

GBP Medical Plans Updates and Compliance Overview

HEALTHSELECT MEDICAL PLANS

The ERS Board of Trustees awarded a six year contract to Blue Cross and Blue Shield of Texas (BCBSTX) as the third-party administrator (TPA) for the HealthSelect of Texas® and Consumer Directed HealthSelectSM plans beginning September 1, 2017. The initial contract period with BCBSTX is September 1, 2017 through August 31, 2023. An amendment was signed on August 17, 2020, extending the contract for an additional year, through August 31, 2024.

Approximately 80% of GBP employees, retirees and their dependents are enrolled in the HealthSelect of Texas plan, with less than 1% enrolled in the Consumer Directed HealthSelect plan.

Vendor Performance Reporting

Exhibit A provides an overview of the process for tracking and monitoring a vendor's performance. A vendor's adherence to the contracted standards and performance guarantees is done through the review of a Monthly Administrative Performance Report (MAPR).

Below is a summary of BCBSTX's adherence to performance guarantees in Fiscal Year 2020 as reported on the MAPR.

Blue Cross and Blue Shield of Texas
HealthSelect of Texas and Consumer Directed HealthSelect Medical Plans
Vendor Performance Overview
Fiscal Year 2020

PG Severity	PG Category	Vendor Performance Results	PG Review Period	PG Performance Assessment Determination
1	Emergency Performance Guarantees (PG)	None missed	N/A	N/A
2	Critical PG	None missed	N/A	N/A
3	Moderate PG	2 Moderate PG assessments	03/2020 04/2020	Financial Accuracy Rate of Claims 98.70% financial accuracy rate of claims 98.82% financial accuracy rate of claims vs. requirement of 99% financial accuracy rate
4	Minor PG	None missed	N/A	N/A

REGIONAL HEALTH MAINTENANCE ORGANIZATION (HMO) PLANS

In Fiscal Year 2020, ERS offered two regional HMO plans to eligible GBP participants. The regional HMO plans were: Community First Health Plans in the San Antonio region and Scott & White Health Plan in the central Texas region.

Vendor Performance Reporting

- Community First Health Plans met all of their contractual performance standards for Fiscal Year 2020.
- Scott & White Health Plan met all of their contractual performance standards for Fiscal Year 2020.

MEDICARE ADVANTAGE PLANS

HealthSelectSM Medicare Advantage Plan, a preferred provider organization (MA PPO) (Medical Only)

The HealthSelect MA PPO has been offered since January 1, 2012. Humana Insurance Company is the current administrator for the HealthSelect MA PPO plan with a contract period of January 1, 2012 through December 31, 2020.

ERS recently rebid the HealthSelect MA PPO contract through a competitive Request for Proposal (RFP) process. On May 20, 2020, the ERS Board of Trustees awarded the HealthSelect MA PPO contract to UnitedHealthcare Inc. (Sierra Health). UnitedHealthcare will take over as the plan's insurer on January 1, 2021, with a contract period through December 31, 2026.

Plan design. The HealthSelect MA PPO provides medical benefits to retirees and their eligible dependents. All participants must be eligible for Medicare primary coverage and enrolled in Medicare Part A and Part B. The medical benefits are designed to provide coverage that is at least as comprehensive as that provided under HealthSelect of Texas.

KelseyCare Advantage Medicare Health Maintenance Organization (HMO) (Medical Only)

The GBP currently offers the KelseyCare Advantage MA HMO plan for participants in the Houston area. This Medicare Advantage HMO plan is administered by KelseyCare Advantage, with a contract period of September 1, 2011 through December 31, 2020.

Vendor Performance Reporting

Below is a summary of Humana and KelseyCare Advantage's adherence to performance guarantees in Calendar Year 2019:

- Humana met all of their contractual performance standards for Calendar Year 2019.
- KelseyCare Advantage met all of their contractual performance standards for Calendar Year 2019.

BACKGROUND

HealthSelect of Texas plan

As a comprehensive healthcare program, HealthSelect of Texas offers significant benefits to participants throughout Texas and the United States. The HealthSelect of Texas plan is a self-funded point-of-service health benefit plan. HealthSelect of Texas enrollment continues to remain stable year over year.

In order to receive the highest level of benefits, the plan requires participants to choose a primary care physician (PCP) to coordinate their health care needs. The designated PCP is responsible for managing referrals to participating specialists. The HealthSelect of Texas plan also offers out-of-network benefits that are less robust than in-network benefits. On the first day of the month following a 60-day waiting period, eligible employees are automatically enrolled in this plan unless they have chosen an HMO plan or decided to opt-out or waive medical coverage.

Consumer Directed HealthSelect Plan

ERS also offers the Consumer Directed HealthSelect plan as an available health plan option for GBP participants not enrolled in Medicare. This plan is a high-deductible health plan (HDHP) paired with a tax-advantaged Health Savings Account (HSA). The Consumer Directed HealthSelect Plan does not require PCP selection or referrals to see specialists. This plan has a deductible that must be met before any services (other than preventive care) are covered. Both in-network and out-of-network benefits are available after an annual deductible is met. Enrollment in Consumer Directed HealthSelect continues to increase steadily year over year.

