

Meeting of the Board of Trustees

March 20, 2024



Public Agenda Item #22

Reconvene Meeting of the Board of Trustees

March 20, 2024

Public Agenda Item #23

Stakeholder Connection:

A Panel Discussion with ERS State Agency Member Employers

March 20, 2024

Jennifer Chambers, Director of Government Relations & Special Projects

Lisa Craven, Deputy Comptroller and Chief of Staff, Texas Comptroller of Public Accounts

Brian Francis, Interim Executive Director, Texas Department of Licensing and Regulation

Stakeholder Connection



Lisa Craven

Deputy Comptroller & Chief of Staff

Texas Comptroller of Public Accounts

More than 35 years of state service starting as a Capitol tour guide before her long and successful career at both including legislative and executive agencies

Brian Francis

Interim Executive Director

Texas Department of Licensing and Regulation

Retired from TDLR in 2022 after 30 years at the agency and has returned as interim Executive Director to help the agency transition to new leadership

Discussion

Public Agenda Item #24

Consideration of Texas Employees Group Benefits Program Update

March 20, 2024

Blaise Duran, FSA, Director of Group Benefits

Amy Chamberlain, Communications Specialist, Government Relations & Special Projects

Non-financial Performance Measures

Group Benefits Program



Currently non-financial performance measures are provided in the following areas

- HealthSelect network performance
- HealthSelect competitiveness of benefits
- HealthSelect Utilization
- HealthSelect Participant Satisfaction
- **Assess Manage Prevent (AMP) program**
- State of Texas Dental Choice

Non-financial Performance Measures

Group Benefits Program



New non-financial performance measures are provided in the following areas

- HealthSelect Utilization
- State of Texas Dental Choice

Non-financial Performance Measures



HealthSelect Utilization

	Benchmark	PY23	PY22
1) Virtual Visit Increase	NA	20.0%	20.3%
2) Telemedicine Visits	NA	-10.6%	-12.4%
3) Mental Health Outpatient Visits	NA	1,282	1,150
4) Generic Dispensing Rate	87.3%	86.4%	87.3%

Non-financial Performance Measures

State of Texas Dental Choice



	Benchmark	PY23	PY22
1) Claims Paid in Network	NA	68.2%	69.6%

Non-financial Performance Measures

HealthSelect Participant Satisfaction



	Benchmark	PY23	PY22
1) % Satisfied with HealthSelect Rx PBM Services	85%	79.0%	96.7%

Non-financial Performance Measures

Group Benefits Program



Future Performance measures

- HealthSelect Utilization – Rx and mental health
- State of Texas Vision Plan

Group Benefits Program Annual Report



Texas Employees Group Benefits Program Annual Report FY23

Employees Retirement System of Texas

FEBRUARY 2024



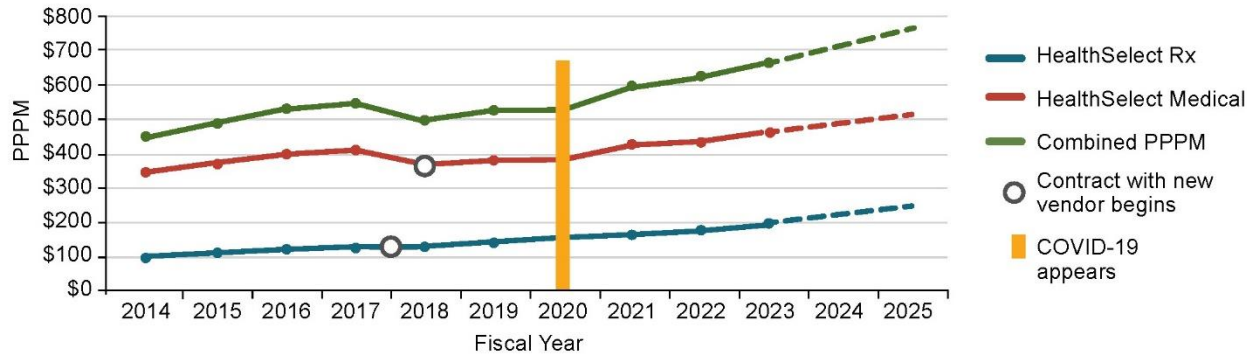
Group Benefits Program Annual Report



HealthSelect self-funded plan cost trend and projections

Typically, costs increase every year, except in years with special circumstances. Along with the reduction in service utilization beginning in FY20 due to the COVID-19 pandemic, changes in the HealthSelect PBM contract (effective FY17) and the HealthSelect medical TPA contract (effective FY18) caused improvements to the cost trend.

