

## Public Agenda Item #3

*Consideration of Proposed Fiscal Year 2024 Rates for  
HealthSelect of Texas<sup>®</sup> and Consumer Directed HealthSelect<sup>SM</sup>  
Plans - (**Action**)*

May 17, 2023

Diana Kongevick, Director of Group Benefits  
Blaise Duran, FSA, Actuarial and Reporting Services, Group Benefits  
Phil Dial, Rudd and Wisdom, Inc.

- Contributions from employers and enrolled members fund HealthSelect plan costs.
- Legislative appropriation determines State contributions.
- The State currently pays:
  - 100% of the contribution rate for eligible full-time employees
  - Up to 100% of the contribution rate for retirees based on benefits-eligible years of service and year of retirement
  - 50% of the contribution rate for eligible dependents enrolled in HealthSelect of Texas.
- State contributions are the same for employees and retirees enrolled in HealthSelect of Texas, Consumer Directed HealthSelect and HealthSelect Medicare Advantage.

# HealthSelect Plans

## *PY24 Contribution Rate Analysis*



- The Actuarial and Reporting Services unit and consulting actuary analyzed the critical factors listed below.
  - revenue requirements
  - state funding as determined in the state budget each biennium
  - historical enrollment
  - claims experience
  - projected contingency fund balance
  - cost containment practices
  - funding for basic life and accidental death and dismemberment coverages
- No contribution change recommended for PY24.

# HealthSelect Plans

## *Notable Plan Changes*



By approving PY24 contribution rates, the Board of Trustees also approves notable changes described below.

- Test strips and diabetic supplies
  - Test strips and diabetic supplies were covered at the retail pharmacy beginning September 1, 2021.
  - Effective September 1, 2023, test strips will no longer be available through the medical plan's durable medical equipment benefit (unless insulin pump or CGM). Participants will obtain through the pharmacy benefit only.
- Continuous Glucose Monitors (CGMs)
  - Effective January 1, 2024, the prescription drug plan will also cover certain CGMs at the retail pharmacy (currently available only through the medical plan).

- Weight loss medications
  - The prescription drug plan will continue coverage of glucagon-like peptide-1 (GLP-1) medications for the treatment of Type 2 Diabetes.
  - The plan will maintain its existing exclusion for weight loss medications and continue to monitor.
- Bariatric surgery
  - The benefit is required to be cost-neutral and statute defines eligibility.
  - The plan is modernizing certain pre-requisites to aid in effective plan administration.

## *Projected Trends*

- COVID-19 related costs appear to have stabilized and are expected to add \$41.9 million to total cost in PY23. Going forward, trend is expected to be consistent with historic trend.
- 6.9% - PY24 projected medical and prescription drug trend (combined)
  - 5.6% Medical benefit cost trend
  - 10.0% Prescription drug trend

# HealthSelect Plans

## *Consumer Directed HealthSelect*



- By statute, the Consumer Directed HealthSelect plan is required to be revenue neutral. Plan design assumptions were developed to meet this requirement.
- The original pricing assumptions were based on projected 3% enrollment. Current enrollment is at 1.4%. To develop rates, ERS continued its original pricing assumptions.

# HealthSelect

## Proposed PY24 Rates



	HealthSelect of Texas Proposed Monthly Contribution Rates Plan Year 2024			
	Total Contribution	State Pays	Member Pays	Change in Member Monthly Contribution
<b>Member Only</b>	\$ 622.60	\$ 622.60	\$ 0.00	\$ 0.00
<b>Member &amp; Spouse</b>	1,338.60	980.60	358.00	0.00
<b>Member &amp; Child(ren)</b>	1,102.00	862.30	239.70	0.00
<b>Member &amp; Family</b>	1,818.00	1,220.30	597.70	0.00



# Consumer Directed HealthSelect

## Proposed PY24 Rates



**HealthSelect of Texas  
Proposed Monthly Contribution Rates  
Plan Year 2024**

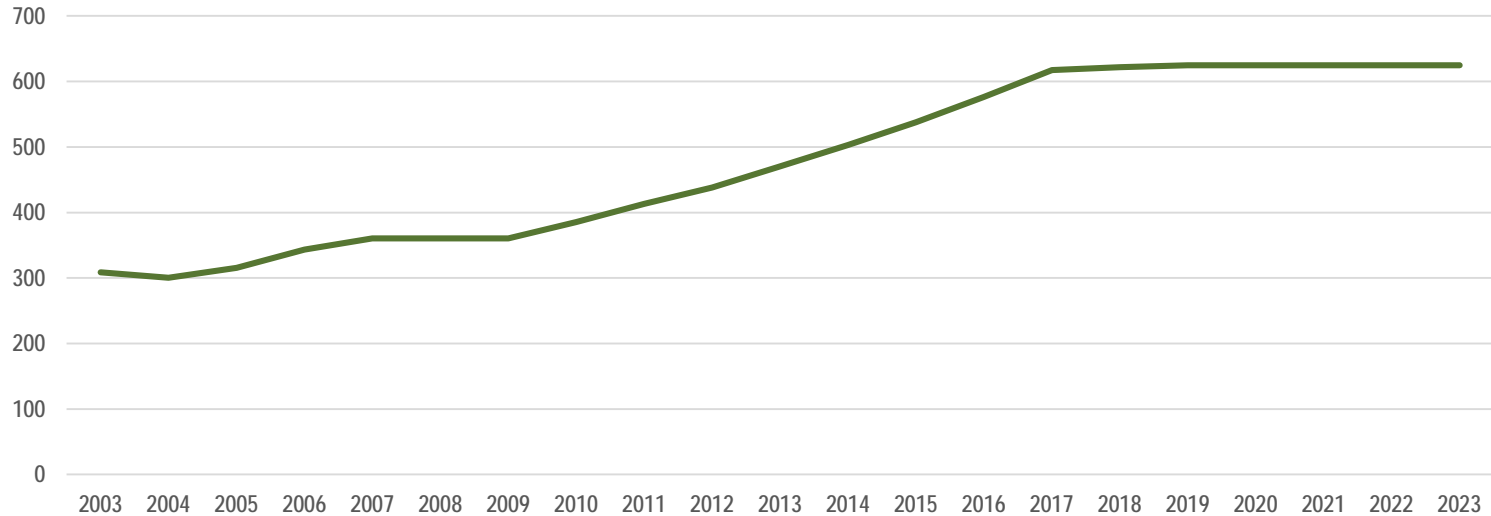
	<b>Total Contribution</b>	<b>State Pays</b>	<b>Member Pays</b>	<b>Change in Member Monthly Contribution</b>
<b>Member Only</b>	\$ 622.60	\$ 622.60	\$ 0.00	\$ 0.00
<b>Member &amp; Spouse</b>	1,302.80	980.60	322.20	0.00
<b>Member &amp; Child(ren)</b>	1,078.02	862.30	215.72	0.00
<b>Member &amp; Family</b>	1,758.22	1,220.30	537.92	0.00

# HealthSelect Plans

## HealthSelect Contribution Rate History



Member Only Coverage Contribution History



Discussion  
Action Item