

AGENDA ITEM DETAILS

Subject: Review and Discussion of the Texas Employees Group Benefits Program (GBP) Update

Texas Employees Group Benefits Program (GBP) Health Plans Financial Review - FY19 medical and pharmacy trend was better than expected at 3.5% and 7.2% respectively. The combined medical and pharmacy trend was 4.5%. This experience is better than previously presented at the December 2019 board meeting due to fewer run out claims than initially projected. Run out claims are those incurred during FY19 and paid on or after September 1, 2019.

The plan continues to see favorable experience through the first part of FY20. Currently, medical trend is estimated to be slightly higher than average at 6.1%. However, pharmacy trend is expected to continue at 8.4%, less than historical norms. This low pharmacy trend is caused by a number of factors including low utilization and price trend, as well as an increase in Generic Dispensing Rate (GDR). The FY20 combined medical and pharmacy trend is projected to be 6.7%.

HEALTHSELECT PERFORMANCE MEASURES – At the August 2019 meeting of the ERS Board of Trustees, ERS Internal Audit presented findings that performance measures are not established to evaluate and monitor HealthSelect of Texas® non-financial effectiveness. Internal Audit recommended establishing performance measures for key performance areas and periodically communicating those performance measures to the Board.

As a result of that recommendation, Group Benefits staff developed performance measures for key HealthSelect of Texas non-financial medical plan performance areas and that information is shown below. The performance measures include network performance, competitiveness of benefits, utilization of benefits, and participant satisfaction with the health plan. Group Benefits staff will update and adjust these measures during regular evaluations, and report to the Board on a regular basis. Staff request feedback from the Board regarding the use of these key measures, or any additional performance measures the Board would like to see.

While the performance measures established are specific to HealthSelect of Texas and Consumer Directed HealthSelectSM medical plans, future enhancements will include performance measures for additional plans offered under the GBP. Currently, planned enhancements include performance measures and reporting for:

1. Grievances and appeals
2. Behavioral health network
3. Prescription drug plan
4. Optional benefit plans

1. Network Performance Measures – Current Period FY19 (unless otherwise noted)

Measure	Benchmark	Current Period	Prior period
1) % of FY19 claims paid to a network provider	≥90%	94.8%	93.8%
2) % Selecting a PCP	≥85%	87.6%	86.4%
3) participant to PCP ratio	≤30.5	29.4	31.2
4) % of Participants with access standard met	≥85%	89.5%	88.6%
5) % of PCPs accepting new patients	≥90%	94%	N/A
6) Satisfaction with network	≥85.0%	86.9%	86.3%

1. The number of claims paid to a network provider divided by the total number of claims. This measure excludes Medicare primary claims. The benchmark is defined as greater than or equal to 90% and is based on historical plan performance. Current period is FY19.
2. Percentage of participants who have designated a PCP on file with BCBSTX. This measure includes HealthSelect In-Area participants only. Benchmark is defined as greater than or equal to 85% and is based on historical plan performance. Current period is as of January 31, 2020.
3. The total number of HealthSelect participants residing in Texas divided by the total number of available in-network PCPs. The statewide average benchmark is greater than or equal to the BCBS PPO network. This is also compared to CMS standards at the county level to ensure minimum access standards are met. The current period is as of January 31, 2020.
4. The percentage of HealthSelect participants who reside in Texas and who meet the access standard. The access standard is defined as two PCPs in 15 miles, one Hospital in 15 miles. The benchmark is defined as greater than or equal to 85% which is based on historical access requirements. The current period is at January 31, 2020.
5. Percentage of network PCPs who are accepting new patients. The benchmark is defined as greater than or equal to 90% in order to ensure that the network is open to new patients. The current period is at December 31, 2019.
6. Percentage of participants who indicate they are satisfied with the HealthSelect network based on BCBSTX satisfaction survey results. The benchmark is defined as greater than or equal to 85% of participants responding that they are satisfied. This aligns with contractual performance guarantees. Current period is FY19.

