



Better Healthcare. Don't Believe Me? Just Watch!

How One District Revolutionized Healthcare for Schools

txEDCON TASA/TASB Convention

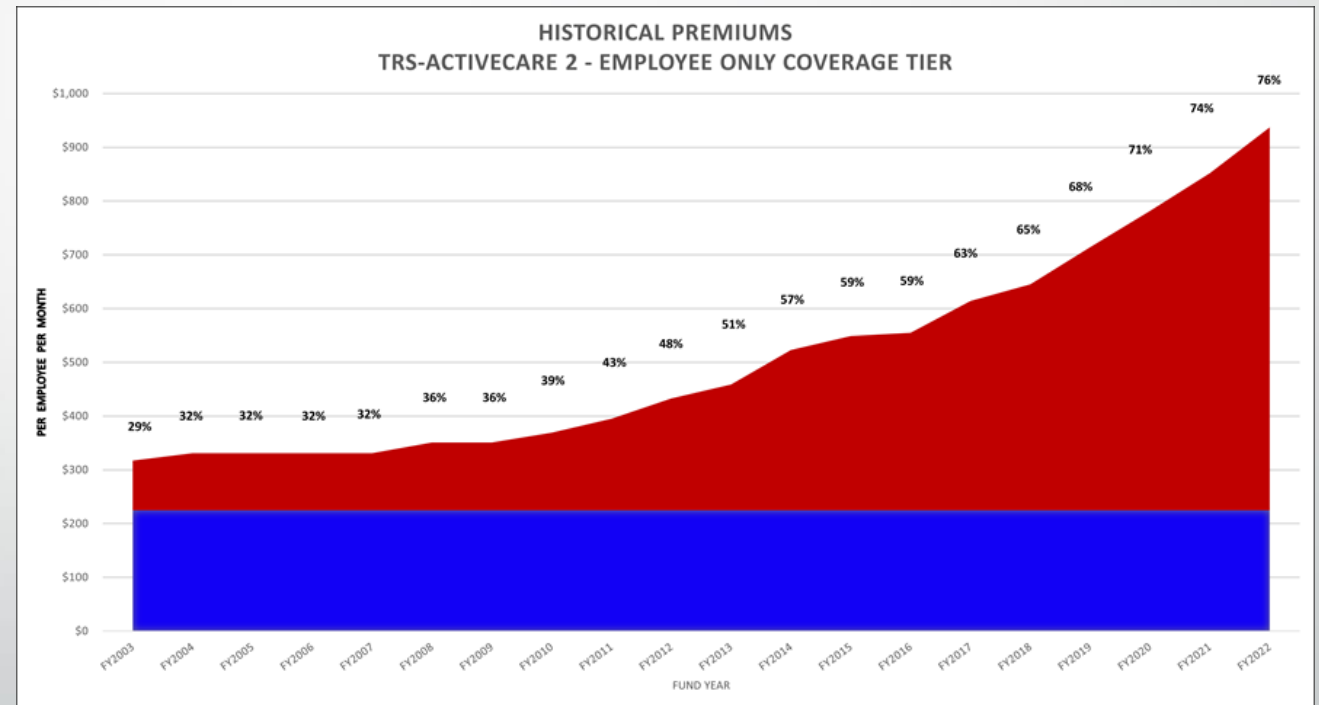
Ballroom D3, East Fork

10:15 – 11:15 am

September 24, 2021

Why challenge TRS ActiveCare?

- Increasing Premiums
- Decreasing Benefits
- 1/3 of RISD employees were uninsured

