July 2026

CUSTOMER CARE

Benefits Committee Meeting

Teacher Retirement System of Texas
4655 Mueller Blvd.
Austin, Texas 78723

TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES
AND
BENEFITS COMMITTEE

All or part of the July 16, 2026, meeting of the TRS Benefits Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer of the meeting physically present at the following location, which will be open to the public during the open portions of the meeting: ***4655 Mueller Blvd, 2nd Floor, Boardroom.***

The open portions of the July 16, 2026, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

NOTE: The Committee may take up any item posted on the agenda during its meeting on July 16, 2026, beginning at the time and place specified on this agenda.

AGENDA
July 16, 2026 – 10:30 a.m.

1. Call roll of Committee members.

2. Consent Agenda: Consider the following items that may be taken up by consent without discussion– Committee Chair:
   A. Approval of the proposed April 2026 committee meeting minutes (Agenda Item 3);
   B. Recommending to the Board acceptance of the Medical Board meeting minutes of March 2026 (Agenda Item 4A);
   C. Recommending to the Board approval of Benefit Payments for March through May 2026 (Agenda Item 4B);
   D. Recommending to the Board approval of the premiums and benefits for the TRS-Care Optional Dental plan for PY 2027 (Agenda Item 6C); and
   E. Recommending to the Board approval of the premiums and benefits for the TRS-Care Optional Vision plan for PY 2027 (Agenda Item 6D).

3. Consider the approval of the proposed minutes of the April 2026 committee meeting – Chair (*Proposed Consent Agenda 2A*).

4. Receive an update and consider the following regarding TRS pension benefits program:
   A. Consider recommending to the Board the acceptance of the Medical Board Meeting minutes for March 2026 - Barbie Pearson (*Proposed Consent Agenda 2B*);
   B. Consider recommending to the Board the approval of Benefit Payments for March – May 2026 - Barbie Pearson (*Proposed Consent Agenda 2C*);

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Benefits Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Benefits Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

C. Consider recommending to the Board appointments to the Medical Board – Barbie Pearson; and

D. Pension Services Operational Update including an overview of the Contact Center Operations Overview - Barbie Pearson, Adam Fambrough and Scott Murphy.

5. Receive the 2026 Reporting Employer Satisfaction Survey Results – Sunitha Downing and Dr. Rene Paulson, Elite Research.

6. Receive updates and consider recommending to the Board approval of the premiums and benefits for the following TRS-Care health insurance benefits plan – Katrina Daniel:

A. Premiums for the TRS-Care Medicare Advantage plans including COBRA rates for plan year (PY) 2027;

B. Premiums and benefits for the TRS-Care Standard plan including COBRA rates for PY 2027;

C. Premiums and benefits for the TRS-Care Optional Dental plan for PY 2027 (*proposed consent agenda item 2D*); and

D. Premiums and benefits for the TRS-Care Optional Vision plan for PY 2027 *(proposed consent agenda item 2E)*.

7. Consider and recommend to the Board approval to reduce the TRS-Care surcharge for return-to-work retirees – Katrina Daniel, Meaghan Bludau, Matt Pasyk, and Kirsten Schatten.

8. Receive an update related to risk-based ratings for entities entering the TRS-ActiveCare program – Katrina Daniel.

9. Receive claims administration and rebate audit reports for the TRS-ActiveCare and TRS-Care self-funded benefit plans for plan year 2024 – Yimei Zhao and Jeff Bain.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Benefits Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Benefits Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

Minutes of the Benefits Committee

May 1, 2026

The Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas met on May 1, 2026, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd, Austin, Texas, 78723.

Committee members present:
Mr. Elvis Williams, Chair
Ms. Brittny Allred
Mr. Michael Ball
Ms. Laronda Graf
Mr. John Rutherford

Other TRS Board Members present:
Mr. Robert H. Walls, Jr.
Mr. John Elliott

Others who participated:

Brian Guthrie, TRS	Kirsten Schatten, Segal
Caasi Lamb, TRS	Vivian Ho, PhD, Baker Institute for Public Policy, Rice University
Heather Traeger, TRS	Suzanne Dugan, Cohen Milstein
Don Green, TRS	
Barbie Pearson, TRS	
Katrina Daniel, TRS	
Matt Pasyk, TRS	
Adam Fambrough, TRS	
Yvette Carter, TRS	
Erica Villarreal, TRS	

Benefits Committee Chair, Mr. Elvis Williams, called the meeting to order at 9:00 a.m.

1. **Call roll of Committee members.**

Ms. Villarreal called the roll, a quorum was present.

2. **Consent Agenda: Consider the following items that may be taken up by consent without discussion:**
   A. **Approval of the proposed December 2025 committee meeting minutes (Agenda Item 3);**

B. **Recommending to the Board acceptance of the Medical Board meeting minutes of November 2025 and January 2026 (Agenda Item 4A);**
C. **Recommending to the Board approval of Benefit Payments for December 2025 through February 2026 (Agenda Item 4B).**

On a motion by Mr. Rutherford, seconded by Mr. Ball, the committee voted to approve all items on the consent agenda.

3. Consider the approval of the proposed December 2025 committee meeting minutes (Proposed Consent Agenda 2A).

This item was considered and approved as part of the consent agenda under Agenda Item 2.

Mr. Williams, without objection, called up agenda item 5 due to Ms. Daniel being called to appear for a legislative hearing.

5. Receive updates on health plans and consider the following regarding TRS-Care and TRS-ActiveCare plans:

A. **Receive a presentation on the Impact of Hospital Consolidation on Affordability of Health Care;**

Ms. Katrina Daniel introduced Dr. Vivian Ho, a health care economist at Rice University and James Baker Institute chair, who provided context on health care market consolidation and its impact on health care affordability.

B. **Consider and recommend to the Board approval of the FY 2027 Rates and Benefits for the TRS-ActiveCare Plans, including two TRS-ActiveCare Primary Innovation Plans and rates for early-returning entities under HB 3126;**
C. **Consider and recommend to the Board approval of the Special Transitional Plan rates for Amarillo ISD.**

Ms. Daniel reviewed how consolidation is impacting Texas and specifically TRS-ActiveCare by referencing the consolidation among anesthesiologists in Texas and the San Angelo-area hospital acquisition drove Region 15 premiums up 3.5% on top of regular trend. She said while not all regions have enough facilities and providers to support provider or hospital tiering, staff recommended tiering for two areas in the state that can support tiering.

Ms. Daniel reported that State funding for ActiveCare was being used in the fourth year of a five-year period to keep average premium increases below 10 percent. Mr. Matt Pasyk explained the ActiveCare regional rating process for fiscal year 2027. He stated that TRS projected total ActiveCare costs, then applied regional factors based on demographics, projected risk, historical claims experience, and network cost differences. He stated that proposed fiscal year 2027 regional premium adjustments ranged from 2.6 percent to 15 percent across plan tiers and regions. He explained that the average rate increase of 9.9 percent was based on projected enrollment, with approximately 282,000 employees enrolled and total membership with spouses and children projected at approximately 432,000. He stated the average gross premium would increase from $686 per employee per month to $754 per employee per month. He also stated that a straight, unweighted average of all 320 rates would be 8.7 percent.

Ms. Daniel described proposed tiering efforts for providers in the Arlington ISD and Region 4. She stated that TRS would conduct robust outreach to help districts and employees understand how to use the tiered structure. She also noted that 14 districts that left ActiveCare four years earlier would return one year early under legislation passed the prior session and that those districts would have separate rates that include a risk stabilization component. She described proposed tiering in ActiveCare 2, Arlington, and the Houston Region 4 proposal. She also discussed member rewards as an incentive for members who shop for certain procedures through the app and choose designated providers.

On a motion by Mr. Rutherford, seconded by Mr. Ball, the committee voted to recommend that the Board adopt the resolution approving fiscal year 2027 rates and benefits for TRS-ActiveCare plans.

RESOLUTION APPROVING TRS-ACTIVECARE BENEFIT CHANGES AND GROSS PREMIUM RATES

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the "Texas School Employees Uniform Group Health Coverage Act"), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, TRS staff and consultants assisting staff (the "Consultants") have recommended an increase to the deductibles of the TRS-ActiveCare High Deductible ("TRS-ActiveCare HD") plan for the 2027 plan year commencing on September 1, 2026, as listed in Exhibit A attached to this resolution and incorporated herein by reference, to keep the plan compliant with the minimum deductibles that are required by the Internal Revenue Service to qualify the plan as a high deductible health plan able to work together with a Health Savings Account;

Whereas, TRS staff and the Consultants have recommended the implementation of enhanced specialty drug coverage for the TRS-ActiveCare Primary+ plan for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit B attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and the Consultants have recommended the implementation of tiered physician copays for the TRS-ActiveCare 2 plan (which is a plan closed to new enrollment) for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit C attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and the Consultants recommend for the 2027 plan year commencing on September 1, 2026, the gross premium rates for the TRS-ActiveCare Primary, TRSActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2 plans be set at the regional amounts set out in Exhibit D, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided and desires to approve the recommendations made by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the benefit changes to the TRSActiveCare HD plan as outlined in Exhibit A, effective for the 2027 plan year beginning September 1, 2026, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the implementation of the enhanced specialty drug coverage for the TRS-ActiveCare Primary+ plan for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit B, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the implementation of the tiered physician copays for the TRS-ActiveCare 2 plan for the 2027 plan year commencing on September 1, 2026, as explained on Exhibit C, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the gross premium rates for the TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRSActiveCare 2 plans contained in Exhibit D, subject to all other plan requirements and restrictions, beginning in the 2027 plan year commencing on September 1, 2026, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration of TRS-ActiveCare, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A
TO THE RESOLUTION APPROVING BENEFIT CHANGES FOR THE TRS-ACTIVECARE HD PLAN