2. Competiveness of Benefit Measures – Current Period FY19

Measure	Benchmark*	Current Period	Prior period
1) Member Cost Share (MCS) as % of total cost	≤14.0%	14.0%	15.0%
2) Member contributions as a % of total cost	≤20.0%	17.0%	17.0%
3) MCS + member contributions as % of total cost	≤34.0%	31.0%	32.0%

1. Member Cost Share (MCS) as a percentage of the total cost health benefits. Member Cost Share is the patient's out of pocket costs for benefits received. This includes copay, coinsurance, and deductible but does not include contributions.
2. Member contributions as a percentage of total contributions.
3. MCS plus member contributions as a percentage of total cost.

*Benchmark - Willis Towers Watson 2019 Financial Benchmarks Survey, an annual survey of primarily large private employers, comprised of 2,248 companies in 18 industry groups with fewer than 5% in public sector/education.

3. Utilization Measures – Current Period FY19

Measure	Benchmark	Current Period	Prior period
1) Virtual Visit Increase	≥25.0%	78.2%	464.2%
with annual wellness visit	≥70.0%	41.0%	40.1%

1. The percent increase in virtual visits as compared to the previous year. This includes virtual visits with a behavioral health provider. When growth falls below 25%, utilization will be evaluated to determine if it is appropriate to implement strategies to increase utilization.
2. Percentage of HealthSelect participants who had an annual preventive wellness visit. The benchmark was set at 70% to align with targeted wellness goals.

4. Measure of Participant Satisfaction with the HealthSelect Plans - Current Period FY19

Measure	Benchmark	Current Period	Prior period
% Satisfied with the HealthSelect of Texas and Consumer Directed HealthSelect plans offered by ERS	≥85.0%	78.4%	78.8%

1. The percentage of HealthSelect participants responding as being satisfied with the HealthSelect of Texas or Consumer Directed HealthSelect medical plans offered by ERS. Measured by BCBSTX as part of the quarterly participant satisfaction surveys. (This measure reflects satisfaction with the medical plans, not satisfaction with a specific TPA.)

BACKGROUND:

Medical

The GBP offers a choice of health insurance programs to state employees, retirees, and their eligible dependents. HealthSelect of Texas is the self-funded Point of Service health benefit plan and has the largest enrollment of all GBP plans. HealthSelect of Texas offers medical and prescription coverage throughout Texas and the United States. Approximately 81% of GBP health plan participants are enrolled in HealthSelect of Texas.

The remaining 19% of participants are enrolled in either:

1. A Medicare Advantage plan (HealthSelect Medicare Advantage Plan, a preferred provider organization (MA PPO) or KelseyCare Advantage Medicare health maintenance organization (MA HMO) or
2. One of the two fully-insured HMO plans (Community First Health Plans or Scott and White Health Plan)

Prescription Drug Benefits

HealthSelect of Texas, Consumer Directed HealthSelect and the HMOs include both medical and prescription drug benefits. HealthSelect MA PPO and the MA HMO provide medical benefits only. HealthSelect MA PPO and MA HMO participants receive prescription drug benefits through HealthSelect Medicare Rx, which provides self-funded prescription drug coverage for all enrolled Medicare-primary participants.

Contributions

HealthSelect plan benefits are funded by contributions paid by enrolled employees and retirees (members) and by the State of Texas and other participating employers through the biennial legislative appropriation and various sources of local funds. The state and participating employers currently pay

100% of the contributions for member coverage and 50% of the contribution for dependent coverage. The ERS Board of Trustees sets the annual contribution rates based on the projected cost of coverage, member cost sharing, projected expenses, provider reimbursement arrangements, and available funding from the State of Texas.

ERS pays premiums in exchange for a full transfer of risk for the fully-insured HMO, HealthSelect MA PPO and MA HMO plans. These plans cannot be offered unless they provide a lower cost alternative to the HealthSelect plan. The HealthSelect of Texas Prescription Drug Program and HealthSelect Medicare Prescription Rx Plan, offered along with the applicable fully-insured plan, are both self-funded.

This agenda item is provided for informational and discussion purposes only and no action is required.