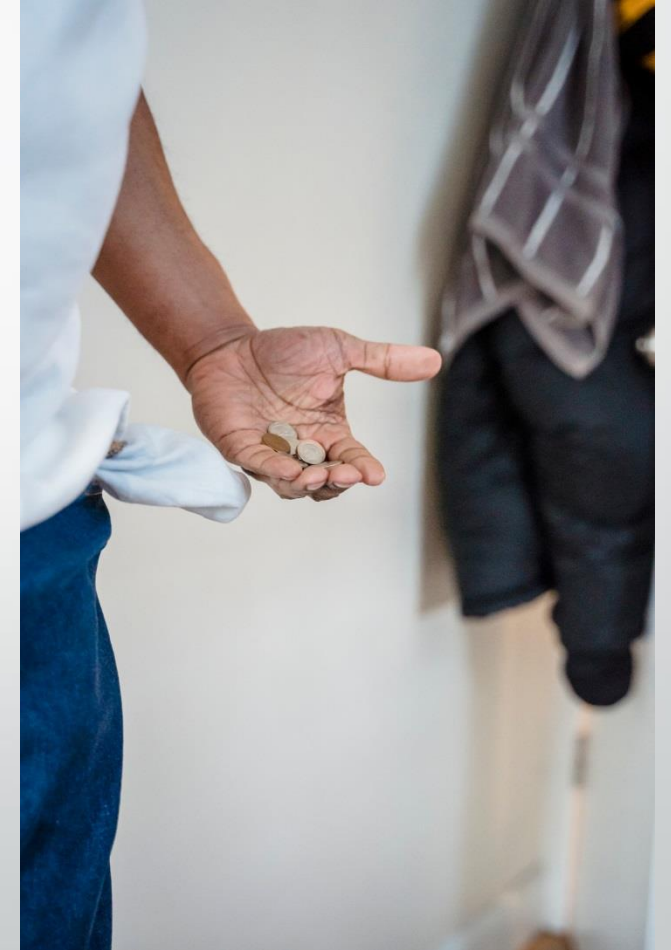


Overview

- How did Raymondville ISD become the first Texas school district to offer an alternative to TRS ActiveCare Group Health?
- What is driving increases in the cost of Group Health Coverage?
- How do Raymondville ISD's strategies control the cost of healthcare?

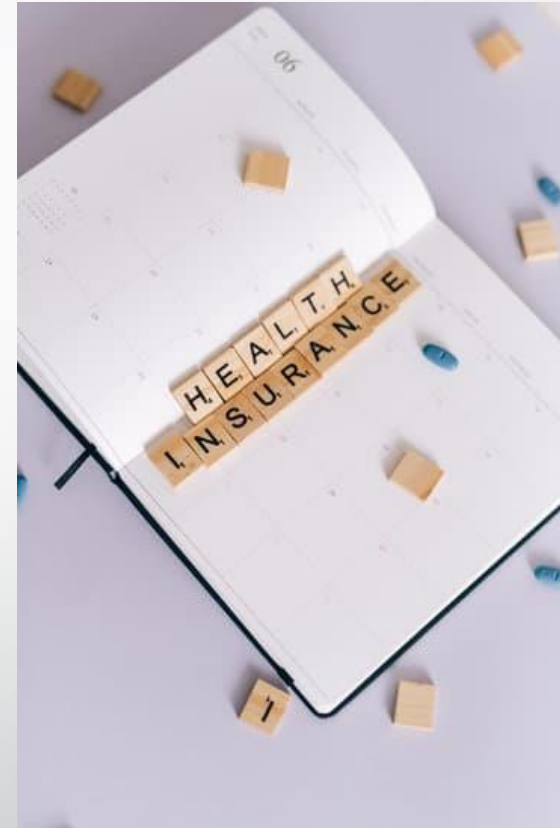
“If I got a raise, why am I making less money?”

- New Superintendent July 2017
- 2017 Tax Ratification Election
- 90% affirmative vote
- RISD focused on improving employee compensation
- TRS ActiveCare rate increases
- Raymondville ISD 2018 end of year ceremony
- Consultation with Legal Counsel



Creation of TRS ActiveCare

- In 2018, 90% of school districts used TRS ActiveCare (1,088 entities)
- TRS ActiveCare created in 2001 – Texas School Employees Uniform Group Health Coverage (HB 3343)
- TEC §22.004 (2002) precluded school districts that participated in TRS ActiveCare from offering alternative group health insurance plans and prevented schools from discontinuing TRS ActiveCare once they began to offer it
- Texas Insurance Code Chapter 1579 (2003) required school districts with fewer than 500 employees to participate in TRS ActiveCare



District of Innovation

9/11/2018 - 11/13/2018

- House Bill (HB) 1842, passed during the 84th Legislative Session, permits Texas public school districts to become Districts of Innovation and to obtain exemption from certain provisions of the Texas Education Code.
- On September 11, 2018, the Raymondville Independent School District's Board of Trustees passed a Resolution to explore the development of a District of Innovation Plan to increase local control over District operations and to support innovation and local initiatives.
- Preclusion from Exiting Uniform Group Coverage Program Established under Chapter 1579, Insurance Code.
 - Exemption from: TEC §22.004(i)
 - TEC §22.004 (i) states that a school district may not make group health coverage available to its employees pursuant to TEC 22.004(b) after the date a District implements the program of coverages provided under Chapter 1579 of the Texas Insurance Code.

