34	16.02
Member & SKIP Family (Group 2)	1,200.24	938.90	261.34	16.02

- Eligibility criteria is the same as the federal CHIP program
 - Group 1 – family income at 100 – 150% of the federal poverty level
 - Group 2 – family income of 151 – 200% of the federal poverty level
- SKIP monthly contribution rates will not change for Member & SKIP children
 - \$15 for Group 1
 - \$25 for Group 2
- Supplemented contribution for spouses is not available under SKIP

Health Maintenance Organizations (HMOs)

Coverage	Total Rate \$	Total State Rate	Total Member Rate	Change in Members' Monthly Cost
Community First San Antonio area				
Member Only	358.00	358.00	0.00	0.00
Member & Spouse	769.72	563.86	205.86	2.08
Member & Children	633.68	495.84	137.84	1.40
Member & Family	1,045.40	701.70	343.70	3.48
Scott and White Austin, San Angelo, Temple and Waco				
Member Only	435.80	435.80	0.00	0.00
Member & Spouse	936.96	686.38	250.58	5.08
Member & Children	771.36	603.58	167.78	3.40
Member & Family	1,272.52	854.16	418.36	8.48



More FY 2011 Changes and Enrollment Opportunities

Administrative Fees for TexFlex and Texa\$aver are going down in FY 2011



- **TexFlex** monthly administrative fees are being cut in half, from \$2 to \$1 per account
- **Texa\$aver** 457 accounts with balances > \$1,000 will pay lower administrative fees in FY 2011

TEXA\$AVER FEES – FY 2011		
Account Balance Range \$	Annualized Fee Per Participant Per Account \$	Annual Fee Reduction from FY 2010
1,001 - 16,000	47.90	(2.28)
16,001 - 32,000	75.89	(24.47)
32,001 - 48,000	113.83	(36.71)
48,001 - 64,000	151.78	(48.94)
> 64,001	189.72	(61.18)

Annual Enrollment: July 5 – 30, 2010

- 51 fairs will be held in seven areas of the State; 7 webcasts
- Employees and retirees will have an opportunity to:
 - Move from an HMO to HealthSelect without evidence of insurability (EOI)
 - Verify their dependents' eligibility status



Sign up to receive Annual Enrollment News email updates

www.ers.state.tx.us

WHAT'S NEW

Wednesday, June 2, 2010

SEARCH

[Board makes changes for PY2011](#) [Virtual Feedback Session](#) [Survey Results and Proposed Insurance Cost Changes](#) [Texa\\$aver Fund change lowers fee](#)

UPCOMING EVENTS

[Board and Committee Meetings](#)[Benefits Seminars](#)[Retirement and Planning Events](#) [DOING BUSINESS WITH ERS](#) [TOOLS AND INFO for COORDINATORS](#) 

Welcome to ERS.

ERS is here to serve the people who serve Texas. As an ERS customer, you are part of a well-deserving group of more than half a million state and higher education employees, retirees, and their dependents.

ERS administers retirement, health and other insurance benefits, TexFlex, a tax-savings flexible benefit program, and 401(k) and 457 investment accounts as part of the Texa\$aver Program. We also manage and invest the ERS Trust for the sole benefit of retirement system members.

BENEFITS BOOKLETS

Employee Benefits Guide

Contains information on your benefits as an employee of a state agency, higher education institution, or CSCD.

[read more](#)

Planning Your Retirement

Contains information about retiring from ERS for regular class employees and CPO/COs.

[read more](#) [INFORMATION ABOUT 2010 ANNUAL ENROLLMENT](#) [SIGN UP FOR ERS](#)[EMAIL UPDATES](#) [WHAT CAN YOU DO IN ERS ONLINE ?](#)

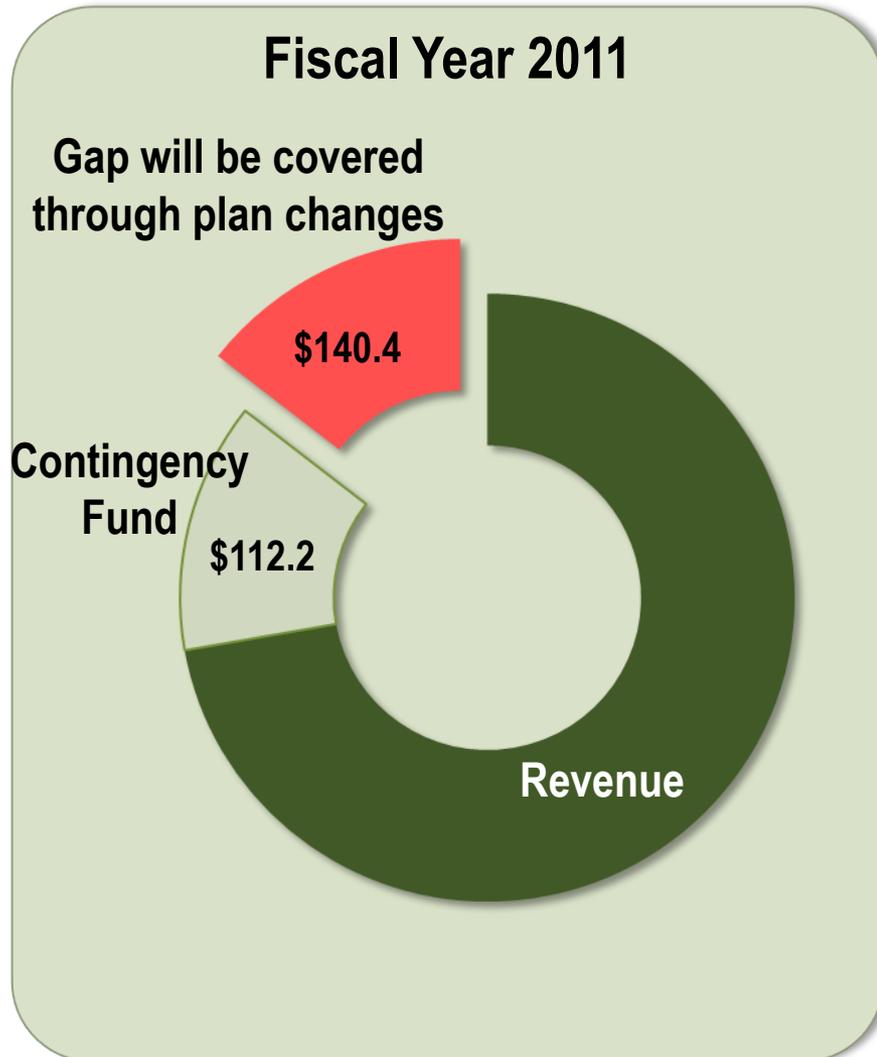
See your personal information, beneficiaries, insurance, and retirement information.

[Start here>>](#)



Outlook for 2012 - 2013

Funding Realities – 2012 & 2013



- Contingency funds will not be available for ERS to finance health care expenses in FY 2012-2013
- GBP is currently projected to need an additional \$880 million to maintain benefits
- State is facing an \$11 to \$18 billion decrease in available revenue