

AGENDA ITEM DETAILS

Subject: Review of Compliance and Operational Updates Related to the Texas Employees Group Benefits Program

Background:

Texas Employees Group Benefits Program

The Employees Retirement System of Texas (ERS) manages health insurance benefits according to the Texas Employees Group Benefits Act as set forth in Chapter 1551 of the Tex. Ins. Code. The Texas Employees Group Benefits Program (GBP) is a cost-efficient program providing more than half a million public employees, retirees and eligible dependents with competitive, comprehensive insurance benefits.

The GBP offers:

- health insurance,
- prescription drug coverage,
- dental,
- vision,
- life insurance,
- accidental death and dismemberment insurance,
- short and long-term disability insurance coverages under the Texas Income Protection PlanSM (TIPP) and
- the TexFlexSM flexible spending account (FSA) program.

ERS serves as the trustee for the Employees Life, Accident, and Health Insurance Benefits Fund within the GBP.

Plan Management

As part of the program oversight, ERS:

- Ensures compliance with contract requirements, timeliness of performed services, and protection of financial interests;
- Works with contracted vendors to provide a plan with comprehensive benefit offerings, wellness programs, and educational tools and
- Evaluates the effectiveness and efficiency of GBP programs through data analytics, research and regular evaluation of best practices.

Each program has its own eligibility rules and processing requirements. This agenda item is specific to the health, prescription drug and certain optional coverages under the GBP as listed in the table below. Participants choosing to participate in the optional coverages do not receive employer funding to help cover the cost of those plans.

| Category | Group Benefit Plans | Description |
|--|---|---|
| Medical Plans | HealthSelect of Texas® | Network-based point-of-service plan available statewide Provides the highest level of benefits when network providers are used |
| | Consumer Directed HealthSelect SM | Statewide High-Deductible Health Plan (HDHP) |
| | Community First Health Plans | Regional Health Maintenance Organization (HMO) plans. |
| | Scott & White Care Plan | HMO plans ended on August 31, 2021 |
| | HealthSelect SM Medicare Advantage Plan PPO | Statewide Medicare Advantage Preferred Provider Organization (MA PPO). Default plan for retirees and family members enrolled in Medicare |
| | KelseyCare Advantage Medicare Health Maintenance Organization | Regional Medicare Advantage HMO (MA HMO) plan MA HMO plan ended on December 31, 2020. |
| Prescription Drug Plans | HealthSelect SM Prescription Drug Program | Prescription Drug Program (PDP) |
| | HealthSelect SM Medicare Rx | An Employer Medicare Part D Prescription Drug Employer Group Waiver Plan (EGWP) + Wrap. In general, the plan “wraps around” standard Part D drug benefits providing more comprehensive coverage to participants. |
| Sub-set of Optional Benefit Plans | State of Texas Dental Choice Plan SM | Dental Preferred Provider Organization (PPO) insurance |
| | Dental Health Maintenance Organization (DHMO) | Dental DHMO |
| | State of Texas Vision SM | Vision insurance |
| | Life insurance plans | Basic Term Life Insurance; Optional and Dependent term life insurance plans |
| | Accidental Death & Dismemberment (AD&D) | Voluntary AD&D insurance plan |

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|--|--|---|
| | Texas Income Protection Plan SM (TIPP) | Short-term and long-term disability insurance |
| | TexFlex SM flexible spending accounts (FSA) program | Flexible spending accounts |

Contracting and Vendor Performance Management

ERS provides access to competitive and comprehensive benefits by managing the GBP and optional benefits in a manner compliant with applicable regulations while offering the best value to members and participants. ERS manages this commitment through the development and administration of effective vendor contracts. Exhibit A provides an overview of the contract monitoring process.

Plan-Specific Updates

Exhibits B through E include plan-specific information, compliance information, key statistics and a compliance summary specific to medical plans, prescription drug programs, and a subset of voluntary benefit plans. This information provides the ERS Board of Trustees with a comprehensive and accurate performance report for each GBP plan and its corresponding contracted vendor. Overall contract compliance was very high within the program, and of the 14 vendors reviewed, two had no contractual performance issues and 10 had only minor or moderate issues. Each of the two remaining vendors experienced an emergency issue connected to file notifications; one related to a holiday weekend notification and the other due to the winter storm power outages last February.

Completed compliance reporting. The following GBP programs ended in FY21. Group Benefits has completed monthly compliance monitoring on the following programs.

- Commuter Spending Account (CSA): ERS Board terminated the CSA effective August 31, 2021, with a runout period ending December 31, 2021.
- MA HMO plan ended on December 31, 2020.
- HMO plans ended on August 31, 2021.

This is an information item only. No action is required.

ATTACHMENTS:

1. Exhibit A – Group Benefits Division Plan Manager Contract Monitoring Overview
2. Exhibit B – GBP Medical Plans Updates and Compliance Overview
3. Exhibit C – GBP Prescription Drug Plans Updates and Compliance Overview
4. Exhibit D – Sub-set of GBP Optional Plans Updates and Compliance Overview
5. Exhibit E – GBP Enrollment Information
6. Slides – GBP Compliance and Operational Update