Raymondville ISD Partnership Plan

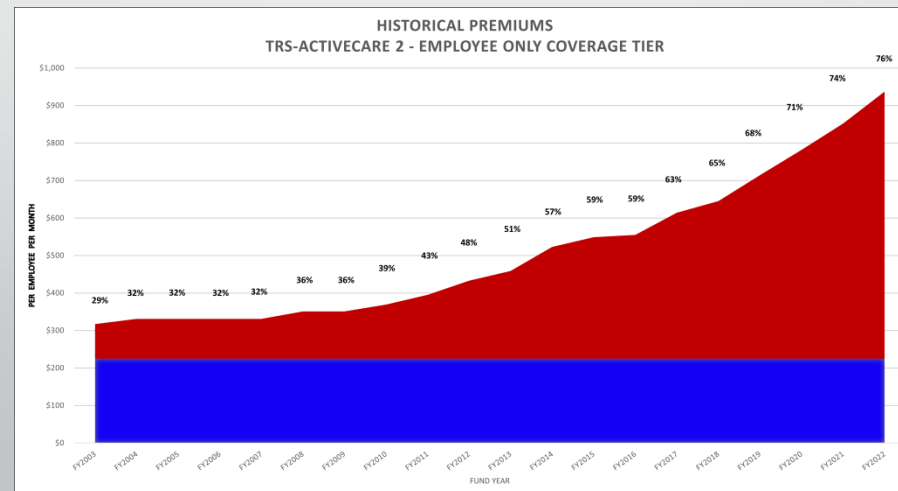
- Board Authorizes Superintendent to manage Health Insurance Program
- Legal Counsel
- South Texas Health Cooperative (STHC)
- Consultant
- Independent Risk Manager
- Assessing risk without claims data
- Underwriting stop-loss coverage, aggregate coverage
- Third Party Administrator
- Pharmacy Benefits Manager
- Cash pay adjudicator

SB 1444

- Allows school districts to enter or leave TRS ActiveCare
- Districts wanting to change to a different provider or to join TRS ActiveCare can do so beginning September 1, 2022. Must provide written notice by December 31, 2021
- Employers that choose to continue offering TRS-ActiveCare will no longer be able to offer employees other medical plans
- If you leave TRS-ActiveCare you must remain out of TRS-ActiveCare for at least a five-year period before you can rejoin.
- Claim data reporting available to districts since August 16th
- Data provided is limited

TRS ActiveCare and the Problem of Cost

- State contributes to the district \$75 per month per employee. School districts must contribute a minimum of \$150 per month per employee
- In the beginning, the \$225 contribution allowed for an anticipated TRS basic plan of a \$0 premium for employee-only coverage. This meant a Texas public school district employee could receive TRS's basic plan without any individual cost and be covered.
- Over time, TRS plans have changed, premiums increased, and benefits decreased.
- Most active employees, approximately 274,307 individuals, have moved into a high deductible plan
- With unchanged funding since FY 2003, most premium increases have been passed on to the employee
- As a result, in fiscal year 2019, TRS estimated that employees paid for 46.2% of the total premium. After including cost sharing, employees paid for approximately 60% of their medical and pharmacy costs in fiscal year 2019.



Skyrocketing Expense of Healthcare

- In the past 20 years, national health spending more than doubled, and inflation-adjusted per-capita health expenditures are six times greater than in 1970
- In 2018, the United States spent \$3.6 trillion, or \$11,172 per person on health expenditures, and health expenditures continued to increase by 4.6%
- United States' health expenditures were nearly double what other industrialized nations spent, but utilization rates were about the same.
- Employers have shared the rising cost of healthcare with their employees, increasing premiums by 55% and increasing deductibles by 212% from 2008 to 2018.

