

Public Agenda Item # 23

Review and Discussion of the Texas Employees Group Benefits Program Update

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Trends

	FY19	FY20	FY21 Projected
Medical Trend	3.1%	-0.8%	18.1%
Pharmacy Trend	7.2%	5.6%	10.5%
Combined Medical and Pharmacy Trend	4.2%	1.0%	15.9%

Financial impact of COVID-19

- The net financial impact of the pandemic in PY20 reduced expected costs by \$135 million. Net impact is the direct cost of COVID-19 less utilization reductions.
- In PY21 the projected net impact of the pandemic is an increase in cost of \$152 million.
- This cost increase is primarily the result of the large number of COVID-19 cases.
 - As of January 26, 2021 there were 20,000 new cases in PY21, compared to 10,000 cases that began in PY20. The cost of treating COVID-19 in PY21 is expected to cost \$115 million.
- Vaccinations and deferred utilization from the prior year are expected to increase costs by an additional \$37 million.
- The PY21 fund balance is expected to increase by \$219 million, down from a \$600 million increase in PY20.

COVID-19 Vaccine and Testing Update

- As of February 23, 2021, 140,956 participants were tested for a total of 239,243 tests administered (FY20 and FY21). The total cost for these tests is \$31.8 million.
- As of February 23, 2021, 9,187 participants received the vaccine first dose and 4,984 received the vaccine second dose and are fully vaccinated.
 - Medical plan: 3,229 participants received the vaccine first dose and 1,387 received the vaccine second dose.
 - Pharmacy plan: 5,958 participant received the vaccine first dose and 3,597 participants received the vaccine second dose.

In March 2020, the federal government passed the following mandates:

- The Families First Coronavirus Response Act (FFCRA) was signed into law on March 18, 2020, requiring group health plans to cover COVID-19 diagnostic testing without cost-sharing or prior authorization.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law March 27, 2020, expanded the diagnostic testing mandate for COVID-19.

ERS and the agency's health plan vendors responded quickly:

- On March 18, 2020, GBP health plans implemented coverage of COVID-19 diagnostic testing and associated services at a doctor's office, urgent care provider or emergency room, or through a telehealth visit at no cost to a participant and without prior authorization, regardless of if the provider was in network or out of network.
- This coverage will continue in place throughout the Declaration of Public Health Emergency.

HealthSelect

Temporary Benefit Changes Update



To help plan participants access care and to relieve the pressure on the medical community during this time, additional non COVID-19 temporary benefit enhancements were extended for the HealthSelect plans.

- Waived HealthSelect plans' cost sharing for non-COVID-19 in-network medical and mental health virtual visits through March 31, 2021.
- Waived cost sharing for in-network provider-platform primary care physician and specialist telemedicine visits (medical and mental health) through March 31, 2021.
- Waived prior authorization requirements for hospital interfacility transfers to lower levels of care until February 28, 2021.

GBP TexFlex Program

Consolidated Appropriations Act of 2021



Many employees made their Plan Year 2020 TexFlexSM benefit elections before the public health emergency and were unable to use their TexFlex benefits in the same manner as originally intended. With recent regulatory action, ERS implemented temporary provisions to address these challenges.

- The Consolidated Appropriations Act of 2021 (the Act), signed into law by the President on December 27, 2020, includes provisions that provide temporary relief for Healthcare FSAs and Dependent Care FSAs (DCFSA).
- As a result of this Act, on January 7, 2021, ERS took quick action and extended and expanded temporary relief to help participants. Plan amendments will be presented to the Board no later than December 2021. *Claims must be submitted for reimbursement by the regular filing deadlines.*
- For ERS, this includes the TexFlex healthcare FSA, the DCFSA and the limited purpose FSA (LPFSA).

GBP TexFlex Program



Consolidated Appropriations Act of 2021 cont.

Temporary relief available to participants:

- **Extended Carryover of Funds** – Employees can carryover all unused PY20 FSA funds including DCFSA (not limited to \$500) for use in PY21. This temporary rule will also allow for carryover of all unused PY21 FSA funds for use in PY22. *Note that unspent funds from a health care FSA cannot carry over to a dependent care FSA and vice versa.*
- **Expanded Spend-down Period** - Allows additional time for employees to spend unused FSA funds up to the amount contributed, even if an employee stopped participation or left employment without electing COBRA. This temporary rule will be in place during PY20 and PY21.
- **Expanded Dependent Care Eligibility** – A participant enrolled in a dependent care FSA whose child turned 13 during the pandemic has additional time to incur claims. If there are unspent funds in the dependent care FSA at the end of the plan year in which the child turns 13, the participant can continue to use those funds into the next plan year until the child turns age 14.
- **Mid-year Election Changes Continue**– IRS Notice 2020-29 allows for prospective changes without a QLE during the Calendar Year 2020. This is also extended through PY21.

