



Public Agenda Item #27

*Review, Discussion and Consideration of Proposed Rates for HealthSelect of Texas and Consumer Directed HealthSelect Plans with rates inclusive of plan changes - (**Action**)*

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HealthSelect Plans



- HealthSelectSM plan costs are funded by contributions paid by employers and enrolled members.
- State contributions are determined based on legislative appropriation.
- The State currently pays 100% of the contribution rate for eligible full-time employees and retirees, and 50% of the contribution rate for eligible dependents.
- State contributions are the same for HealthSelect of Texas®, Consumer Directed HealthSelect and HealthSelect Medicare Advantage.

HealthSelect Plans

FY21 contribution rate analysis



- The Actuarial and Reporting Services unit and consulting actuary analyzed the following critical factors:
 - revenue requirements;
 - state funding;
 - historical enrollment;
 - claims experience;
 - projected contingency fund balance;
 - cost containment practices;
 - the impact of participating Health Maintenance Organizations and funding for basic life and accidental death and dismemberment coverages.

HealthSelect Plans

FY21 contribution rate analysis (continued)



- FY20 combined medical and prescription drug trend is estimated at 6.3%.
 - Medical benefit cost trend is anticipated to be approximately 6.1% in FY20.
 - Prescription drug trend is estimated to be 6.9% through the remainder of FY20.
- FY21 combined trend is expected to be consistent with historic trend levels at approximately 6.8%

HealthSelect Plans

COVID-19 Impact



- HealthSelect plans will see increased costs due to treatment of COVID-19. Increased testing rates will lead to increased costs as well.
- Utilization reductions due to social distances will decrease costs in the short term. Some, but not all, of these services will be made up at a later date.
- Any increase in costs due to the pandemic will be absorbed by the plan.

HealthSelect Plans

Plan Changes



- ERS is implanting several changes for FY21.
 - Changes due to COVID-19
 - HealthSelectShoppERSSM
 - Certain diabetic supplies offered at no cost to member through pharmacy.
- These changes are not expected to have a significant impact on plan costs for FY21.

HealthSelect Plans

Medical Loss Ratio



- Two HMOs recently made Medical Loss Ratio payments to ERS, as required by the Affordable Care Act, totaling about \$3 million.
- ERS is required to distribute to members the portion of the rebate consistent with the portion of the premium paid by members during the period for which the rebates are required

HealthSelect Plans

Consumer Directed HealthSelect



- By statute, the Consumer Directed HealthSelect plan is required to be revenue neutral. Assumptions were developed for the plan design to meet this requirement.
- The original pricing assumptions were based on projected 3% enrollment. Current enrollment is at 0.5%. Therefore, to develop rates, ERS continued its original pricing assumptions.

HealthSelect

Proposed FY 21 rates



	HealthSelect of Texas Proposed Monthly Contribution Rates Fiscal Year 2021			
	Total Contribution	State Pays	Member Pays	Change in Members Monthly Contribution
Member Only	\$ 622.60	\$ 622.60	\$ 0.00	\$ 0.00
Member & Spouse	1,337.68	980.14	357.54	(0.46)
Member & Child(ren)	1,101.36	861.98	239.38	(0.32)
Member & Family	1,816.44	1,219.52	596.92	(0.78)

Consumer Directed HealthSelect

Proposed FY 21 rates



	HealthSelect of Texas Proposed Monthly Contribution Rates Fiscal Year 2021			
	Total Contribution	State Pays	Member Pays	Change in Members Monthly Contribution
Member Only	\$ 622.60	\$ 622.60	\$ 0.00	\$ 0.00
Member & Spouse	1,301.94	980.14	321.80	(0.40)
Member & Child(ren)	1,077.42	861.98	215.44	(0.28)
Member & Family	1,756.76	1,219.52	537.24	(0.68)

Questions?
Action Item