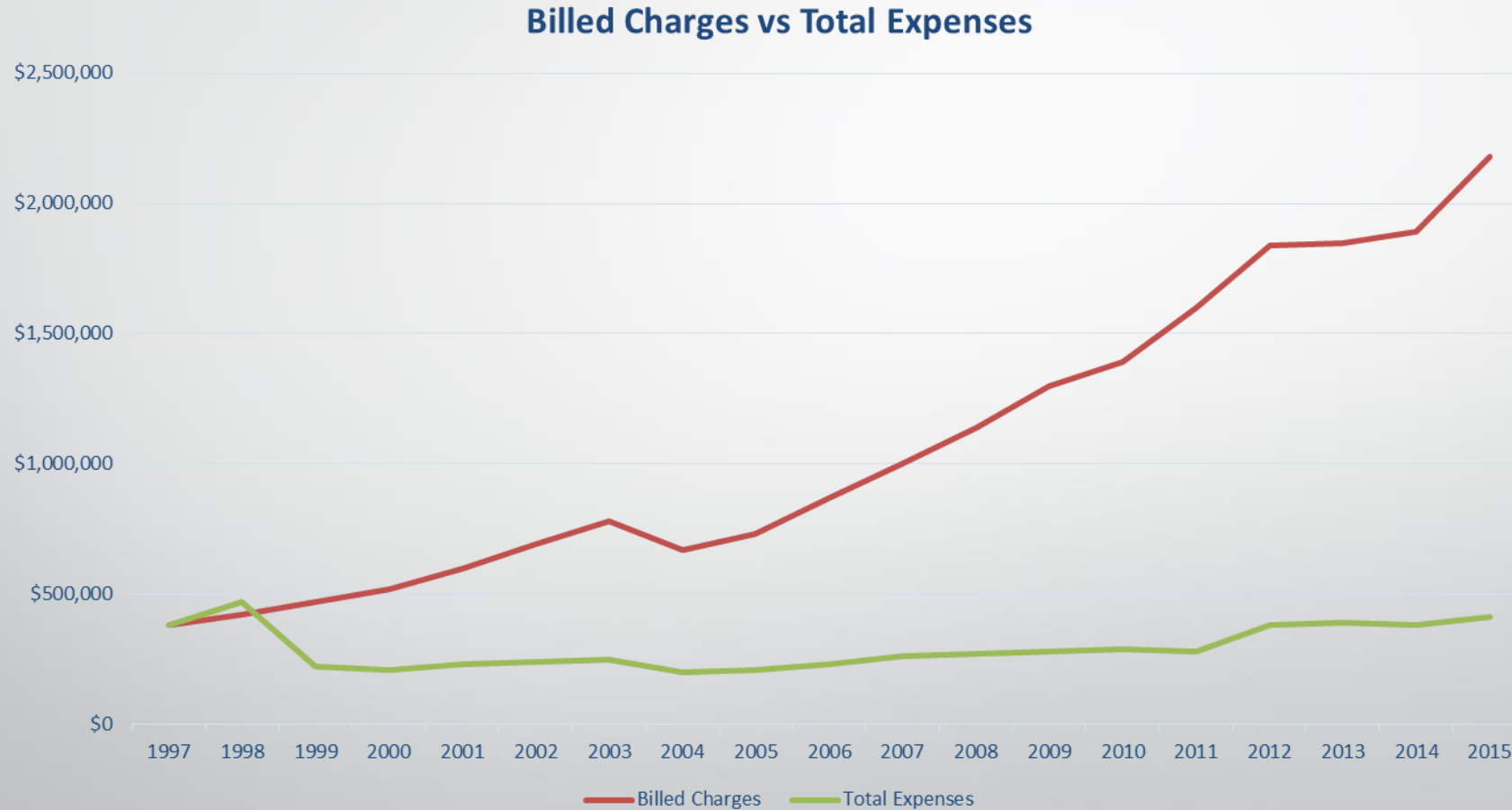
Pricing Failure

- The United States healthcare system fails to provide reasonable, standard costs that are transparent
- Prices vary widely for insured customers versus customers or patients paying fees directly for medical services, and across hospitals and other health care service providers located in different states and regions
- Cash prices for common medical procedures have remained relatively stable, while prices for insured customers have varied widely and steadily increased
- Surprise cost items on medical bills (lab work, facility charges, imaging tests)
- “Behind the scenes” services may be out-of-network or not covered by a patient’s plan

Hospital Chargemaster

- Documented list that contains all the hospital's billable services and items to a patient or a patient's health insurance provider
- Includes medical procedures and services, equipment fees and room charges, prescription drugs, and diagnostic tests conducted at the hospital
- Hospital has sole discretion in setting chargemaster prices
- Until recently, pricing was not available for review
- Even after a Department of Health and Human Services (HHS) mandate led many hospitals to publicize their chargemaster, the lists were too complicated for most health care consumers to understand.
- This becomes even more problematic for patients since they do not choose the services

Billed Charges vs Total Expenses "The Truth"



*created by the Boon Group with data from CMS cost reports

Managed Care Contracts (think PPO/HMO)

- When insurers have contracts with hospitals, payment for service is usually set as or as a percent of all hospital charges
- Confidential Contracts Between Providers & Third-Party Intermediaries
- Insurance carriers limit data they provide to employers, including the amount the carrier pays to providers.
- This lack of transparency makes it difficult for employers to know how much of the payment goes to the provider, and how much the insurance carrier or third-party administrator is keeping



Cost Drivers, Not Cost Savers

- Insurers boast Statewide Network
- Contracts Contain:
 - Audit Restrictions
 - Outlier Provisions
 - Annual Escalator Clause
 - Charge Based Reimbursement
- On average, private insurance pays nearly three times Medicare rates for outpatient care
- Insurers' work focuses on the discounting of the price, and the higher the prices, the more money insurers will make in discounting.