Deductible Changes for TRS-ActiveCare HD

TRS-ActiveCare HD		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
DEDUCTIBLE In-Network • Individual Deductible • Family Deductible	$3,300 $6,600	$3,400 $6,800
DEDUCTIBLE Out-of-Network • Individual Deductible • Family Deductible	$6,600 $13,200	$6,800 $13,600

EXHIBIT B
TO THE RESOLUTION APPROVING BENEFIT CHANGES FOR THE TRS-ACTIVECARE PRIMARY+ PLAN

Enhanced Specialty Drug Coverage for TRS-ActiveCare Primary+ Plan

TRS-ActiveCare Primary+		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Specialty Drugs Not Eligible for SaveOn SP	30% coinsurance after deductible	20% coinsurance after deductible with a $500 cap per fill

*Specialty drugs are limited to a 31-day supply

EXHIBIT C
TO THE RESOLUTION APPROVING BENEFITS FOR THE TRS-ACTIVECARE 2 PLAN

Tiered Physician Copays for TRS-ActiveCare 2

TRS-ActiveCare 2 (closed plan)		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Primary Care Provider Copay	$30	Tier 1: $20 Tier 2: $40
Specialist Copay	$70	Tier 1: $55 Tier 2: $85

Exhibit D

TO THE RESOLUTION APPROVING GROSS PREMIUM RATES FOR TRS-ACTIVECARE PRIMARY, TRS-ACTIVECARE PRIMARY+, TRS-ACTIVECARE HD, AND TRS-ACTIVECARE 2

TRS-ActiveCare 2027 Plan Year Proposed Regional Gross Premiums

ActiveCare		Region									
Plan	Tier	1	2	3	4	5	6	7	8	9	10
Primary	Employee	$480	$574	$553	$569	$578	$553	$572	$591	$568	$614
	Employee + Spouse	$1,296	$1,550	$1,494	$1,537	$1,561	$1,494	$1,545	$1,596	$1,534	$1,658
	Employee + Child	$816	$976	$941	$968	$983	$941	$973	$1,005	$966	$1,044
	Employee + Family	$1,632	$1,952	$1,881	$1,935	$1,966	$1,881	$1,945	$2,010	$1,932	$2,088
Primary+	Employee	$564	$675	$651	$669	$680	$650	$673	$697	$668	$722
	Employee + Spouse	$1,467	$1,755	$1,693	$1,740	$1,768	$1,690	$1,750	$1,813	$1,737	$1,878
	Employee + Child	$959	$1,148	$1,107	$1,138	$1,156	$1,105	$1,145	$1,185	$1,136	$1,228
	Employee + Family	$1,862	$2,228	$2,149	$2,208	$2,244	$2,145	$2,221	$2,301	$2,205	$2,383
HD	Employee	$492	$590	$566	$583	$594	$569	$591	$613	$570	$628
	Employee + Spouse	$1,329	$1,593	$1,529	$1,575	$1,604	$1,537	$1,596	$1,656	$1,539	$1,696
	Employee + Child	$837	$1,003	$963	$992	$1,010	$968	$1,005	$1,043	$969	$1,068
	Employee + Family	$1,673	$2,006	$1,925	$1,983	$2,020	$1,935	$2,010	$2,085	$1,938	$2,136
AC2	Employee	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013
	Employee + Spouse	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402
	Employee + Child	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507
	Employee + Family	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841

ActiveCare		Region									
Plan	Tier	11	12	13	14	15	16	17	18	19	20
Primary	Employee	$612	$555	$521	$539	$557	$535	$517	$429	$475	$499
	Employee + Spouse	$1,653	$1,499	$1,407	$1,456	$1,504	$1,445	$1,396	$1,159	$1,283	$1,348
	Employee + Child	$1,041	$944	$886	$917	$947	$910	$879	$730	$808	$849
	Employee + Family	$2,081	$1,887	$1,772	$1,833	$1,894	$1,819	$1,758	$1,459	$1,615	$1,697
Primary+	Employee	$720	$654	$614	$635	$656	$630	$607	$504	$560	$586
	Employee + Spouse	$1,872	$1,701	$1,597	$1,651	$1,706	$1,638	$1,579	$1,311	$1,456	$1,524
	Employee + Child	$1,224	$1,112	$1,044	$1,080	$1,116	$1,071	$1,032	$857	$952	$997
	Employee + Family	$2,376	$2,159	$2,027	$2,096	$2,165	$2,079	$2,004	$1,664	$1,848	$1,934
HD	Employee	$630	$570	$540	$555	$577	$556	$534	$441	$495	$515
	Employee + Spouse	$1,701	$1,539	$1,458	$1,499	$1,558	$1,502	$1,442	$1,191	$1,337	$1,391
	Employee + Child	$1,071	$969	$918	$944	$981	$946	$908	$750	$842	$876
	Employee + Family	$2,142	$1,938	$1,836	$1,887	$1,962	$1,891	$1,816	$1,500	$1,683	$1,751
AC2	Employee	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013	$1,013
	Employee + Spouse	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402	$2,402
	Employee + Child	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507	$1,507
	Employee + Family	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841	$2,841

On a motion by Ms. Graf, seconded by Mr. Rutherford, the committee voted to recommend that the Board adopt the resolution approving the TRS-ActiveCare Primary Innovation plan for Arlington ISD.

RESOLUTION APPROVING TRS-ACTIVECARE BENEFITS AND GROSS PREMIUM RATES FOR ARLINGTON ISD INNOVATION PLAN

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.101 gives TRS the authority to establish by rule plans of group coverage under TRS-ActiveCare;

Whereas, under Rule 41.35 of Title 34 of the Texas Administrative Code, TRS offers the TRS-ActiveCare Primary plan as one of the coverage plan tiers required by statute;

Whereas, TRS staff and consultants assisting staff (the "Consultants") have recommended for the 2027 plan year commencing on September 1, 2026, a variant of the TRS-ActiveCare Primary plan for the Arlington Independent School District ("ISD"), which is comparable to the TRS-ActiveCare Primary plans offered to other participating entity employees, as required by Section 1579.101(d) (the "Innovation Plan");

Whereas, the TRS staff and Consultants have determined the Innovation Plan for Arlington ISD will offer tiered physician copays to members for primary care providers and specialist providers be set at the amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, TRS staff and Consultants have recommended the gross premium rates applicable to the Innovation Plan for Arlington ISD to be set at the amounts set out in Exhibit B, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the tiered physician copays for the Innovation Plan for Arlington ISD as outlined in Appendix A, effective for the 2027 plan year beginning September 1, 2026, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, That the Board hereby adopts and authorizes the gross premium rates for the Innovation Plan for Arlington ISD contained in Exhibit B, subject to all other plan requirements and restrictions, beginning in the 2027 plan year commencing on September 1, 2026, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration of the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TO THE RESOLUTION APPROVING TIERED BENEFITS FOR ARLINGTON ISD INNOVATION PLAN

Innovation Plan with Tiered Benefits

Tiered Physician Copays for the TRS-ActiveCare Primary Plan for Arlington ISD

TRS-ActiveCare Arlington Primary		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Primary Care Provider Copay	$30	Tier 1: $20 Tier 2: $40
Specialist Copay	$70	Tier 1: $55 Tier 2: $85

EXHIBIT B

TO THE RESOLUTION APPROVING GROSS PREMIUM RATES FOR ARLINGTON ISD INNOVATION PLAN

Arlington ISD TRS-ActiveCare Primary Plan 2027 Plan Year Proposed Gross Premiums

Arlington ISD Primary Plan will have tiered physician copays. TRS proposes gross premiums for the Primary Plan that are specific to Arlington ISD. All other plans available to Arlington ISD would have Region 11 gross premiums.

Arlington ISD		
Plan	**Tier**	**Gross Premium**
Primary	Employee	$600
	Employee + Spouse	$1,620
	Employee + Children	$1,020
	Employee + Family	$2,039

On a motion by Mr. Ball, seconded by Mr. Rutherford, the committee voted to recommend that the Board adopt the resolution approving the TRS-ActiveCare Primary Innovation plan for Region 4.