Health Savings Account (HSA). An HSA is a tax-favored account created for the purpose of paying qualified medical expenses.

HSAs provide a triple tax benefit for participants: (1) contributions can be deducted pretax from a participant's paycheck, lowering the participant's taxable income; (2) any interest or investment gains on the money are tax free. Unused money in the HSA is not forfeited at the end of the year but continues to grow, tax-deferred; and (3) withdrawals from the HSA are tax free, as long as the money is spent on eligible items (qualified medical expense). At age 65, the HSA can also be used as a retirement account and funds used for any purpose; however, funds used for this purpose are subject to tax. The HSA is not tied to state employment and employees can take the account with them if they terminate employment.

The maximum contribution limit for HSAs is set by the Internal Revenue Service.

HSA administrative services are currently managed by OptumHealth Financial Services, Inc. (Optum Bank). Their contract began on January 1, 2018 and goes through December 31, 2021. ERS is currently reviewing responses to an active Request for Proposal soliciting a new contract for our Health Savings Account vendor beginning January 1, 2022.

Prescription drug plan. Both the HealthSelect of Texas and the Consumer Directed HealthSelect plans include a comprehensive prescription drug plan, the HealthSelectSM Prescription Drug Program, which is described more fully in a subsequent appendix.

Fully-insured HMO plans

The GBP currently offers two regional HMO plans: Community First Health Plans in the San Antonio region, and Scott & White Health Plan in the central Texas region.

At its May 20, 2020 meeting, the ERS Board of Trustees approved the recommendation to discontinue HMO plan participation in the GBP effective September 1, 2021. ERS will be working closely with the current participating HMOs in the coming months to seamlessly transition participants enrolled in these plans into another available health plan option.

Medicare Advantage plans

Retiree health benefits are offered through the GBP and are available to most State of Texas retirees and their eligible dependents. A retiree needs 10 years of service credit to be eligible for retiree insurance under the GBP. When a retiree enrolls in Medicare Part A and Part B, the retiree must call to provide his/her Medicare Beneficiary Identifier (MBI) to ERS to be enrolled in the HealthSelect MA PPO medical plan.

MA PPO Plan: The HealthSelect MA PPO plan continues to provide the most cost-effective medical benefits for Medicare-enrolled GBP participants. Even with the ability to opt-out of the plan, most participants remain in HealthSelect MA PPO as they become more familiar with the plan's favorable benefit coverage and lower contribution costs for covered dependents. Beginning January 1, 2021, UnitedHealthcare (Sierra Health) is the new insurer of the HealthSelect MA PPO plan.

Medicare Part D. ERS Retirees are also enrolled in HealthSelectSM Medicare Rx, an Employer Group Waiver Plan (EGWP) + Wrap plan that provides comprehensive pharmacy benefits. Due to Medicare Part D rules, a participant can be enrolled in only one Medicare Part D plan. Therefore, if a retiree elects to enroll in an alternate Medicare Part D plan and opt out of the HealthSelect Rx plan, there is no alternate HealthSelect prescription drug coverage available through the GBP.

A subsequent appendix addresses the HealthSelect Medicare Rx plan in greater detail.

Medicare Advantage HMO

For a retiree enrolled in Medicare and living in the eight county Houston service area, the retiree currently has the option of choosing to enroll in the KelseyCare Advantage Medicare health maintenance organization medical plan. Participants in this medical plan receive prescription drug benefits under the HealthSelect Medicare Rx plan.

Participants can opt-out of a Medicare Advantage Plan at any time during the year and enroll in their previous plan. The benefits provided under Medicare Advantage Plans are subject to the requirements established by the Centers for Medicare and Medicaid Services (CMS).

- KelseyCare Advantage MA HMO: ERS recently rebid the Medicare Advantage HMO contract through a competitive Request for Proposal (RFP) process and received one response. The requirements of the General Appropriations Act (GAA) Rider applicable to the legislative appropriation to ERS for the GBP which specifies:

“In no event shall the total amount of state contributions allocated to fund coverage in an optional health plan exceed the actuarially determined total amount of state contributions required to fund basic health coverage for those active employees and retirees who have elected to participate in that optional health coverage.”

For Medicare-enrolled participants, the basic plan is the HealthSelect MA PPO. Under the new HealthSelect MA PPO contract with UnitedHealthcare, monthly plan costs for that plan will be significantly less than the current PY20 KelseyCare Advantage MA HMO plan cost, as well as the proposed costs for Plan Year 2021. Inclusion of KelseyCare in the GBP as an optional health plan for CY21 would prevent compliance with the GAA Rider. ERS will not offer a Medicare Advantage HMO plan beginning January 1, 2021.