Actual and projected plan costs (per participant per month - PPPM)



Costs shown do not include pharmacy rebate impact.

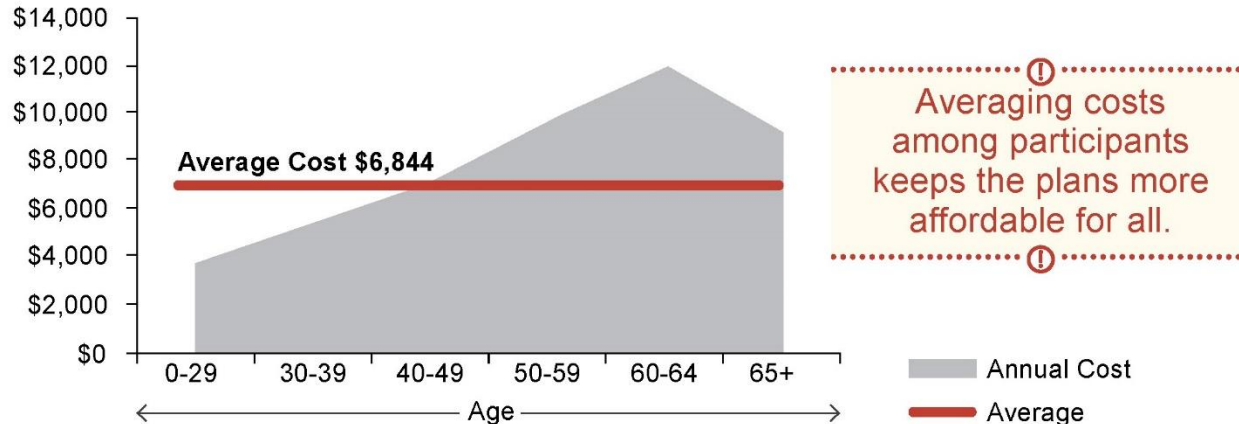
Group Benefits Program Annual Report



HealthSelect participants benefit from a large risk pool

ERS spreads health care costs across nearly a half million participants, keeping the HealthSelect plans more affordable for everyone.

HealthSelect's average annual claims cost per participant, by age group, all medical and pharmacy* claims, FY23



*Pharmacy costs are net of rebates. Cost does not include participant's share of the cost.

Group Benefits Program Annual Report



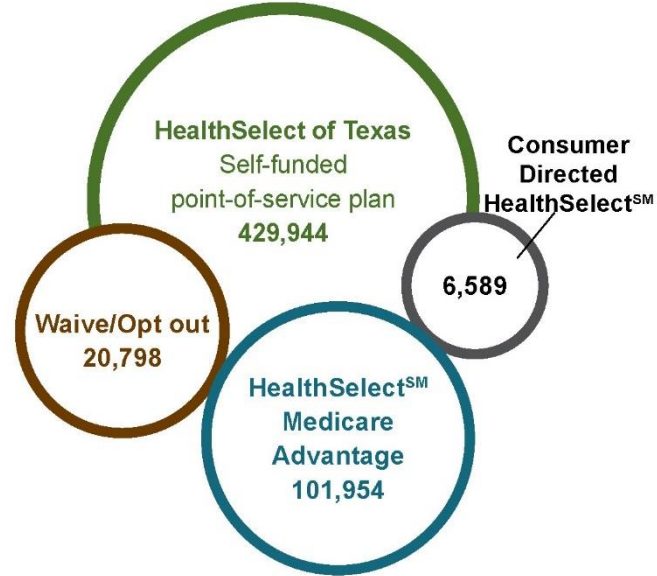
HealthSelect of Texas is the primary health plan for state agency and eligible public higher education employees

ERS has administered insurance benefits for state agency employees and retirees since 1976. Employees and retirees of Texas public community colleges and higher education institutions, other than the University of Texas and Texas A&M University systems, joined in 1992.

