

# COMPARISON OF TRS AND ERS RETIREE HEALTH PLANS



AN ISSUE BRIEF FROM LEGISLATIVE BUDGET BOARD STAFF

ID: 4840

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## OBJECTIVE

Health benefits are provided for retired public education employees through TRS-Care and for active and retired state employees through the Employees Retirement System (ERS) Group Benefits Program (GBP).

## KEY FACTS

- ◆ State contributions to TRS-Care are fixed statutorily at 1.25 percent of active public education employee salaries. Legislative appropriations to the GBP are based on projected program costs and other available funding.
- ◆ TRS-Care plans have higher member premiums and in-network deductibles than GBP HealthSelect and HealthSelect Medicare Advantage.
- ◆ The TRS-Care Standard Plan has lower in-network, out-of-pocket maximum costs than GBP HealthSelect.

## BUDGETARY IMPACT

Estimated appropriations to TRS-Care for retiree healthcare for the 2018–19 biennium total \$1.2 billion in General Revenue Funds. Estimated appropriations to the GBP for retired and active employee healthcare for the 2018–19 biennium total \$2.9 billion in General Revenue Funds and \$4.1 billion in All Funds.

## STATUTORY REFERENCES

The Texas Insurance Code, Chapters 1551 and 1575

Texas provides health benefits to retired public education employees through TRS-Care, managed by the Teacher Retirement System (TRS), and to retired and active state employees through the Group Benefits Program (GBP), managed by the Employees Retirement System (ERS).

## ELIGIBILITY AND PLANS OFFERED

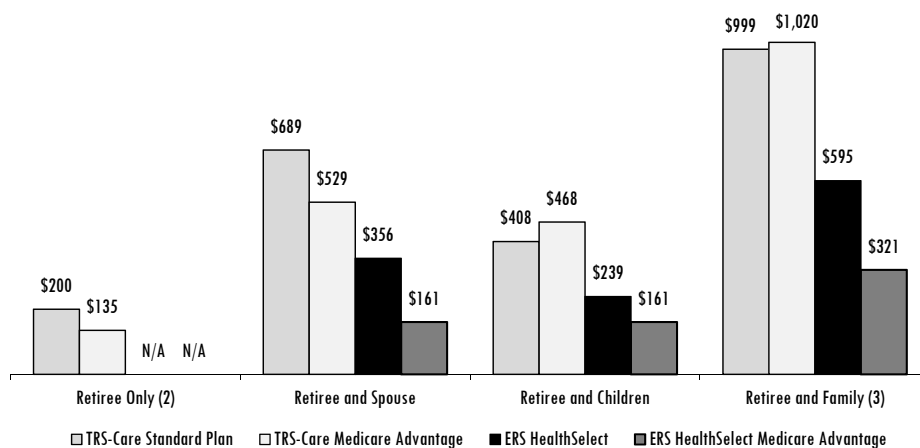
TRS-Care insures retired members of the TRS pension fund who are not eligible for coverage offered by ERS, the University of Texas System, or the Texas A&M System. The GBP covers retirees of state agencies and certain institutions of higher education in addition to active state agency employees and certain active and retired nonstate employees. As of August 31, 2017, TRS-Care insured 268,427 participants, and the GBP insured 554,948 participants.

TRS-Care offers two statewide plans: TRS-Care Medicare Advantage for Medicare-eligible retirees and the Standard Plan for non-Medicare retirees. The GBP also includes two primary statewide plans for retirees. Most Medicare-eligible retirees participate in HealthSelect Medicare Advantage, and non-Medicare retirees typically enroll in HealthSelect. GBP retirees also may participate in Consumer Directed HealthSelect, a high-deductible statewide health plan. However, current retiree participation in the plan is negligible.

## PREMIUMS AND OTHER PARTICIPANT COSTS

Participant costs vary by program and plan. **Figure 1** shows monthly premiums for members.

**FIGURE 1**  
**TRS-CARE AND EMPLOYEES RETIREMENT SYSTEM (ERS) GROUP BENEFITS PROGRAM (GBP)**  
**MONTHLY MEMBER PREMIUMS, PLAN YEAR 2018 (1)**



### NOTES:

- (1) Plan year 2018 is from January 1, 2018, to December 31, 2018, for TRS-Care Standard Plan, TRS-Care Medicare Advantage, and ERS Medicare Advantage and from September 1, 2017, to August 31, 2018, for ERS HealthSelect.
- (2) Neither ERS plan charges a premium for retiree only.
- (3) ERS premiums shown are for families with all members enrolled in the same plan. Families with mixed Medicare status may pay a different amount, not shown.