Non-financial Performance Measures

Non-financial performance measures are provided in the following areas

- Network Performance
- Competiveness of Benefits
- Utilization of Benefits
- Participant Satisfaction with HealthSelect Plans
- AMP

HealthSelect Performance Measures

Network



Measure	Target	Current Period	Prior period
1) % of claims paid in network	>=90%	94.7%	94.3%
2) % Selecting a PCP	>=85%	88.3%	87.6%
3) Participant to PCP ratio	<=31.0	24.7	26.4
4) % of Participants with access standard met	>=85%	90.0%	89.5%
5) % of PCPs accepting new patients	>=90%	94.2%	94.0%
6) Satisfaction with network	85.0%	91.6%	86.9%

HealthSelect Performance Measures

Competiveness of Benefits



Measure	Benchmark*	Current Period	Prior period
1) Member Cost Share (MCS) as % of total cost	<=14.0%	12.0%	13.0%
2) Member contributions as a % of total cost	<=20.0%	16.0%	16.0%
3) MCS + member contributions as % of total cost	<=34.0%	28.0%	29.0%

*Benchmark - Willis Towers Watson 2020 Financial Benchmarks Survey, an annual survey of primarily large employers, comprised of 2,248 companies in 18 industry groups with fewer than 5% in public sector/education.

HealthSelect Performance Measures

Utilization

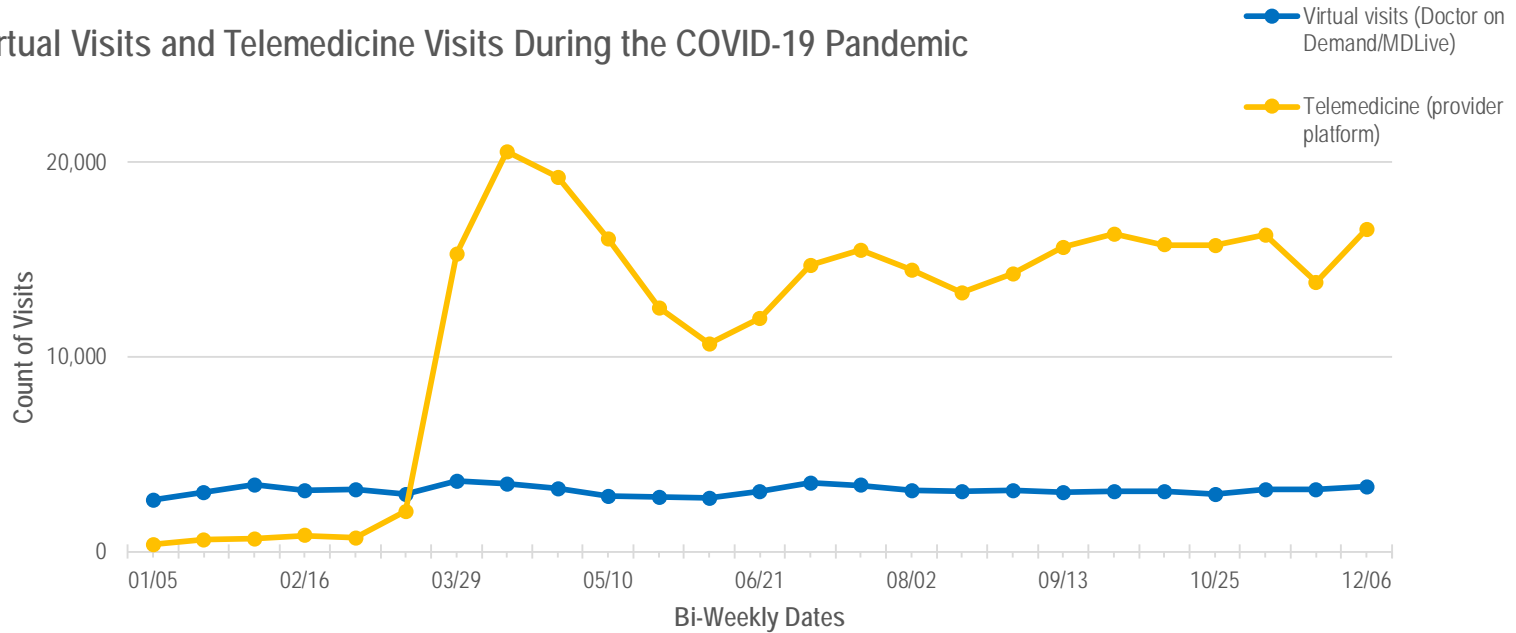


Measure	Target	Current Period	Prior period
1) Virtual Visit* Increase	$\geq 25.0\%$	75.0%	78.2%
3) Telemedicine** Visits	NA	202,540	3,372

*Virtual Visits are through Doctor on Demand and MD Live.

**Telemedicine visits are remote visits utilizing a provider platform.

Virtual Visits and Telemedicine Visits During the COVID-19 Pandemic



Legislative Update

Participant Satisfaction



Measure	Target	Current Period	Prior period
% Satisfied with the HealthSelect of Texas [®] and Consumer Directed HealthSelect SM plans offered by ERS	>=85.0%	84.9%	78.4%

HealthSelect Performance Measures

AMP



Measure	Benchmark*	Current Period	Prior period
1) Health Assessment Completion	$\geq 20.0\%$	2.02%	1.73%
2) Weight Management Program participation	$\geq 5.0\%$	0.92%	0.87%
3) Preventive visit completion	$\geq 70.0\%$	38.3%	42.8%

Questions?