



A Turn For The Better

Hobson D. Carroll, FSA, MAAA

Actuary

Hobson.Carroll@90DegreeBenefits.com

August 29, 2020

Mr. Brian Guthrie

TRS Executive Director

Comparability Report Teacher Retirement System of Texas

1000 Red River Street

Austin, TX 78701-2698

Re: Texas Schools Health Benefits Program (TSHBP) Comparability with TRSAC Aetna Signature Copay Plan

Dear Mr. Guthrie:

Background

Per Section 22.004 of the Education Code, Texas school districts that do not participate in the Texas Retirement System (TRS) are required to report in even-numbered years if their plans are comparable to the TRS Active Care plans. I have been requested by the TSHBP to perform this analysis as it relates to the overall benefit plan comparability.

There are several criteria that must be compared and considered:

1. The deductible amount for service provided inside and outside of the network.
2. The coinsurance percentages for service provided inside and outside the network.
3. The maximum amount of coinsurance payments a covered person is required to pay.
4. The amount of the copayment for an office visit.
5. The schedule of benefits and the scope of coverage.
6. The lifetime maximum benefit amount.
7. Verification that the coverage is issued by a provider licensed to do business in this state by the Texas Department of Insurance or is provided by a risk pool authorized under Chapter 172, Local Government Code, or that a district is capable of covering the assumed liabilities in the case of coverage provided through district self-insurance.

Methodology

To satisfy requirements 1-6, I compared the TSHBP Copay Plan to the TRSAC Aetna Signature Copay Plan using plan relativity analysis. Plan relativity compares overall benefits from one plan design to another. In the past TRS has required one plan to have a value that is at least 95% (within 5%) of the Active Care Plan value to be considered a viable alternative, or comparable.

I performed the overall benefit analysis (which considerations include the factors 1-6 of the requirements as primary components) utilizing publicly available actuarial value calculators in conjunction with internal 90 Degree Benefit rating models to assess the value of the TSHBP Copay Plan with a presumed 1.00 starting value for the TRSAC Aetna Signature Copay Plan as these were similar in structure for such comparison. The TRSAC plan has a \$2,000 deductible and a primary 25% coinsurance level of benefits for facility and testing benefits, while the plan has applicable copays only. There are also various office visit copay differences and differences in coverage and cost-sharing for the Rx benefits. Overall, the resulting estimated plan value of the TSHBP plan is approximately +2.3% above the TRSAC Aetna Signature plan.

Results and Conclusion

The result of the plan relativity comparison is shown below:

<u>Plan</u>	<u>Plan Value</u>
TRSAC Aetna Signature Copay Plan	1.000
TSHBP Copay Plan	1.023

My conclusion is that the overall value of the TSHBP Copay Plan is within 5% of the TRSAC Aetna Signature Plan value, and therefore that TSHBP is compliant with Section 22.004 requirements 1-6.

Sincerely,



Hobson D. Carroll, FSA, MAAA
Actuary – National Resource
90 Degree Benefits