TRS ActiveCare Savings

- “The size of TRS’ membership also enables TRS to negotiate larger discounts with providers. In fiscal year 2018, providers submitted \$12.5 billion in charges. TRS reduced the cost of care by \$5.2 billion by negotiating lower prices with providers through its third-party administrators.” – Teacher Retirement System of Texas Self-Evaluation Report
- This equals to a 58% PPO discount



2021-22 TRS-ActiveCare Plan Highlights Sept. 1, 2021 – Aug. 31, 2022



This plan is closed and not accepting new enrollees. If you're currently enrolled in TRS-ActiveCare 2, you can remain in this plan.

How to Calculate Your Monthly Premium

- Total Monthly Premium
- Your District and State Contributions

- Your Premium

Ask your Benefits Administrator for your district's premiums.

Wellness Benefits at No Extra Cost

Being healthy is easy with:

- \$0 preventive care
- 24/7 customer service
- One-on-one health coaches
- Weight loss programs
- Nutrition programs
- Ovia® pregnancy support
- TRS Virtual Health
- Mental health support
- And much more!

Available for all plans.
See your Benefits Booklet for more details.

Things to Know

- TRS's Texas-sized purchasing power creates broad networks without county boundaries.
- Specialty drug insurance means you're covered, no matter what life throws at you.

All TRS-ActiveCare participants have **three plan options**. Each includes a wide range of wellness benefits.

	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD
Plan summary	<ul style="list-style-type: none"> • Lowest premium of the plans • Copays for doctor visits before you meet deductible • Statewide network • PCP referrals required to see specialists • Not compatible with a health savings account (HSA) • No out-of-network coverage 	<ul style="list-style-type: none"> • Lower deductible than the HD and Primary plans • Copays for many services and drugs • Higher premium than the other plans • Statewide network • PCP referrals required to see specialists • Not compatible with a health savings account (HSA) • No out-of-network coverage 	<ul style="list-style-type: none"> • Compatible with a health savings account (HSA) • Nationwide network with out-of-network coverage • No requirement for PCPs or referrals • Must meet your deductible before plan pays for non-preventive care

Monthly Premiums	Total Premium	Your Premium	Total Premium	Your Premium	Total Premium	Your Premium
Employee Only	\$417	\$	\$542	\$	\$429	\$
Employee and Spouse	\$1,176	\$	\$1,334	\$	\$1,209	\$
Employee and Children	\$751	\$	\$879	\$	\$772	\$
Employee and Family	\$1,405	\$	\$1,675	\$	\$1,445	\$

Plan Features	In-Network Coverage Only	In-Network Coverage Only	In-Network	Out-of-Network
Individual/Family Deductible	\$2,500/\$5,000	\$1,200/\$3,600	\$3,000/\$6,000	\$5,500/\$11,000
Coinsurance	You pay 30% after deductible	You pay 20% after deductible	You pay 30% after deductible	You pay 50% after deductible
Individual/Family Maximum Out-of-Pocket	\$8,150/\$16,300	\$6,900/\$13,800	\$7,000/\$14,000	\$20,250/\$40,500
Network	Statewide Network	Statewide Network	Nationwide Network	
Primary Care Provider (PCP) Required	Yes	Yes	No	

Doctor Visits				
Primary Care	\$30 copay	\$30 copay	You pay 30% after deductible	You pay 50% after deductible
Specialist	\$70 copay	\$70 copay	You pay 30% after deductible	You pay 50% after deductible
TRS Virtual Health	\$0 per consultation	\$0 per consultation	\$30 per consultation	

Immediate Care				
Urgent Care	\$50 copay	\$50 copay	You pay 30% after deductible	You pay 50% after deductible
Emergency Care	You pay 30% after deductible	You pay 20% after deductible	You pay 30% after deductible	
TRS Virtual Health	\$0 per consultation	\$0 per consultation	\$30 per consultation	

Prescription Drugs				
Drug Deductible	Integrated with medical	\$200 brand deductible	Integrated with medical	
Generics (30-Day Supply/90-Day Supply)	\$15/\$45 copay; \$0 for certain generics	\$15/\$45 copay	You pay 20% after deductible; \$0 for certain generics	
Preferred Brand	You pay 30% after deductible	You pay 25% after deductible	You pay 25% after deductible	
Non-preferred Brand	You pay 50% after deductible	You pay 50% after deductible	You pay 50% after deductible	
Specialty	You pay 30% after deductible	You pay 20% after deductible	You pay 20% after deductible	