RESOLUTION APPROVING TRS-ACTIVECARE INNOVATION PLAN FOR REGION 4
May 1, 2026

Whereas, Chapter 1579, Insurance Code (the "Texas School Employees Uniform Group Health Coverage Act"), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.101 gives TRS the authority to establish by rule plans of group coverage under TRS-ActiveCare;

Whereas, under Rule 41.35 of Title 34 of the Texas Administrative Code, TRS offers the TRS-ActiveCare Primary plan as one of the coverage plan tiers required by statute;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended for the 2027 plan year commencing on September 1, 2026, a variant of the TRS-ActiveCare Primary plan for Region 4 which is comparable to the TRS-ActiveCare Primary plans offered to other participating entity employees, as required by Section 1579.101(d) (the “Innovation Plan”);

Whereas, TRS staff and Consultants have determined the Innovation Plan for Region 4 will offer a tiered facility coinsurance set at the amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the tiered inpatient and outpatient facility coinsurance for the Innovation Plan for Region 4 as outlined in Appendix A, effective for the 2027 plan year beginning September 1, 2026, and continuing thereafter, subject to all applicable plan requirements and restrictions, until further action is taken by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TO THE RESOLUTION APPROVING THE TIERED COINSURANCE FOR THE INNOVATION PLAN FOR REGION 4

Innovation Plan with Tiered Benefits

Tiered Facility Coinsurance for the TRS-ActiveCare Primary Plan for Region 4

TRS-ActiveCare Region 4 Primary		
Plan Feature	**Current 2026 Plan Year**	**Proposed 2027 Plan Year**
Outpatient and Inpatient Facility	30% coinsurance after deductible	Tier 1: 30% coinsurance after deductible Tier 2: 40% coinsurance after deductible

On a motion by Ms. Graf, seconded by Mr. Rutherford, the committee voted to recommend that the Board adopt the resolution approving rates for early returning entities under House Bill 3126.

RESOLUTION APPROVING GROSS PREMIUM RATES AND RISK STABILIZATION FEES FOR EARLY-RETURNING ENTITIES UNDER SECTION 1579.1551

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the "Texas School Employees Uniform Group Health Coverage Act"), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to devise, implement, and administer TRS-ActiveCare, as described in the statute;

Whereas, House Bill 3126 of the 89th Legislative Session added Section 1579.1551 to the Insurance Code to allow entities that discontinued participation in TRS-ActiveCare effective September 1, 2022, to be able to elect to return to the program before the expiration of the 5-year exclusion period required under Section 1579.155(b) if they provide a written notice to TRS no later than December 31, 2025, to begin participation on September 1, 2026, and comply with any other requirements established by TRS for program participation;

Whereas, Section 1579.1551(c) authorizes TRS to impose on such early-returning entities a risk stabilization fee on the premiums for the plan year that begins on September 1, 2026;

Whereas, fourteen qualifying entities have applied to participate in TRS-ActiveCare under Section 1579.1551 beginning on the 2027 plan year commencing on September 1, 2026;

Whereas, TRS staff and consultants assisting staff (the "Consultants") have recommended the gross premium rates that include the risk stabilization fee for those early-returning entities for the TRS-ActiveCare Primary, TRS- ActiveCare Primary+, TRSActiveCare HD, and TRS-ActiveCare 2 plans, at the amounts set out in Exhibit A attached to this resolution and incorporated herein by reference;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes for those early-returning entities under Section 1579.1551, the gross premium rates including a risk stabilization fee for the TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2 plans contained in Exhibit A, subject to all other plan requirements and restrictions, beginning in the 2027 plan year commencing on September 1, 2026, and thereafter, until further action by the Board;

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds, the execution of all documents, and the administration of the TRS-ActiveCare plan, deemed by him or such designee to be necessary or advisable to implement this resolution, until further action by the Board.

EXHIBIT A

TRS-ActiveCare 2027 Plan Year Monthly Gross Premium Rates with Risk Stabilization Fee for HB 3126

ActiveCare		HB 3126 with Risk Stabilization Fee							
Plan	**Tier**	1	8	9	14	15	17	Spring ISD	Goose Creek ISD
Primary	Employee	$638	$727	$790	$679	$685	$631	$797	$797
	Employee + Spouse	$1,724	$1,963	$2,132	$1,835	$1,850	$1,703	$2,152	$2,152
	Employee + Child	$1,085	$1,236	$1,343	$1,155	$1,165	$1,072	$1,355	$1,355
	Employee + Family	$2,171	$2,472	$2,685	$2,310	$2,330	$2,145	$2,709	$2,709
Primary+	Employee	$750	$857	$929	$800	$807	$741	$937	$937
	Employee + Spouse	$1,951	$2,230	$2,414	$2,080	$2,098	$1,926	$2,436	$2,436
	Employee + Child	$1,275	$1,458	$1,579	$1,361	$1,373	$1,259	$1,593	$1,593
	Employee + Family	$2,476	$2,830	$3,065	$2,641	$2,663	$2,445	$3,091	$3,091
HD	Employee	$654	$754	$792	$699	$710	$651	$816	$816
	Employee + Spouse	$1,768	$2,037	$2,139	$1,889	$1,916	$1,759	$2,205	$2,205
	Employee + Child	$1,113	$1,283	$1,347	$1,189	$1,207	$1,108	$1,389	$1,389
	Employee + Family	$2,225	$2,565	$2,694	$2,378	$2,413	$2,216	$2,776	$2,776
AC2	Employee	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Employee + Spouse	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Employee + Child	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Employee + Family	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

On a motion by Mr. Ball, seconded by Mr. Rutherford, the committee voted to recommend that the Board adopt the resolution approving the special transitional plan rate for Amarillo ISD.

RESOLUTION APPROVING GROSS PREMIUM RATES FOR THE SPECIAL TRANSITIONAL PLAN FOR AMARILLO ISD

May 1, 2026

Whereas, Chapter 1579, Insurance Code (the "Texas School Employees Uniform Group Health Coverage Act"), governs the Texas School Employees Group Benefits Program, hereinafter referred to as TRS-ActiveCare, and under Sections 1579.051 and 1579.052 authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

Whereas, Section 1579.101 gives TRS the authority to establish by rule plans of group coverage under TRS-ActiveCare;

Whereas, under such authority, TRS adopted Rule 41.53 to Title 34 of the Texas Administrative Code, which allows TRS to provide a Special Transitional Plan to eligible entities desiring to elect to participate in TRS-ActiveCare but that may find it challenging because they have plan years which do not align with TRSActiveCare's plan year, which runs from September 1st to August 31st of each year;

Whereas, under Rule 41.53, the Amarillo Independent School District (ISD) applied for a Special Transitional Plan to begin on July 1, 2026, and provided the required information under Section 41.45 so that TRS can provide a quote for such plan;

Whereas, TRS staff and consultants assisting staff (the "Consultants") evaluated the information submitted by Amarillo ISD under rule 41.53, and have determined the appropriate rates applicable to a Special Transitional Plan that would be issued to Amarillo ISD from July 1, 2026 to August 31, 2026, until their enrollment in the regular TRS-ActiveCare plan effective on September 1, 2026;

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants; now, therefore, be it

Resolved, That the Board hereby adopts and authorizes the following rates for a Special Transitional Plan to be issued to Amarillo ISD, from July 1, 2026 to August 31, 2026:

Amarillo ISD		
Plan	**Tier**	**Gross Premium**
Primary	Employee	$1,095
	Employee + Spouse	$2,959
	Employee + Children	$1,864
	Employee + Family	$3,725
Primary+	Employee	$1,283
	Employee + Spouse	$3,337
	Employee + Children	$2,183
	Employee + Family	$4,235
HD	Employee	$1,135
	Employee + Spouse	$3,067
	Employee + Children	$1,932
	Employee + Family	$3,861

Resolved, That the Board hereby authorizes the Executive Director or his designees to take any actions that are necessary or advisable to implement the premium rates as adopted or authorized herein, and to take any actions that are necessary or advisable to otherwise devise, implement, and administer the Special Transitional Plan for Amarillo ISD in accordance with Rule 41.53, until further action by the Board. This resolution shall not be interpreted as a commitment for TRS to issue a Special Transitional Plan. Amarillo ISD will be required to timely submit a full application for the Special Transitional Plan and an election to participate in the regular TRS-ActiveCare plan effective on September 1, 2026, in accordance with Rule 41.53 and Rule 41.30.

Mr. Williams, without objection, then called up agenda item 4C.

4. Receive updates and consider the following regarding TRS pension benefits program:

- **A. Consider recommending to the Board acceptance of the Medical Board meeting minutes of November 2025 and January 2026 (Proposed Consent Agenda 2B);**
- **B. Consider recommending to the Board approval of Benefit Payments for December 2025 through February 2026 (Proposed Consent Agenda 2C); and**
- **C. Operational update on activities and performances including Member Education and Counseling Overview.**

Items 4A and 4B were considered and approved as part of the consent agenda under Agenda Item 2.

Ms. Barbie Pearson presented an operational update for Pension Services and noted that the presentation covered activity through February. She reported that Pension Services was achieving eleven of twelve performance objectives. She stated that the contact center metric was the one objective not being met, due to staffing challenges, turnover, and leave rather than the Pension Benefit Technology rollout. She added that recently released training classes were helping service levels improve, although the annual metric of answering 90 percent of calls within three minutes was not expected to be met.

Ms. Pearson provided an update on year-end tax form activity, stating that TRS processed more than 626,000 Form 1099s and also processed Forms 1042 for individuals who are not United States citizens and receive a pension from TRS. She also updated the committee on regional office activity, reporting that the El Paso lease process was moving forward. She reported that the Rio Grande Valley location was progressing following a facilities condition assessment with only minor issues identified.

Ms. Pearson reported that TRS had processed nearly 14,000 retirements for the year to date, approximately 20 percent more than at the same time during the prior year. She added that annual retirements generally fluctuate between approximately 20,000 and 24,000.