The ERS Board of Trustees contracts for the insurance options offered under the Texas Employees Group Benefits Program.

All newly hired state agency and higher education institution employees eligible for health coverage are enrolled in HealthSelect of Texas after a minimum 60-day waiting period, but may opt out or switch to Consumer Directed HealthSelectSM. Important deadlines apply. Nearly 21,000 eligible employees and retirees elected to waive or opt out of GBP health plan coverage in FY23.

80% of GBP health plan participants enrolled in HealthSelect of Texas
Aug. 31, 2023



Group Benefits Program Annual Report



GBP health plan member demographics (FY23)

	Active Employees	Pre-65 Retirees	65+ Retirees	All Members*
Total Number	208,729	33,025	96,317	338,071
Average Member Age	45 years	59 years	74 years	55 years
Average Dependent Age	22 years	38 years	68 years	30 years
% Who Enroll Dependents	36%	28%	24%	32%
Gender	59% female 41% male	54% female 46% male	56% female 44% male	57% female 43% male
Average Years of Service	9 years	25 years	22 years	15 years
Place of Employment	66% agency 34% higher ed	85% agency 15% higher ed	71% agency 29% higher ed	69% agency 31% higher ed

*Members include active employees and retirees only. The table above does not include dependents, survivors, COBRA or other miscellaneous groups.

Group Benefits Program Annual Report



Enhanced benefit programs provide additional services for HealthSelectSM Medicare Advantage participants (continued)

UnitedHealthcare Healthy at Home offers in-home support for participants after an inpatient hospital stay or facility discharge.

Participants are eligible for the following services, up to 30 days post-discharge:



28 home-delivered meals



12 one-way rides to medically related appointments and to the pharmacy



6 hours of non-medical personal care provided through a CareLinx professional caregiver to perform tasks such as preparing meals, bathing, medication reminders, and more.



CY23 to date (as of Sept. 30):

- **19,655** meals shipped
- **7,188** rides completed
- **382** in-home caregiver visits

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Participant feedback

“There is nothing y’all could do better. The representative was awesome and she made all the phone calls for me and scheduled everything that I needed scheduled.”

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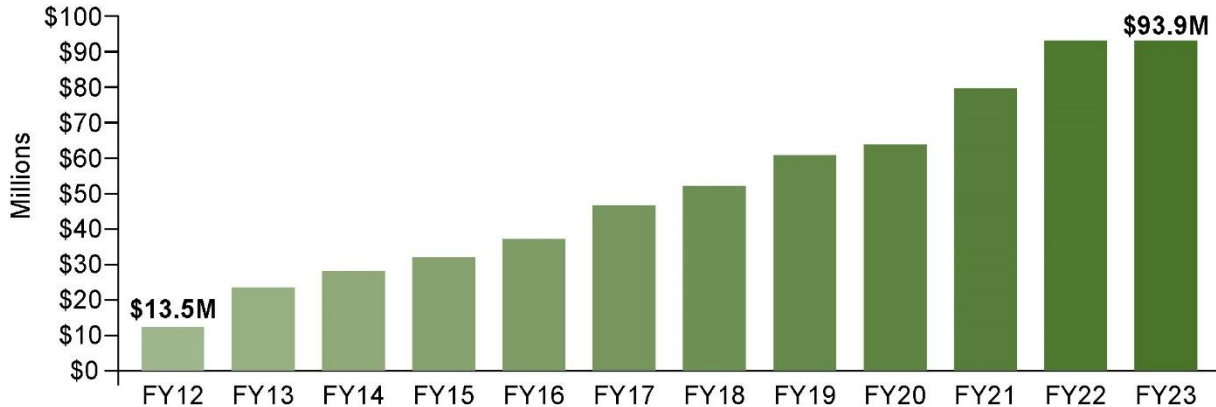
Group Benefits Program Annual Report



HealthSelectSM Medicare Advantage saves retirees money in their contributions for coverage

Since the MA plan began in FY12, enrolled retirees making tiered and/or dependent coverage contributions realized a \$634M savings compared to the HealthSelect Secondary plan over that time.