SOURCES: Teacher Retirement System; Employees Retirement System.

For plan year 2018, TRS-Care members on the Standard and Medicare Advantage plans pay \$200 per month and \$135 per month, respectively, for retiree-only coverage. GBP members pay no premiums for retiree-only coverage. Both the TRS and ERS programs charge additional premiums to cover eligible dependents.

Members must pay the deductible amounts shown in **Figure 2** before the plans cover any costs other than preventive care services (e.g., vaccinations and well-check visits). The individual, in-network deductibles for TRS-Care and TRS-Care Medicare Advantage are \$1,500 and \$500, respectively. HealthSelect and HealthSelect Medicare Advantage have no in-network deductibles.

**FIGURE 2**  
**TRS-CARE AND EMPLOYEES RETIREMENT SYSTEM (ERS) GROUP BENEFITS PROGRAM (GBP) ANNUAL DEDUCTIBLES**  
**PLAN YEAR 2018 (1)**

MEMBER	TRS-CARE STANDARD PLAN	TRS-CARE MEDICARE ADVANTAGE (2)	ERS HEALTHSELECT (3)	ERS HEALTHSELECT MEDICARE ADVANTAGE (4)
Individual (in-network)	\$1,500	\$500	N/A	N/A
Individual (out-of-network)	\$3,000	\$500	\$500	N/A
Family (in-network)	\$3,000	N/A	N/A	N/A
Family (out-of-network)	\$6,000	N/A	\$1,500	N/A

NOTES:

- (1) Plan year 2018 is from January 1, 2018, to December 31, 2018, for TRS-Care Standard Plan, TRS-Care Medicare Advantage, and ERS Medicare Advantage and from September 1, 2017, to August 31, 2018, for ERS HealthSelect.
- (2) TRS-Care Medicare Advantage has a combined individual deductible of \$500 for +in-network and out-of-network costs and no family deductibles.
- (3) ERS HealthSelect has no in-network deductibles.
- (4) ERS HealthSelect Medicare Advantage has no deductibles and covers members' Medicare deductibles.

SOURCES: Teacher Retirement System; Employees Retirement System.

After meeting the deductible, TRS-Care Standard Plan members pay 20 percent of most in-network costs, with maximum out-of-pocket costs of \$5,650 per individual and \$11,300 per family in-network. GBP HealthSelect participants pay copayments or 20 percent of most in-network costs, up to a maximum of \$6,550 per individual or \$13,100 per family in-network. For Medicare retirees, TRS-Care Medicare Advantage members pay copayments or 5 percent of costs, up to \$3,500 out of pocket, and HealthSelect Medicare Advantage covers 100 percent of most services with no out-of-pocket maximum.

## FUNDING STRUCTURES

Funding structures differ between the two programs. Regular contributions to TRS-Care for retiree coverage are fixed percentages of active school district employee salaries set by statute and the General Appropriations Act. These contribution rates are 1.25 percent from the state, 0.75 percent from districts, and 0.65 percent from active employees. Additionally, the Legislature may appropriate onetime funding to the program. For the 2018–19 biennium, state contributions to TRS-Care for retired employees and their dependents total an estimated \$1.2 billion in General Revenue Funds; \$815.0 million consist of the regular contribution, and \$394.6 million are onetime appropriations.

State appropriations to the GBP for active and retired member coverage are based on the projected cost of benefits after accounting for other available funding from state agencies (1.0 percent of active employee payroll) and, in recent biennia, the GBP reserve fund. For the 2018–19 biennium, estimated state appropriations to the GBP total \$2.9 billion in General Revenue Funds and \$4.1 billion in All Funds for active and retired employees and their dependents. The TRS and ERS boards of trustees set premium rates and benefit levels to align total funding with projected costs.

## USEFUL REFERENCES

Teacher Retirement System, Your TRS Health Care Benefits: [www.trs.texas.gov/Pages/healthcare\\_benefits.aspx](http://www.trs.texas.gov/Pages/healthcare_benefits.aspx)  
Employees Retirement System, Health Benefits for Retirees: [ers.texas.gov/Retirees/Health-Benefits-for-retirees](http://ers.texas.gov/Retirees/Health-Benefits-for-retirees)

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