Ms. Pearson stated that two monthly payrolls had been processed successfully from the new Pension Benefit Technology system. She stated that annuitants can now view 24 months of payment history through MyTRS, which is a new feature. She noted that some workarounds had been resolved, while additional low-volume workarounds were identified after go-live and would continue to be monitored during peak activity.

Mr. Adam Fambrough introduced the Member Services portion of the presentation and stated that the member education and counseling group would be highlighted. Ms. Yvette Carter explained that the Member Education and Counseling group helps members understand their benefits and make informed decisions through broad education offerings and individualized counseling. She stated that the Ready to Retire presentation remains the most popular education offering and is offered virtually and in person across the State. She also described the TRS Essential webinar as a new, shorter session focused on specific topics, typically held during lunch hours and evenings, with increased participation and positive feedback.

Ms. Carter reported that one-on-one counseling primarily supports members approaching retirement but also includes guidance on death claims, refunds, and service credit purchases. She stated that, through February, staff had conducted nearly 6,000 counseling appointments in Austin and more than 2,700 appointments in El Paso, with additional field office outreach across the State. She noted that appointment channels included in-person, virtual, and phone appointments. She also stated that the new building had improved the member experience by allowing pension and health counseling needs to be addressed in the same office during a single visit.

Ms. Carter reported that the team conducted 73 presentations with more than 4,600 attendees, including third-party requested events hosted by groups such as TRTA, school districts, and universities. She outlined three key initiatives: broadening TRS Essential topics, increasing member attendance through evening and weekend sessions and coordination with communications, and improving employer engagement through informational sessions with human resources representatives and resources to help new employees understand their benefits.

With no further business before the Benefits Committee, the meeting adjourned at 10:10 a.m.

Approved by the Benefits Committee of the Board of Trustees of the Teacher Retirement System of Texas on July_____, 2026.

______________________________ __________________

Katherine H. Farrell Date

Secretary of the TRS Board of Trustees

TAB 4

Pension Services

Presentation Date
July 16, 2026

Presented By
Barbie Pearson

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

Medical Board Recommendations

Texas Government Code 825.204 requires the TRS Board of Trustees to appoint a medical board composed of three physicians to review disability retirement medical documentation and make a determination on whether a member meets the statutory definition for disability.

Current Contracts	
Doctor	Contract Expiration
Dr. Alice Cox - Chair	8/31/2027
Dr. Sujan Gogu	8/31/2027
Dr. David Rothschild	8/31/2026

Recommending	Contingency Pool
• Dr. Tiffany Dugas	• Dr. Antonia Hernandez

Pension Services

Presentation Date
July 16, 2026

Presented By
Barbie Pearson, Adam Fambrough, Scott Murphy

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

Pension Services at a Glance

Key Updates

FY 26 Performance Objectives	Inactive Outreach	CBO Update
Achieving 11 out of 12 metrics	12,436 letters mailed in April 2026	Regional Office Retirements

Transactions and Interactions

Member Transactions 656,579

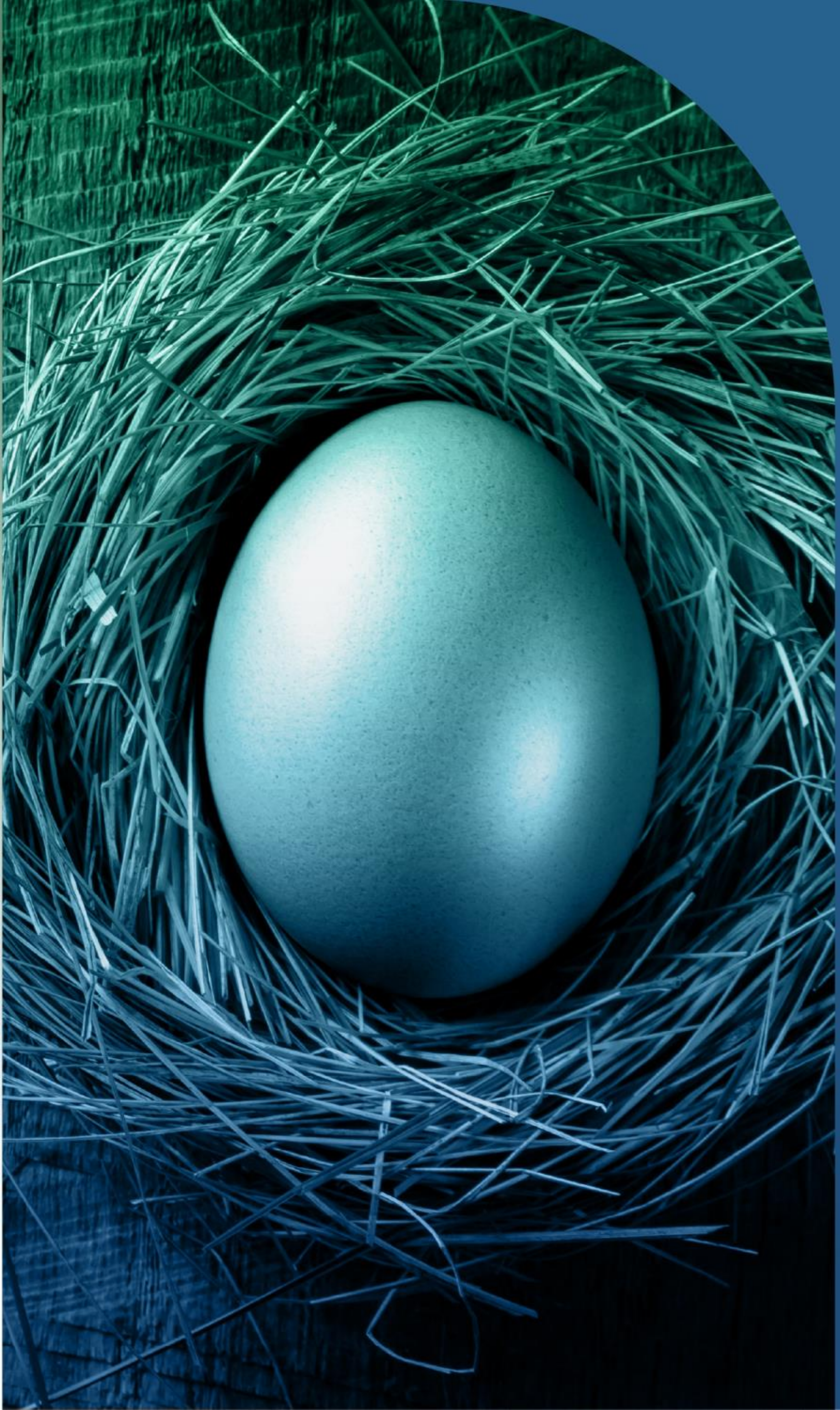
74 valid complaints (0.0055%)

Member Interactions 696,157

September 2025 – May 2026

Pension Services Initiatives

- NICE Autopilot (IVR Design)
- Employer Engagement Plan
- Expand Online Retirement Process
- Develop, record and publish three Reporting Employer training sessions in a Fiscal Year
- Knowledge Management



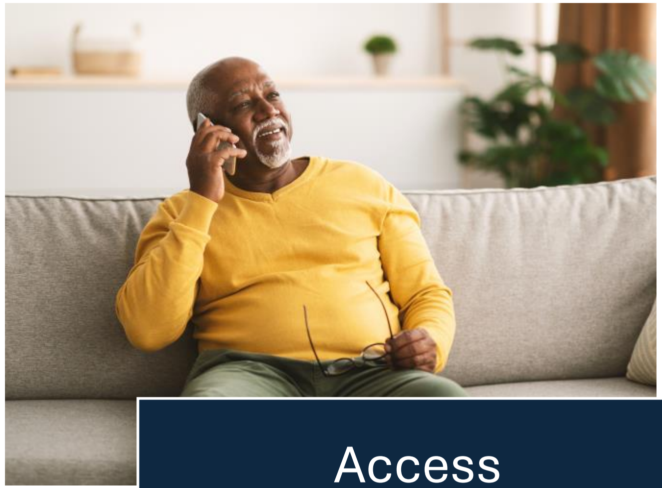
Contact Center (CC) Overview

Member Expectations and Purpose

Our goal is to ensure members can reach us when they need help and receive service that is courteous, knowledgeable, consistent, and trustworthy.

Member Expectations and Measures

Our goal is to ensure members can reach us when they need help and receive service that is courteous, knowledgeable, consistent, and trustworthy.