Member savings on contributions for coverage



Group Benefits Program Annual Report

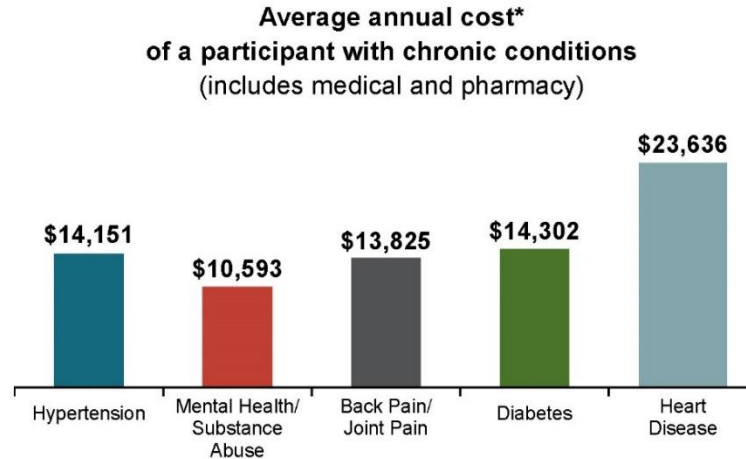


FY23 plan costs for a HealthSelect participant living with a chronic condition were higher than the \$6,844 average for all participants

The top 5 most prevalent chronic conditions (percent of participants diagnosed):

- Hypertension: 16%
- Mental Health and Substance Abuse: 20%
- Back and Joint Pain: 19%
- Diabetes: 14%
- Heart Disease: 9%

Note: Participants are counted in each category for which they had a medical claim in FY23. Some may appear in more than one category.



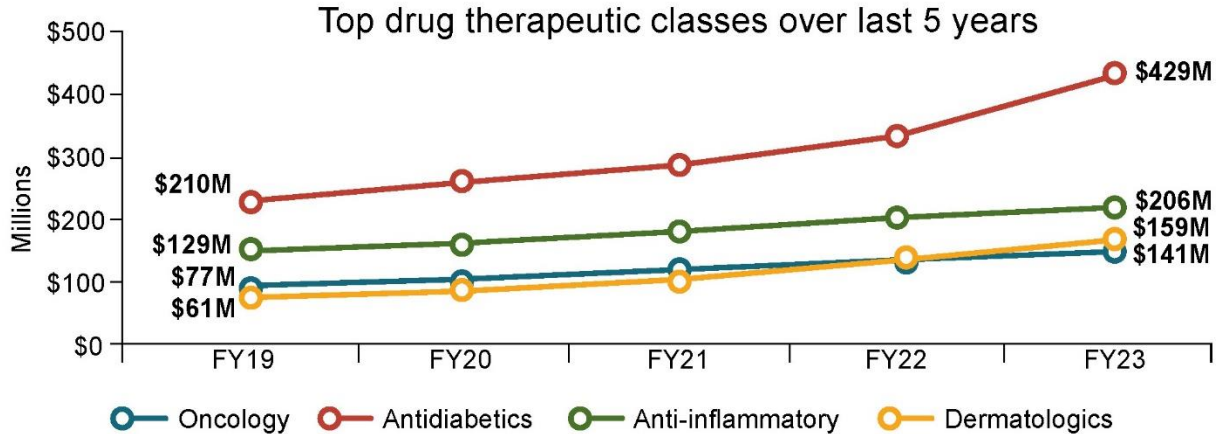
*Average annual cost is the total average annual medical and pharmacy plan spend (net of rebates) for participants with the given condition. Medicare population excluded.

