

Public Agenda Item #28

Review and Discussion of the Texas Employees Group Benefits and Texa\$aver Program Update

August 19, 2020

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GBP Update

FY20 projected trend

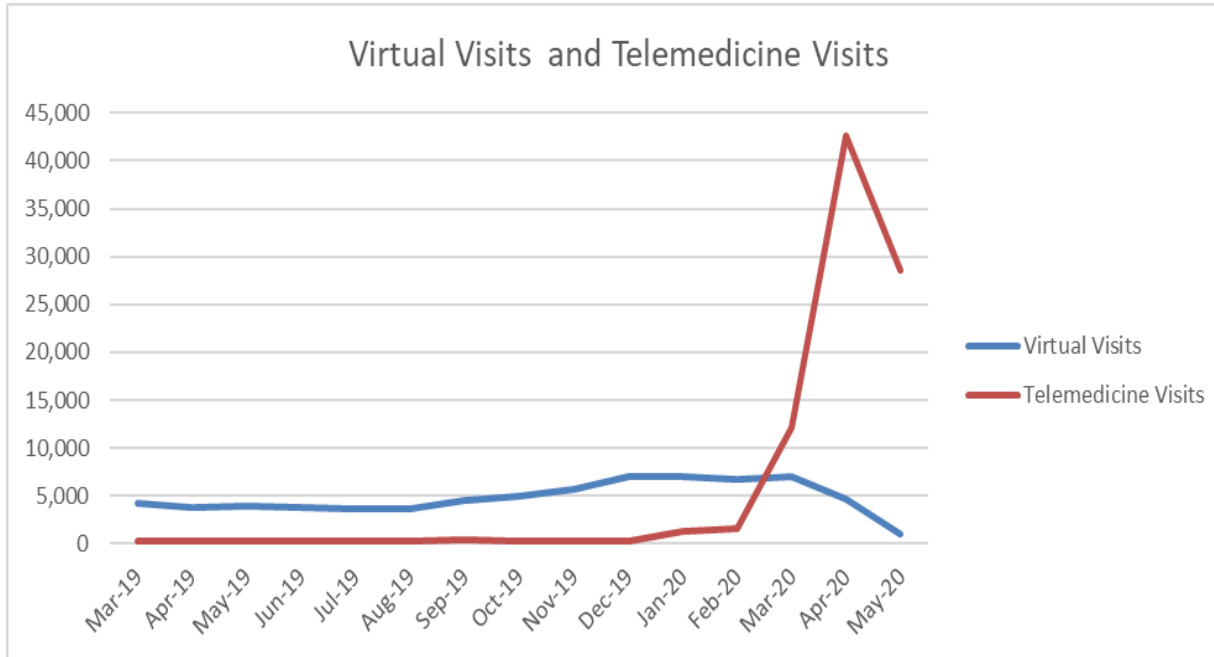


- Medical trend was higher than average through the first half of FY20.
- Medical trend is negative in the second half of FY20 as utilization reductions due to the pandemic exceed the cost increase due to COVID-19 related claims.
- Pharmacy trend was unusually low in the first of FY20 but has returned to normal in the second half.

	1 st Half FY 2020	Projected 2 nd Half FY 2020	Projected FY 20
Medical Trend	7.2%	-5.9%	0.5%
Pharmacy Trend	3.5%	9.8%	6.8%
Combined Medical And Pharmacy Trend	6.2%	-1.6%	2.2%

GBP Update

Virtual Visit and Telemedicine Utilization



Note: Virtual visits are delivered by Doctor On Demand or MD Live. Telemedicine visits are services delivered using a provider platform.

GBP Update

Direct Impact of COVID-19



- COVID-19 cases are increasing in HealthSelect. There were 3,721 confirmed cases as of July 14 compared to 1,000 as of June 1.
- Due to the lag time in receipt and processing of medical claims, staff continues work to determine the ultimate impact to each plan based on the increase in cases.
- It is expected that utilization reductions due to the pandemic's impact will more than offset the potential claims cost increase due to COVID-19.

GBP Update

HealthSelectSM Plan Changes due to COVID-19



- At the May 20, 2020 ERS Board of Trustees meeting, Group Benefits staff presented an update related to the COVID-19 pandemic and associated benefits changes.
- In-network and out-of-network COVID-19 diagnostic testing and related services will continue to remain in place throughout the Declaration of Public Health Emergency and at no cost to participants.
- Additional benefit enhancements were implemented for the HealthSelect medical plans for non-COVID-19 services, and several of those enhancements were recently extended beyond their initial expiration dates.

GBP Update

HealthSelect Plan Changes due to COVID-19



- On March 27, 2020, ERS waived HealthSelect plans and HDHP copays, deductibles and coinsurance for non-COVID-19-related in-network medical and mental health Virtual Visits (Doctor on Demand and MD Live). These enhancements have recently been extended through August 31, 2020.
- ERS waived cost sharing for in-network provider-platform primary care physician and specialist telemedicine visits (medical and mental health). These enhancements have also been extended through August 31, 2020.
- Prior authorizations for interfacility transfers to lower levels of care have been waived through September 30, 2020.

GBP Update



COVID-19: CARES Act - Texa\$averSM 401(k)/457 Program

- The CARES Act included several provisions to provide relief to retirement plan participants, including government-sponsored 457(b), 403(b), 401(a) and 401(k) plans. Section 2203 waives required minimum distributions (RMDs) for 2020
- To assist in providing financial relief to Texa\$aver program participants directly impacted by COVID-19, ERS implemented the three CARES Act provisions specific to the Special Rules for Retirement Funds:
 - Coronavirus-Related Distributions (CRDs),
 - increased loan limit and
 - extension of the loan repayment period.

- On June 19, 2020, the IRS issued Notice 2020-50 with additional guidance on CARES Act provisions including an expanded definition for CRD eligibility requirements. Notice 2020-50 eligibility requirements include a spouse or a member of the household who suffers adverse consequences as a result of COVID-19 and allow a CRD if pay was reduced but work hours remained the same.
- Plan sponsors rely on the employee's self-certification that the coronavirus-related conditions are satisfied for CRD eligibility.
- As of June 30, 2020, TexaSaver received 694 CRDs totaling approximately \$4 million dollars. This compares to the same period in 2019 with 408 hardship distributions totaling \$570,422 (pre-COVID).

GBP Update

Optional Benefits



- Dental – Utilization remains low. April incurred claims were only 13% compared to the previous year. While claims have increased each month since then, utilization is expected to remain low for the remainder of the year.
- Vision – April Vision utilization followed a similar pattern as Dental, with very low claims followed by increases in subsequent months.
- Life – An increase in claims is expected due to the large increase in the number of COVID-19 diagnoses. Current reserves are adequate to cover the expected cost increase.
- Disability – No direct impact to disability is expected due to the relatively short nature of the disease.

GBP Update

Rider 10.06



- The report is due to the legislature on September 1, 2020.
- The initial draft of the report is written by UT Health Science Center Houston (UTHSCH) and reviewed by ERS staff. It is currently going through the Texas Health and Human Services Commission review process.
- Draft data dashboard is created for each agency and under review. UTHSCH is working to collect FY19 and FY20 data in order to continue comparative data analysis.
- Workgroups continue to meet on a regular basis.

Questions?