Access

Quality

Workload and Capacity

How the Measures Work Together

Monitoring

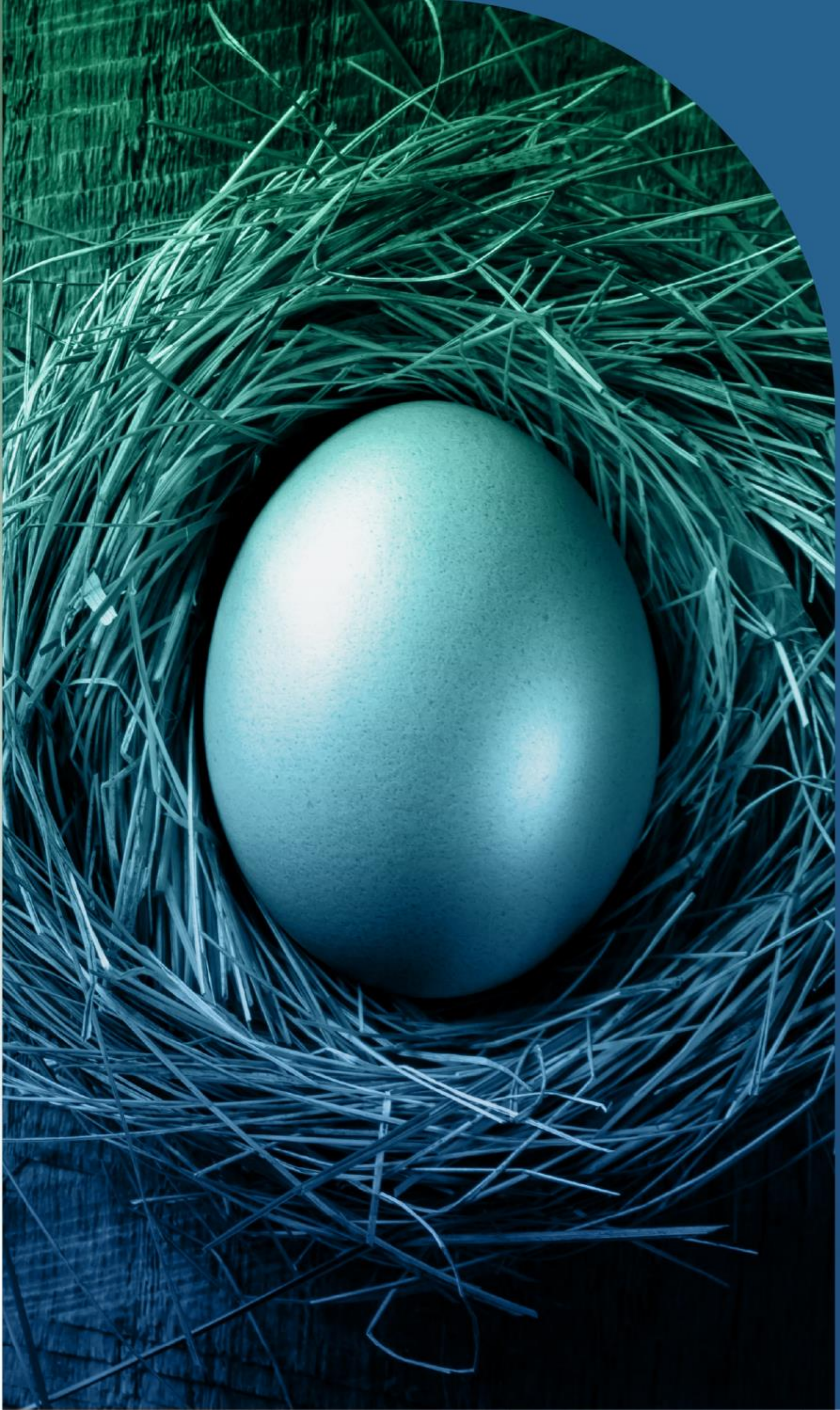
Member Demand	Service Complexity	Staffing Levels

Balances

Member Access	Service Quality	Employee Sustainability	Operational Efficiency

High Quality Service

Any Questions?



Appendix

Member Services Objectives

Business Activity	Objectives	FY Target	Q1	Q2	Q3	FY26 Sept-May
Telephone Calls	Calls answered within three minutes	90%	88%	75%	54%	72%
	Average speed of answer (minutes/seconds)		0:51	2:15	5:13	2:46
Office Visits (Austin)	Number of office visits available annually	20,000	4,645	4,654	5,559	14,858
Conducted	In-Person		1,243	1,289	1,748	4,280
	Live Video		960	985	1,290	3,235
	Telephone		716	776	1,011	2,503
	Walk-Ins		311	305	338	954
Office Visits (El Paso)	Number of office visits available annually	7,500	2,296	1,992	1,903	6,191
Conducted	In-Person		478	373	596	1,447
	Live Video		607	553	578	1,738
	Telephone		342	399	376	1,117
	Walk-Ins		90	78	65	233

September 2025 – May 2026

Account Services Objectives

Business Activity	Objectives	FY Target	Q1	Q2	Q3	FY26 Sept-May
Refunds	Refunds validated within five business days of receiving final deposit and all paperwork	95%	100%	100%	100%	100%
Benefit Estimates	Benefit estimates mailed within 31 days of request	95%	100%	100%	100%	100%
Retirements	Retirees received first annuity payment on time	98%	99%	99%	99%	99%
Death Claims (acknowledged)	Claims acknowledged within 14 days of receipt of death notification	95%	99%	98%	99%	99%
Death Claims (payments)	Claims payments issued within 31 days of receipt of all required paperwork	95%	98%	98%	98%	98%
Reporting Employer	Regular payroll reports completed by the end of each quarter (cumulative for fiscal year)	90%	99%	99%	99%	99%

September 2025 – May 2026

Benefit Operations Support Objectives

Business Activity	Objectives	FY Target	Q1	Q2	Q3	FY25 Sept-May
Foundational Training	Provided pension benefits foundational classroom training for all new hires (cumulative)	100%	100%	96%	93%	96%
Quality Assurance	Number of telephone interactions evaluated	11,500	2,821	3,946	4,280	11,047
	Number of virtual office visits evaluated	1,200	326	305	556	1,187

September 2025 – February 2026

Office Visit Evaluations started March 2024

Benefits Committee

DATE: *July 16, 2026*

FROM: *Barbie Pearson, Chief Benefit Officer*
Adam Fambrough, Deputy Chief Benefit Officer – Member Services
Scott Murphy, Sr Director – Contact Center

RE: *Pension Services Operational Update including an overview of the Contact Center Operations Overview*

Item Type: *Informational*

Executive Summary: This informational item provides the Benefits Committee with a concise operational update on Pension Services and a focused overview of Contact Center operations. Through May 2026, Pension Services met 11 of 12 FY 2026 performance objectives while continuing to advance key initiatives that support member service, reporting employer engagement and operational consistency. No board action is requested.

In addition, the acceptance of the Medical Board Meeting minutes and approval of Benefit Payments for March are consent agenda items.

Background: Pension Services provides quarterly updates to the Benefits Committee on key performance metrics, operational initiatives and a selected topic requiring additional context. This update highlights FY 2026 performance through May, inactive member outreach, regional office planning, strategic service initiatives, and Contact Center operations.

Quarterly Update: Pension Services continues to perform well against established FY 2026 objectives, meeting 11 of 12 measures through May. The remaining objective is the Contact Center service level target of answering 90% of calls within three minutes. Through May, the Contact Center answered 72% of calls within three minutes, with an average speed of answer of two minutes and 44 seconds.

In response, we implemented a targeted improvement plan focused on increasing staff, optimizing workforce management practices and improving schedule adherence. We also enhanced our new hire training approach by incorporating live call handling as counselors learn new topics, enabling them to apply skills in real time and accelerating overall readiness.

These efforts are yielding measurable progress, with service levels trending upward. Based on current performance, we anticipate continued improvement with meeting our service level.

Inactive member outreach remains a key compliance activity under Texas Government Code Section 825.502, which requires TRS to make reasonable efforts to locate and notify members with inactive accounts. This year, TRS mailed 12,436 certified letters to members in the final year before their accounts become inactive.

As of June 15, 2026, regional office planning continues to advance. The El Paso relocation is awaiting completion of final lease-related actions. An update on the Rio Grande Valley (RGV) Regional Office will be provided to the Board by the deputy director.

Pension Services Initiatives: Pension Services continues to advance strategic initiatives intended to improve the member and reporting employer experience. The NiCE Autopilot IVR redesign will transition TRS from a menu-based platform to a natural language system, with launch anticipated in late July 2026. Enhancements to the online retirement process launched in MyTRS in late June and will support more straight-through processing, improved beneficiary designation capabilities and additional retirement-related forms. Pension Services hired a knowledge management analyst to support development and maintenance of the new knowledge management system (KMS), including review and revision of existing articles. The KMS will be leveraged by the NICE Copilot (AI agent assistant) that will be deployed in 2027.

Contact Center Overview: The Member Services Contact Center responds to over 650,000 phone calls and 52,700 secure messages annually, representing a primary channel for member engagement. We are committed to ensuring members can access support when they need it and delivering service that is courteous, knowledgeable, consistent, and trustworthy.

PowerPoint Presentation: Yes

TAB 5

Enterprise Program Management

Presentation Date

July 16, 2026
July 17, 2026

Presented By

Sunitha Downing, Director of Enterprise Program Management & Dr. Rene Paulson, Elite Research LLC

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

Teacher Retirement System of Texas

Reporting Employer Satisfaction Survey

Rene Paulson, PhD

ELITE RESEARCH

Summary of Feedback

- **Overall Satisfaction with TRS and Quality of Service Ratings are Converging**: The majority of Reporting Employers (RE) were "Very Satisfied" with the agency overall (53%) for the first time. Satisfaction with the quality of services (57%) remained comparably high to the previous two years.
- **More REs are "Very Satisfied" than "Satisfied" with TRS Communication Elements and the RE Portal:** There was a notable shift from REs "Satisfied" with communication elements in 2025 to more REs "Very Satisfied" in 2026 across all TRS communications.
- **Satisfaction Improved for Nearly All Resources:** Greater percentages of REs were "Very Satisfied" with all TRS resources used by at least 40 persons in 2026 compared to 2025 levels.
- **Reporting Employer Coaches**: Satisfaction with RE Coaches continues to exceed overall TRS satisfaction ratings despite slight declines across RE Coach measures in 2026.