Group Benefits Program Annual Report



The top 4 highest-cost drug therapeutic classes account for 57% of total drug spend

The diabetic therapeutic class is the largest cost driver within pharmacy spend and includes 5 of the top 10 highest-cost prescription drugs. Factors driving cost increases include the emergence of new GLP-1 agonists to treat diabetes, such as Ozempic® and Mounjaro™, as well as increasing drug prices and utilization.

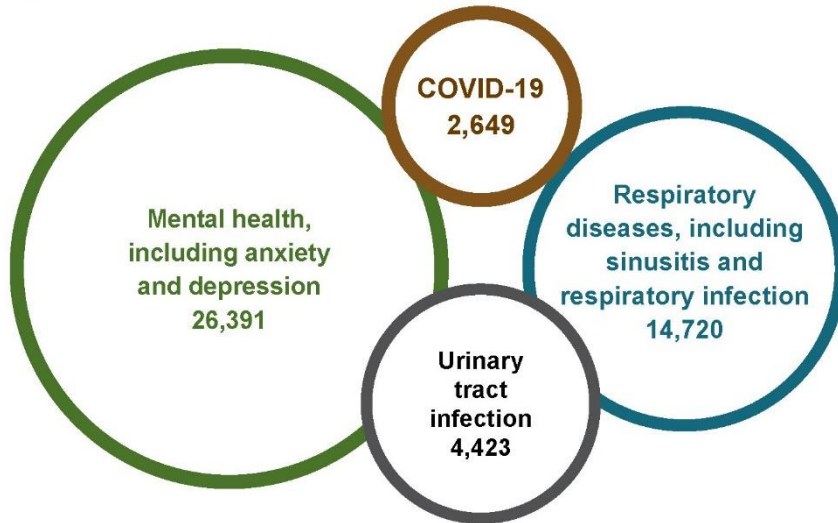


Note: Amounts are gross, not net of rebates.

Group Benefits Program Annual Report

Most common Virtual Visit conditions in FY23

The most common condition for a Virtual Visit with MDLive or Doctor On Demand was a mental health condition, which is often treated with a series of counseling sessions. A respiratory disease was the second most common reason for making a Virtual Visit.



Group Benefits Program Annual Report



Wellness: Statewide virtual fitness platform

Collaboration among wellness champions at various state agencies and higher education institutions extends the reach of ERS wellness initiatives and creates multi-agency opportunities for wellness, like the new statewide virtual fitness platform. ERS plays a central role in supporting these wellness champions and the many agencies and institutions across the state.

The statewide virtual fitness platform is an online hub of live fitness classes led by state employees and offered at no cost (<https://wellness.texas.gov/Challenge.htm>) to state and higher education employees across Texas. The classes are promoted during the annual statewide Get Fit Texas! Challenge as a way to get healthier together as a community.



“I could see progress in me each day. Initially it would take me a couple of minutes to get in the groove, but after the first few sessions, I was ready to rock and roll with the rest of the crew. I loved the reminder of “Do You” to remind me to work at my capability and listen to my body. The option for using the chair for almost all exercises was helpful.”