TRS-ActiveCare 2
<ul style="list-style-type: none"> • Closed to new enrollees • Current enrollees can choose to stay in this plan • Lower deductible • Copays for many drugs and services • Nationwide network with out-of-network coverage • No requirement for PCPs or referrals

Total Premium	Your Premium
\$1,013	\$
\$2,402	\$
\$1,507	\$
\$2,841	\$

In-Network	Out-of-Network
\$1,000/\$3,000	\$2,000/\$6,000
You pay 20% after deductible	You pay 40% after deductible
\$7,900/\$15,800	\$23,700/\$47,400
Nationwide Network	
No	

\$30 copay	You pay 40% after deductible
\$70 copay	You pay 40% after deductible
\$0 per consultation	

\$50 copay	You pay 40% after deductible
You pay a \$250 copay plus 20% after deductible	
\$0 per consultation	

\$200 brand deductible
\$20/\$45 copay
You pay 25% after deductible (\$40 min/\$80 max)/ You pay 25% after deductible (\$105 min/\$210 max)
You pay 50% after deductible (\$100 min/\$200 max)/ You pay 50% after deductible (\$215 min/\$430 max)
You pay 20% after deductible (\$200 min/\$900 max)

Raymondville Partnership Plan

- Primary Care Centered
- Reference-based pricing
- Independent risk management
- Transparent Consultant, Third-Party Administrator, Cash Pay Concierge, and Pharmacy Benefits Manager
- Contracted legal counsel

	COORDINATED 1. Activate plan online or by phone, 2. And get referrals for specialty care from your Primary Care Team.	UNCOORDINATED 1. Do not activate, and/or 2. Use a non-designated primary care physician, and/or 3. Do not get referrals for specialty care.
Annual deductible (Individual/Family)	None	\$1,000/\$3,000
Out-of-pocket maximum (Individual/Family)	\$4,000/\$8,000	\$4,000/\$8,000
Preventive care*	FREE	FREE
Primary care office visit (w/designated Primary Care Team)*	FREE	\$35 copay (not subject to deductible)
Specialty care office visit*	\$25 copay	\$50 copay (not subject to deductible)
Diagnostic labs	FREE if ordered by your PCP; 20% coinsurance otherwise	20% coinsurance
Radiology services	20% coinsurance	20% coinsurance
Urgent care	\$25 copay	\$50 copay (not subject to deductible)
Emergency room visit, including freestanding emergency rooms	\$250 copay if true emergency; not covered otherwise	\$250 copay if true emergency (not subject to deductible); not covered otherwise
Outpatient surgery	No charge for professional services; \$300 copay for facility	20% coinsurance
In-patient hospital - facility charges only	No charge for professional services; \$500 copay for facility for surgical and medical admissions	20% coinsurance
Physical therapy	\$25 copay	20% coinsurance
Chiropractic care	\$25 copay	20% coinsurance
Annual vision exam (one per plan year - must be performed by an ophthalmologist)	\$25 copay	\$50 copay (not subject to deductible)
Annual hearing exam (only for children up to the age of 19)	\$25 copay	\$50 copay (not subject to deductible)

* Lab work and diagnostic testing could be subject to separate charges.

PRESCRIPTION DRUGS	
Drug deductible	None
Generic drugs - retail or mail order	\$10 copay
Brand drugs on formulary	\$50 copay
Non-formulary brand drugs	Not covered
Specialty drugs (up to a 30-day supply; specialty drugs are restricted to Maxor Specialty Pharmacy)	20% coinsurance

Primary Care Centered Health Plan

- Coordinated Care
- PCP who knows your health history
- Avoid inappropriate care and duplication of services
- Fast processing and payment to PCPs

	COORDINATED 1. Activate plan online or by phone, 2. And get referrals for specialty care from your Primary Care Team.	UNCOORDINATED 1. Do not activate, and/or 2. Use a non-designated primary care physician, and/or 3. Do not get referrals for specialty care.
Annual deductible (Individual/Family)	None	\$1,000/\$3,000
Out-of-pocket maximum (Individual/Family)	\$4,000/\$8,000	\$4,000/\$8,000
Preventive care*	FREE	FREE
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Reference-based Pricing