Where to go from here:

- Explore specific needs for contacting RE Coaches during and apart from reporting deadlines.
- Maintain and expand on progress moving REs from "Satisfied" to "Very Satisfied" with TRS communication.
- Explore rationale for decrease in RE Coach ratings.
- Identify reasons for decreased training attendance and split training material preferences.

Suggestions for Improving TRS Relationships

1. Improve communication (24%).
2. Improve response time/availability (21%).
3. Improve the portal/reporting (9%) just ahead of extending deadlines (9%).

Response Category	Count	%
Number of Unique Members that Responded to Question	312	
Improve Communication	84	23.7%
Improve Response Time & Availability	73	20.6%
Improve Portal/Reporting	33	9.3%
Extend Deadlines	31	8.7%
Provide Training/In-Person	21	5.9%
Satisfied/ Great	21	5.9%
More Coaches / Overworked / Less Changeover	13	3.7%
Reduce System Downtime	12	3.4%
Improve Understanding	6	1.7%
More Access to Documents & Employee Details	5	1.4%
Many Improvements Made Already	5	1.4%
Keep Grace Periods & Remove Penalties	3	0.8%
Accuracy/Match of Information	3	0.8%
None/NA	45	12.7%
Total	355	100.0%

Q: What is the single most important thing TRS can do to improve its relationship with Reporting Employers?

Appendix

Reporting Employer Satisfaction Survey Overview

- Survey all public and higher education employers.
- Gauge Reporting Employer (RE) satisfaction on TRS services.

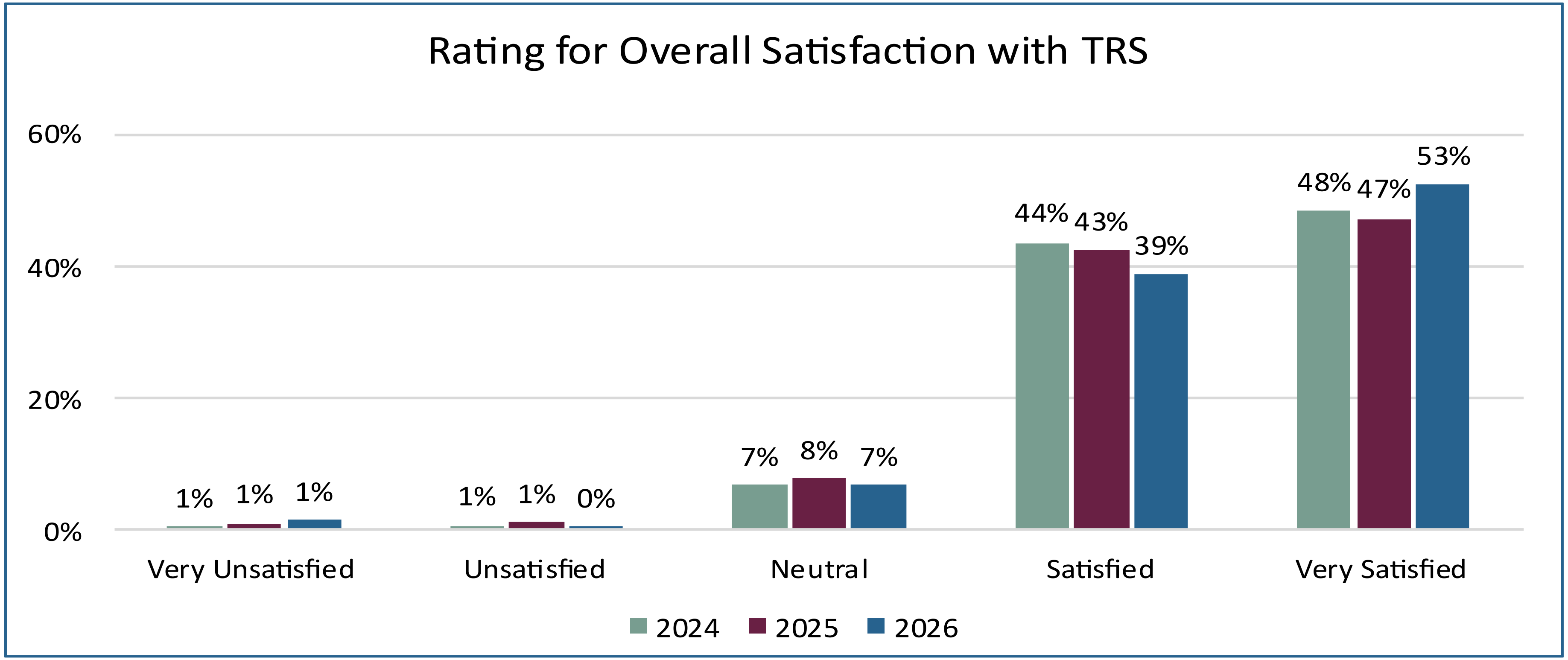
Data Points	Updates
• Conducted annually since 2019	• Minimal changes to questions
• Sent to all 1,335 Reporting Employers	• Minimal changes to methodology
• 7% increase in response rate	

Survey Process

- Administered by Elite Research, LLC
- Online survey
- Collection: February - March 2026
- Sample: 5,197 unique email addresses representing 1,335 REs
- Results: based on 1,253 individual respondents representing 1,080 REs

Overall Satisfaction

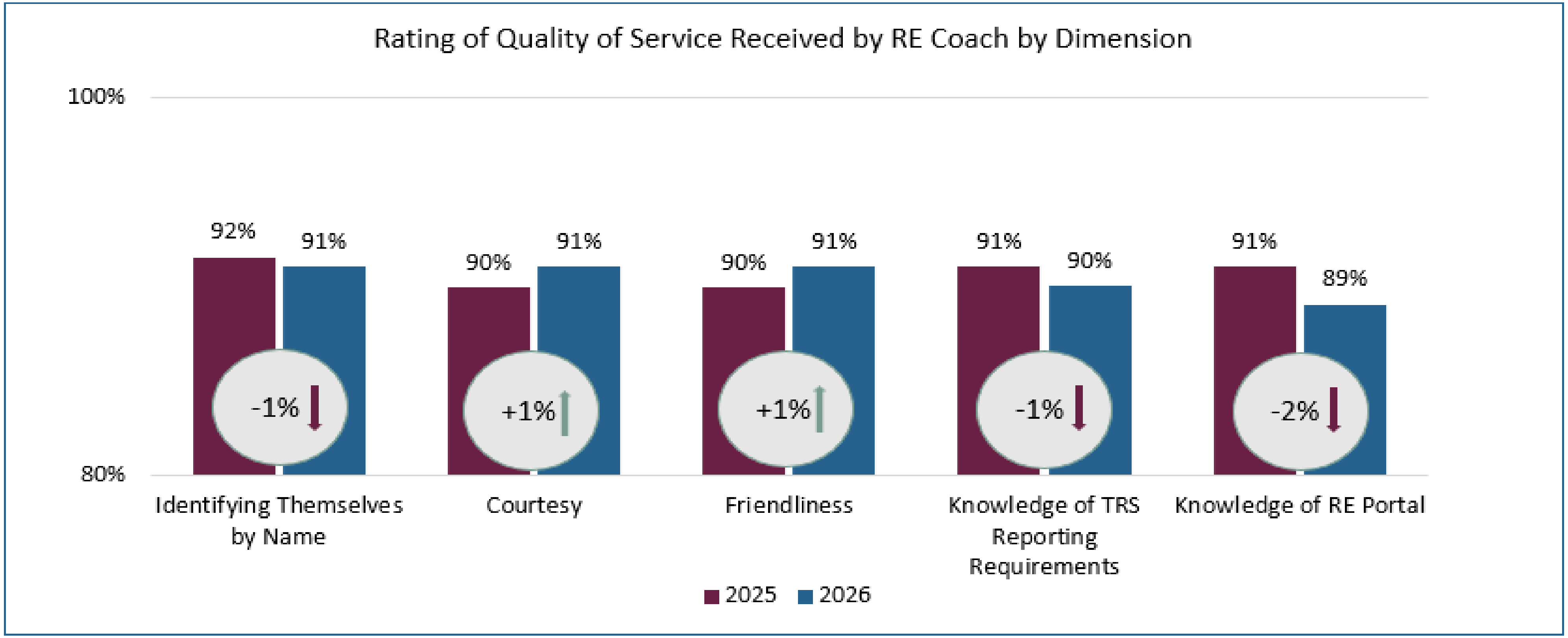
- For the first time, the majority of REs were "Very Satisfied" with their satisfaction with TRS.
- Combined satisfaction ("Satisfied" + "Very Satisfied") increased to 92%.
- Less than 2% of REs were dissatisfied with TRS overall.



Q: Please rate your overall satisfaction with the agency.