– 2023 Get Fit Texas! participant about the online fitness classes

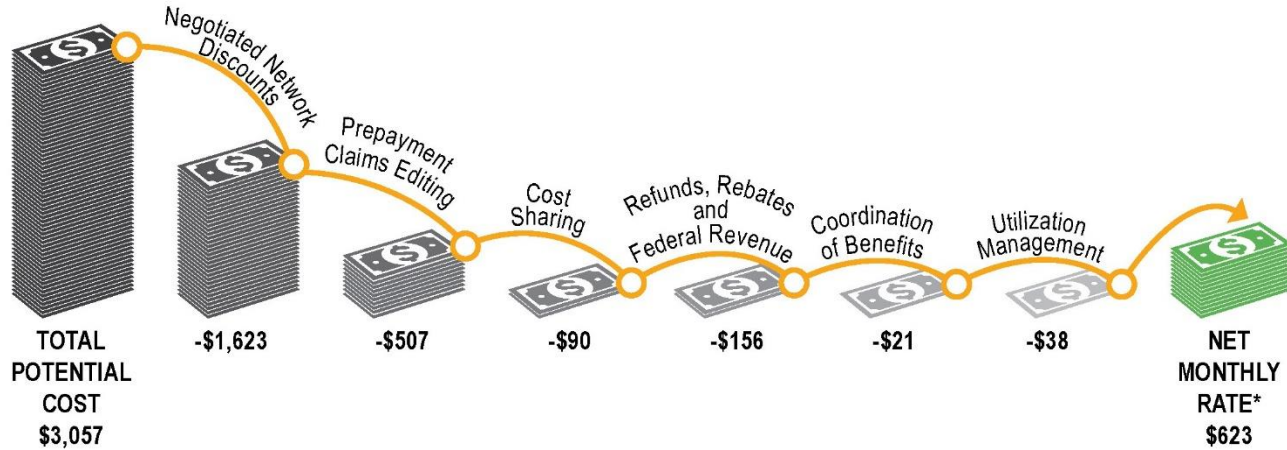


Group Benefits Program Annual Report



Without cost management, the HealthSelect rates would be almost 5 times higher

For example, for FY23 the member-only coverage rate was roughly \$623 per month. Without cost management programs, the rate would have been \$3,057 per month.



*This amount does not include the cost for Basic Term Life Insurance coverage included with member health coverage. Numbers may not add up due to rounding.

Discussion

Public Agenda Item #25

Agency Update

March 20, 2024

Porter Wilson, Executive Director

Leasing Update Regarding 1836 San Jacinto Boulevard

John Barksdale, Senior Vice President, CBRE
Bo Beacham, Senior Vice President, CBRE

Agency Update

Leasing Update Regarding 1836 San Jacinto Boulevard



Market Update

- Current vacancy rates in the Central Business District (CBD)
- Available square footage for leasing
- Details of pre-leasing for buildings under construction
- CBD sublease availabilities

Agency Update

1836 Leasing Update



- University of Texas at Houston School of Public Health 1st floor space



Agency Update

2024 Survey of Employee Engagement (SEE)



- The SEE is conducted every two years, by the Institute for Organizational Excellence at UT - Austin.
- Opportunity for employees to respond anonymously about their workplace and jobs.
- ERS' survey was conducted from January 8th thru February 2nd.
- Current average for SEE response rate among state agencies: 74.4%
- ERS response rate at 93% -- record high
- Survey results will be shared with the Board and employees.



Agency Update

2024 *Get Fit Texas!* Challenge



January 22 through March 31
Challenge to state employees to get active
Healthy agency-to-agency competition

Agency Update

2024 *Get Fit Texas!* Challenge



Past ERS Performance

2018 – 1st place

2019 – 1st place

2020 – 1st place

2021 – 1st place

2022 – 1st place

2023 – 2nd place



Walking to reclaim our title of FITTEST mid-sized agency!

Discussion

Public Agenda Item #26
Executive Session

March 20, 2024

Executive Session



In accordance with **Section 551.071**, Texas Government Code, the Board will meet in executive session to consult with its attorney to seek advice on legal matters, including pending or contemplated litigation and other legal matters in which the duty of the attorney to the Board of Trustees under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Open Meetings Act.

In accordance with **Section 551.072**, Texas Government Code, the Board will meet in executive session to deliberate the purchase, exchange, lease, or value of real property at 1836 San Jacinto Boulevard.

In accordance with **Section 551.089**, Texas Government Code, the Board will meet in executive session to discuss: (1) security assessments or deployments relating to information resources technology; (2) network security information as described by Section 2059.055(b); or (3) the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

Thereafter, the Board may consider appropriate action in open session.

Public Agenda Item #27

*Reminder Regarding Future Meetings of the Board of Trustees,
Investment Advisory Committee, and Audit Committee*

March 20, 2024

Next Meeting Dates



Fiscal Year 2024 Meeting Dates

2-day Workshop:

Tuesday, December 5, 2023

Wednesday, December 6, 2023

Wednesday, March 20, 2024

Wednesday, May 22, 2024

Wednesday, August 21, 2024

Public Agenda Item #28

Adjournment of the Board of Trustees Meeting

March 20, 2024