- An alternative to the increasing hospital chargemaster and its impact on the negotiated contract with health insurance providers
- An opportunity for employers to provide self-insured health plans that use a defined benefit structure that allows for fair pricing and reimbursement aligned to market pricing data sets like Medicare
- The employer pays the provider an amount based on the Medicare cost structure plus a percentage that is still profitable for the physician, hospital, or facility
- Raymondville Partnership Plans pays less than 125% of Medicare

\$153,887 Kidney Stone

BREAKDOWN OF SERVICE RECEIVED

Patient Name: [REDACTED]

Provider Name: [REDACTED]

Patient Account Number: [REDACTED]

Claim Number: [REDACTED]

Date of Service	Type of Service	Amount Billed By Provider	Allowed Amount	Health Plan Paid	What You Owe	Reason Code
09/24/2019	OutPatient Surgery 0730	\$149,478.92	\$4,408.09	\$4,108.09	\$300.00	RBR, 49
09/24/2019	OutPatient Surgery 0730	\$4,408.08	\$4,408.08	\$4,408.08	\$0.00	
Total		\$153,887.00	\$8,816.17	\$8,516.17	\$300.00	

Reason Code Description

- RBR Plan utilizes Reference Based Reimbursement (RBR) to reimburse providers at fair and reasonable prices, based on a percent of the Medicare reimbursement rate.
- 49 Service copayment applied.

Contracted Services

- Transparent Health Insurance Consultant
- Independent Risk Manager
 - Stop loss coverage
 - Aggregate coverage
- Third-Party Administrator
 - Records keeper
 - Claims processor
- Cash Payment Concierge
- Pharmacy Benefits Manager
- Specialized legal Counsel



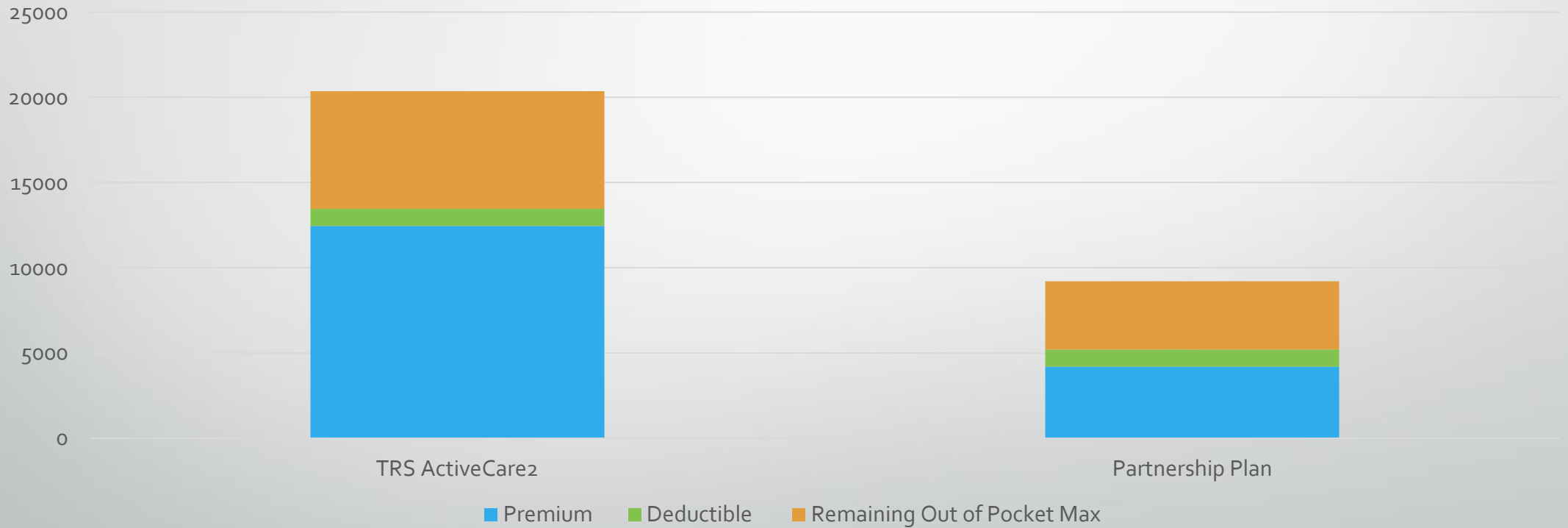
TRS ActiveCare 2 vs Partnership Plan

	TRS-ActiveCare 2		Raymondville ISD Partnership Plan	
Monthly Premiums				
Employee Only	\$1,013.00		\$350	
Plan Feature	In-Network	Out -Of-Network	Coordinated	Uncoordinated
Deductible	\$1,000	\$2,000	None	\$1000
Coinsurance	20% after deductible	40% after deductible	\$0 – 20%	\$0 – 20%
Max. out -of-pocket	\$7,900	\$23,700	\$4000	\$4000
Primary Care Provider Required	No		Yes	No
Doctor Visits				
Primary Care	\$30 Copay	40% after deductible	Free	\$35 Copay (not subject to deductible)
Specialist	\$70 Copay	40% after deductible	\$25 Copay	\$50 Copay (not subject to deductible)
Immediate Care				
Emergency Care	You pay \$250 copay plus 20% after deductible		\$250 copay if true emergency	\$250 copay if true emergency