Ratings for RE Coaches

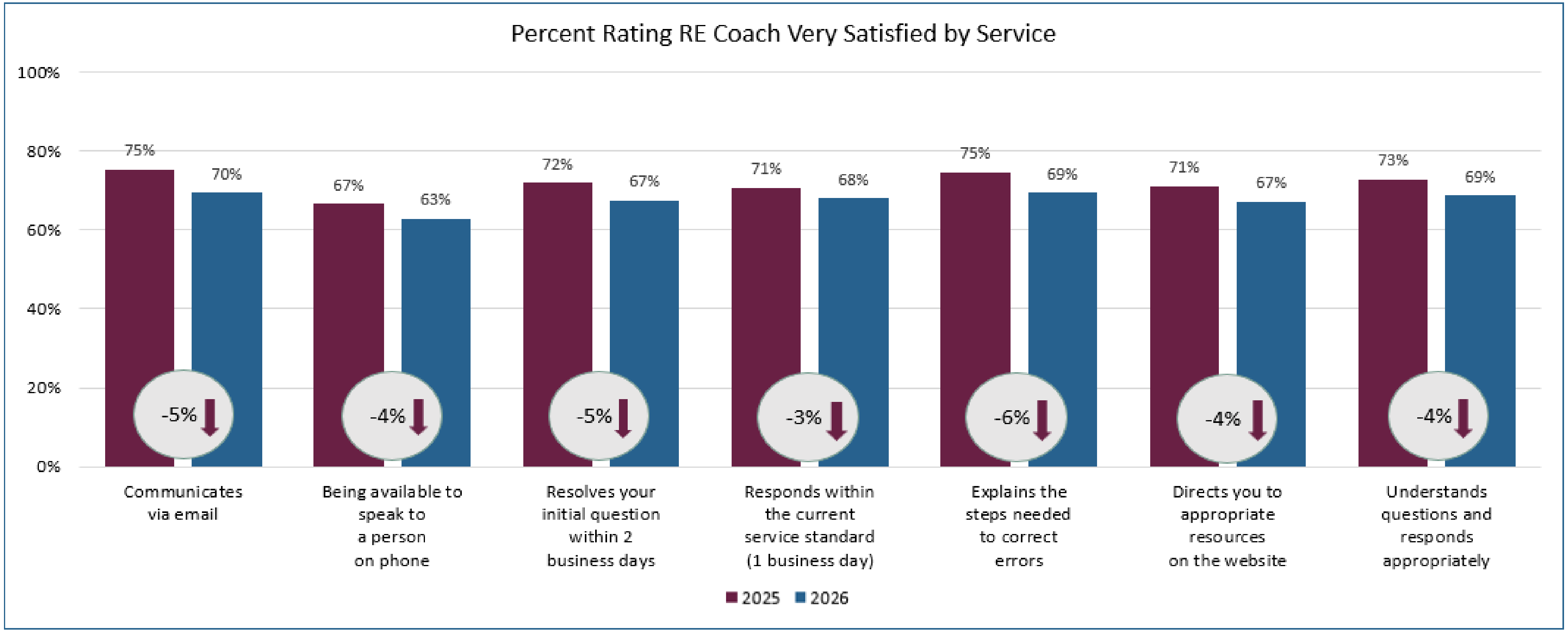
- RE Coaches received approximately 90% overall satisfaction for all dimensions similar to 2025.
- Coaches continue to be highest rated TRS component. However, the percentage of REs “Very Satisfied” decreased by 5-6% for each dimension consistent with the general decrease in RE Coach ratings across all measures.



Q: How would you rate your Reporting Employer Coach on … ?

Evaluation of RE Coaches by Service

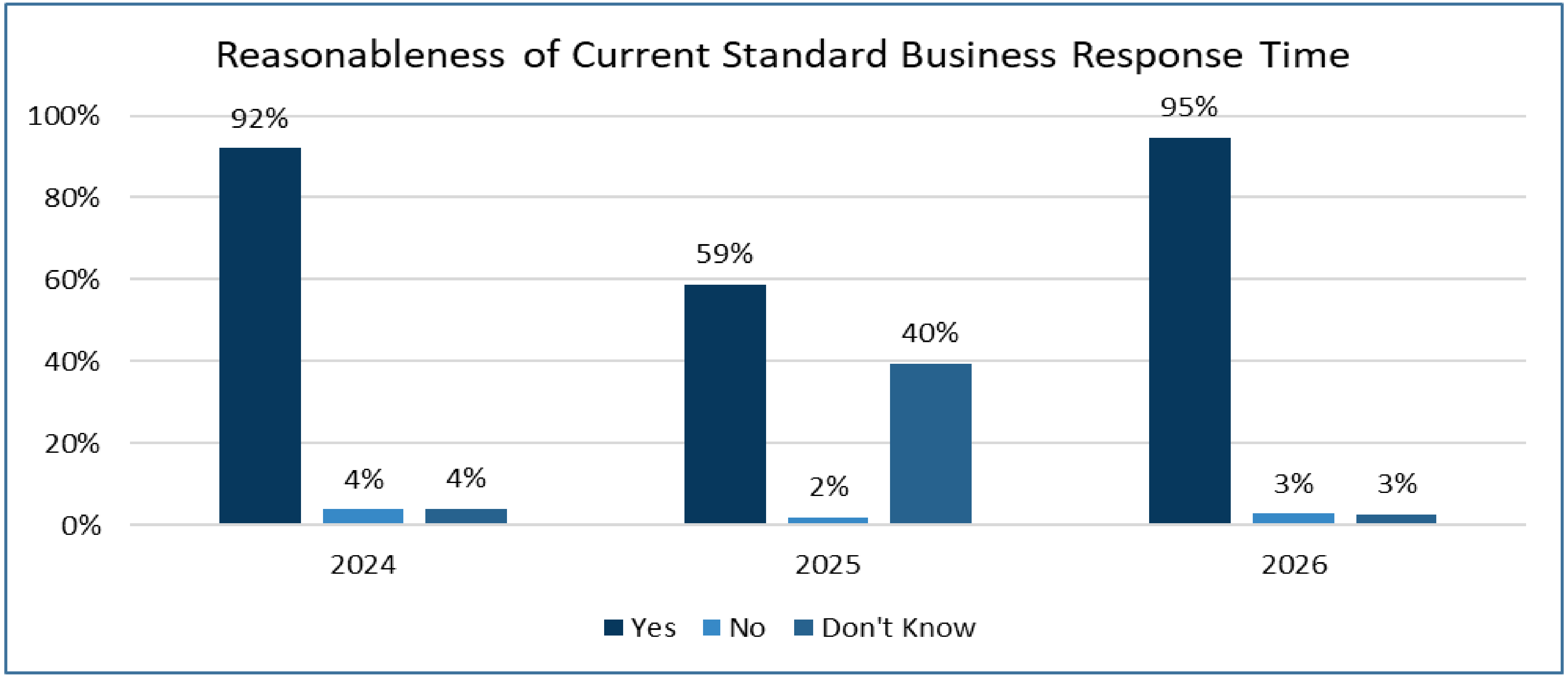
- All dimensions of RE Coach service show decreased satisfaction in 2026.
- All services other than “Being available to speak to a person on the phone” have “Very Satisfied” percentages of 67-70%.



Q: When you do contact your Reporting Employer Coach, how would you rate them on …?

One-Day Standard Response Time

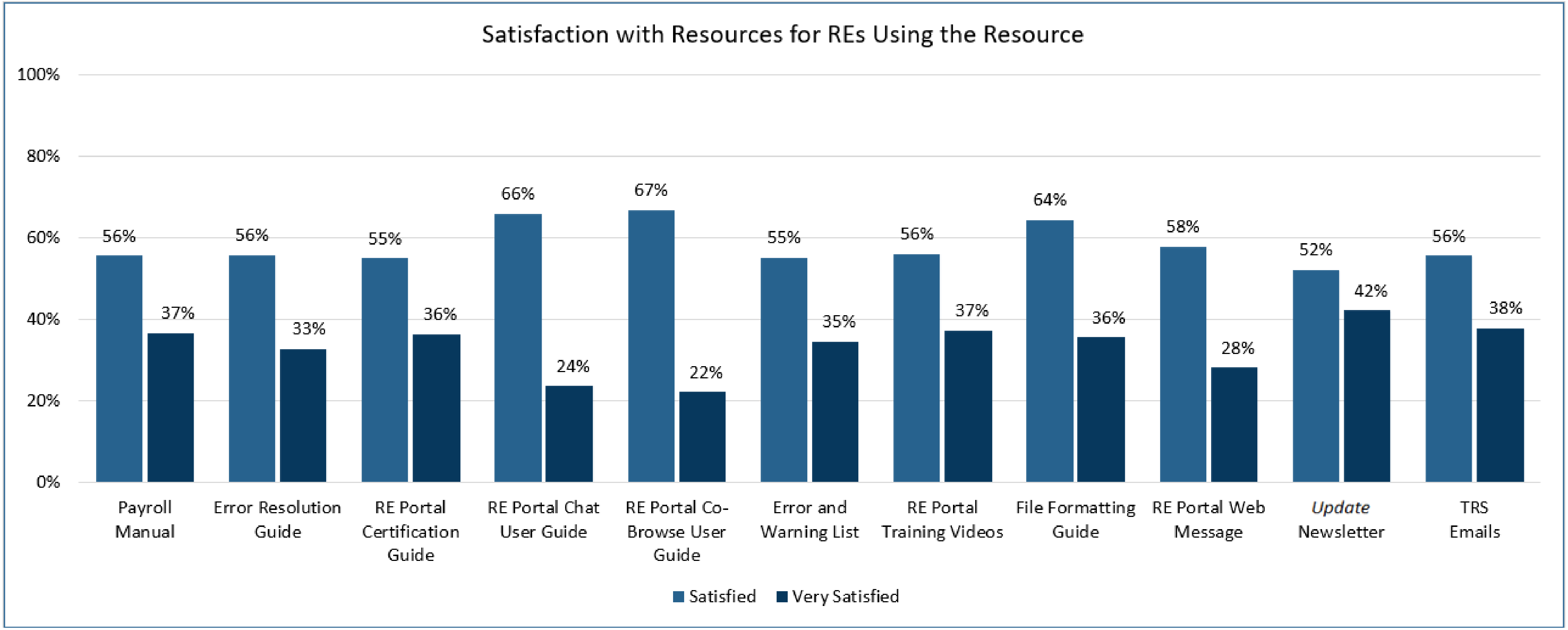
- Near unanimous support for the current business standard response time (95%).
- Results consistent with 2024 results, very few REs do not find the standard response time reasonable (3%).



