

TRS Board Health Care Discussion

Last Friday, May 13, the TRS Board of Trustees held a meeting to discuss the challenging issues facing Care and ActiveCare. TRS staff and the Board discussed options that could lead to plan cost savings for FY 2017, including revenue generation such as premium increases, plan design changes, and changes in access to providers. The Board also discussed options for cost reduction, such as network limits and enhanced management.

TRS Care

The Board discussed the goal of ensuring that Care has sufficient funds to complete FY 2017. There is currently a projected shortfall of \$18 to \$50 million, but that number could rise or fall depending on incoming claims. Once again, the options include possible premium increases and plan design changes. The Board, however, acknowledged the legislature's desire to not raise premiums on retirees.

TRS staff indicated that Care would see the largest cost savings through small increases to deductibles and mandatory enrollment in Medicare Advantage. Chairman Kelly requested that the TRS staff model several options so the Board can make an informed decision of how to proceed with any cost-saving measures.

TRS ActiveCare

Regarding ActiveCare, the discussion centered on having sufficient funding reserves for FY 2017, with the options being premium increases and plan design changes. ActiveCare is currently projected to have a \$15-30 million shortfall at the end of FY 2017. In addition, TRS would like to have a reserve equivalent to one-month's payments from the fund – around \$150 million. If ActiveCare premiums increased by 9.7%, the ActiveCare fund would see a savings of \$182 million.

Chairman Kelly likes the idea of mandatory mail order prescriptions, which have a cost savings of \$26 million. Trustee Moss said that if mail order prescriptions were made mandatory, that change would likely be permanent. Mr. Moss also would like to see the savings associated with doing away with plan options, much like the Board did with dissolving ActiveCare 3.

Decisions Coming Next Month

The Board will make cost saving decisions for FY 2017 on Care and ActiveCare at its June board meeting (June 16 & 17).