The Cost of Convenience

"Statewide Network"

TRS ActiveCare2 vs Partnership Plan

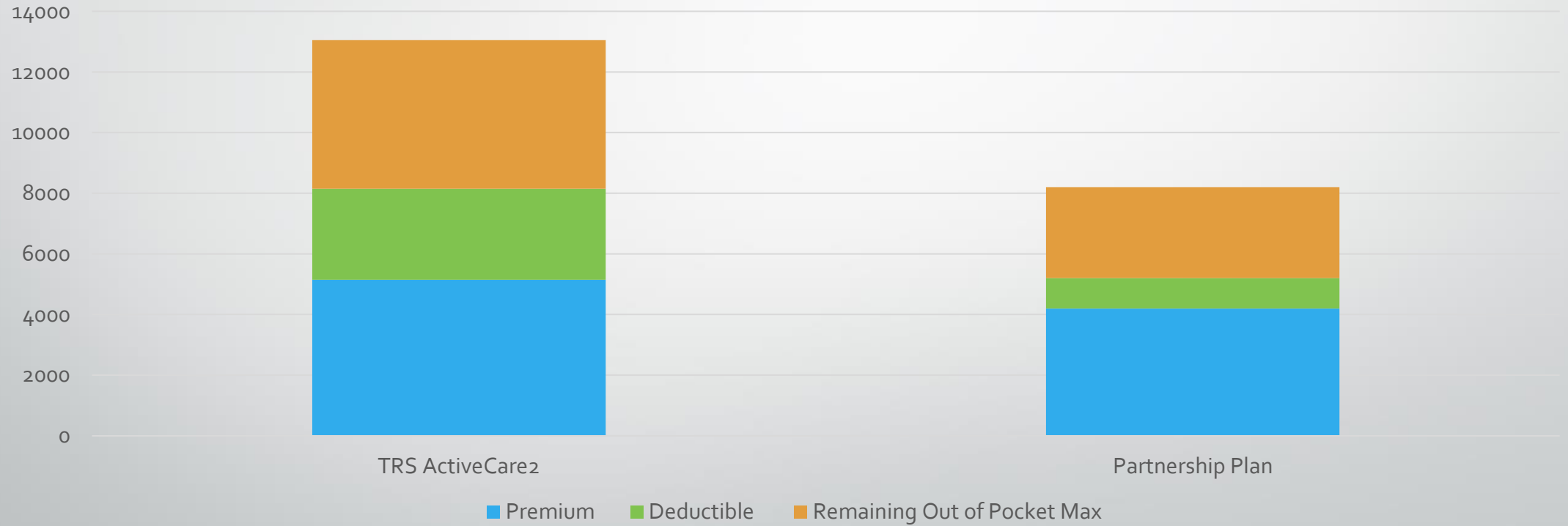


TRS ActiveCare-HD vs Partnership Plan

	TRS-ActiveCare		Raymondville ISD Partnership Plan	
Monthly Premiums				
Employee Only	\$429		\$350	
Plan Feature	In-Network	Out -Of-Network	Coordinated	Uncoordinated
Deductible	\$3000	\$5,500	None	\$1000/\$3000
Coinsurance	30% after deductible	50% after deductible	\$0 – 20%	\$0 – 20%
Max. out -of-pocket	\$7,900	\$20,250	\$4000	\$4000
Primary Care Provider Required	No		Yes	No
Doctor Visits				
Primary Care	30% after deductible	50% after deductible	Free	\$35 Copay (not subject to deductible)
Specialist	30% after deductible	50% after deductible	\$25 Copay	\$50 Copay (not subject to deductible)
Immediate Care				
Emergency Care	30% after deductible		\$250 copay if true emergency	\$250 copay if true emergency

The Cost of Convenience

TRS ActiveCare-HD vs Partnership Plan



Proceed with Caution

- \$18 million deficit in 2 years at another district
- Brokers
- Politics of change
- Educating staff
- New to providers
- Grocery store model (free market)