Q: TRS' goal is to respond to you within one business day. Do you think this timeline is reasonable?

TRS Resources

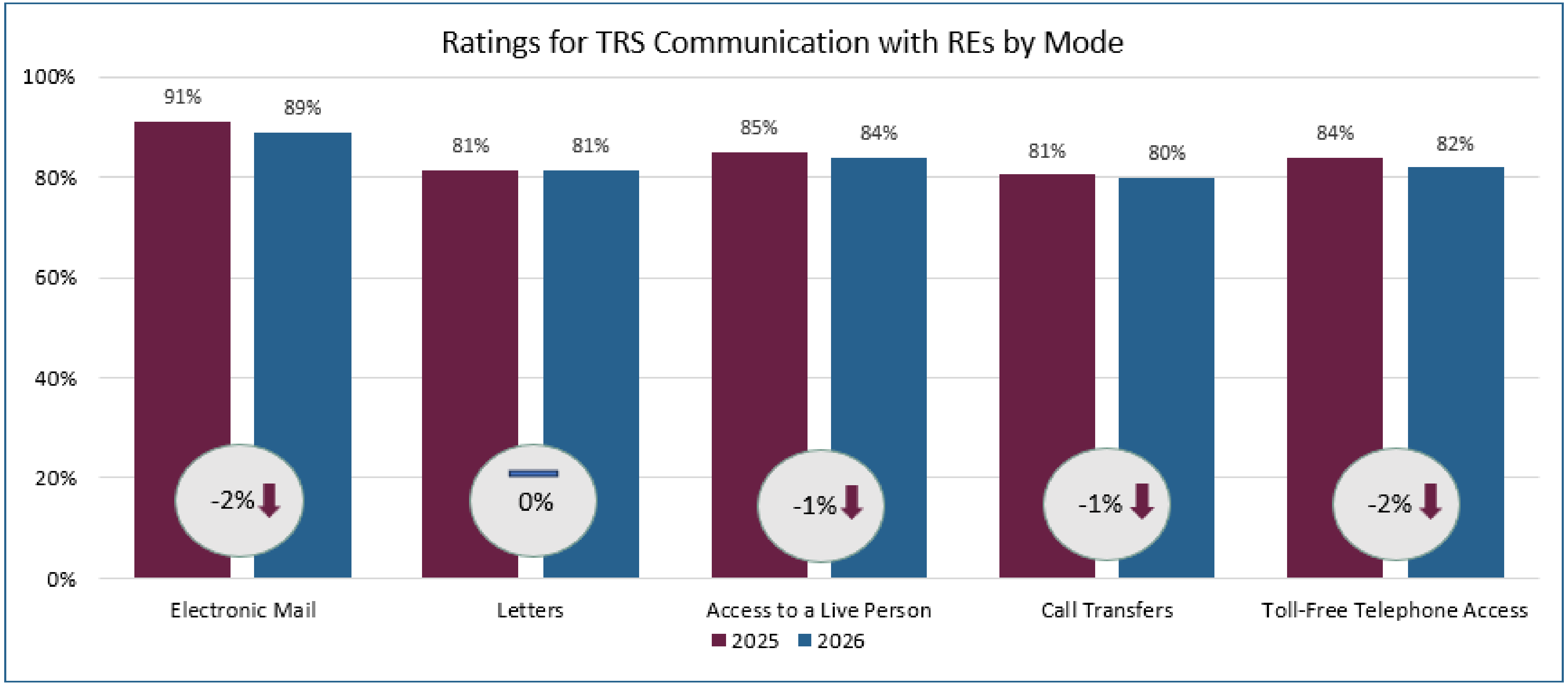
- The gap between REs "Satisfied" but not "Very Satisfied" with resources is closing.
- At least one-third are "Very Satisfied" with all TRS resources used by at least 40 people.
- Eight resources have combined satisfaction of 90% or more.



Q: How satisfied were you with the resources you utilized during the last year?

TRS Communications with REs

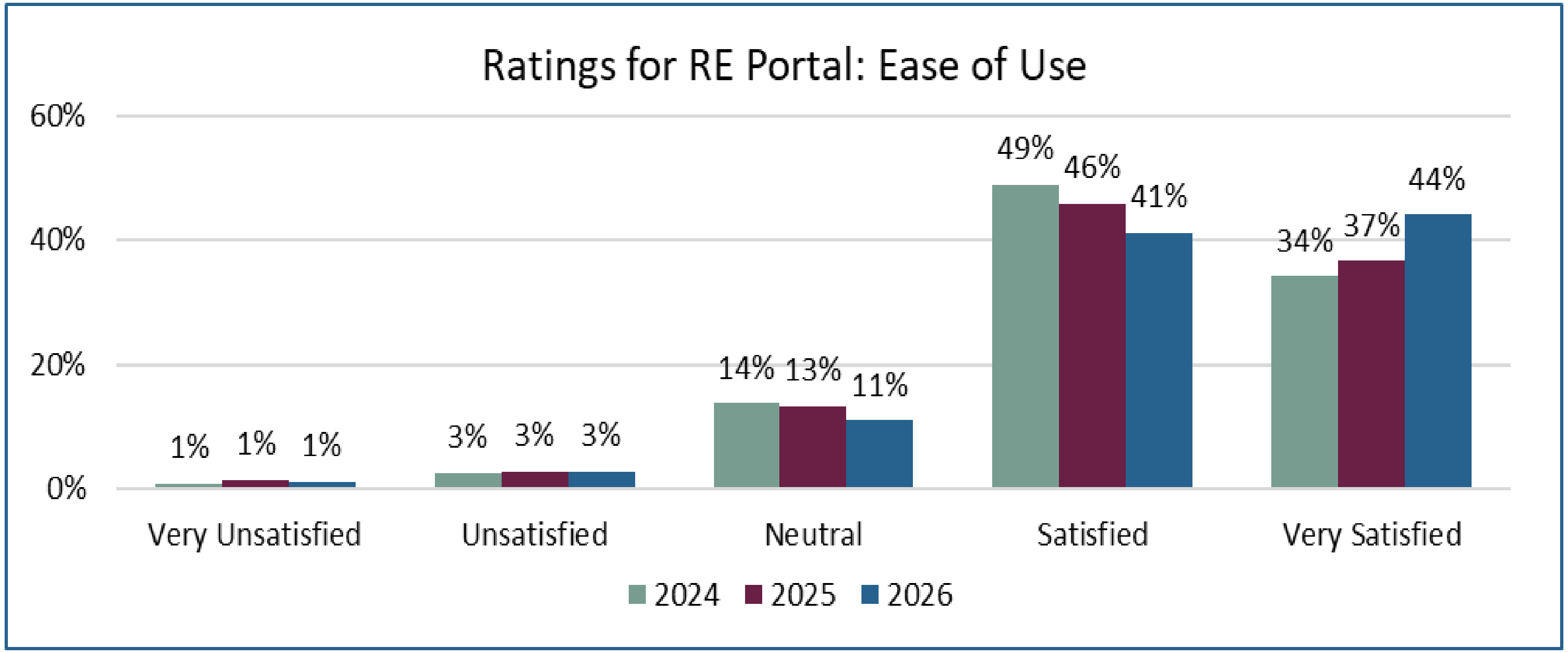
- Combined satisfaction with TRS' communications was largely unchanged from 2025.
- There was a notable shift from "Satisfied" to "Very Satisfied" REs. The percentage of REs "Very Satisfied" with each communication method increased by 4-7% over last year.



Q: How would you rate TRS' **communications**, including toll-free telephone access, call transfers, access to a live person, letters, and electronic mail?

RE Portal

- Shift from “Satisfied” to “Very Satisfied” REs. The largest groups of REs reported being “Very Satisfied” with each RE Portal dimension.
- Combined satisfaction remains high for both RE portal measures consistent with 2025 levels.

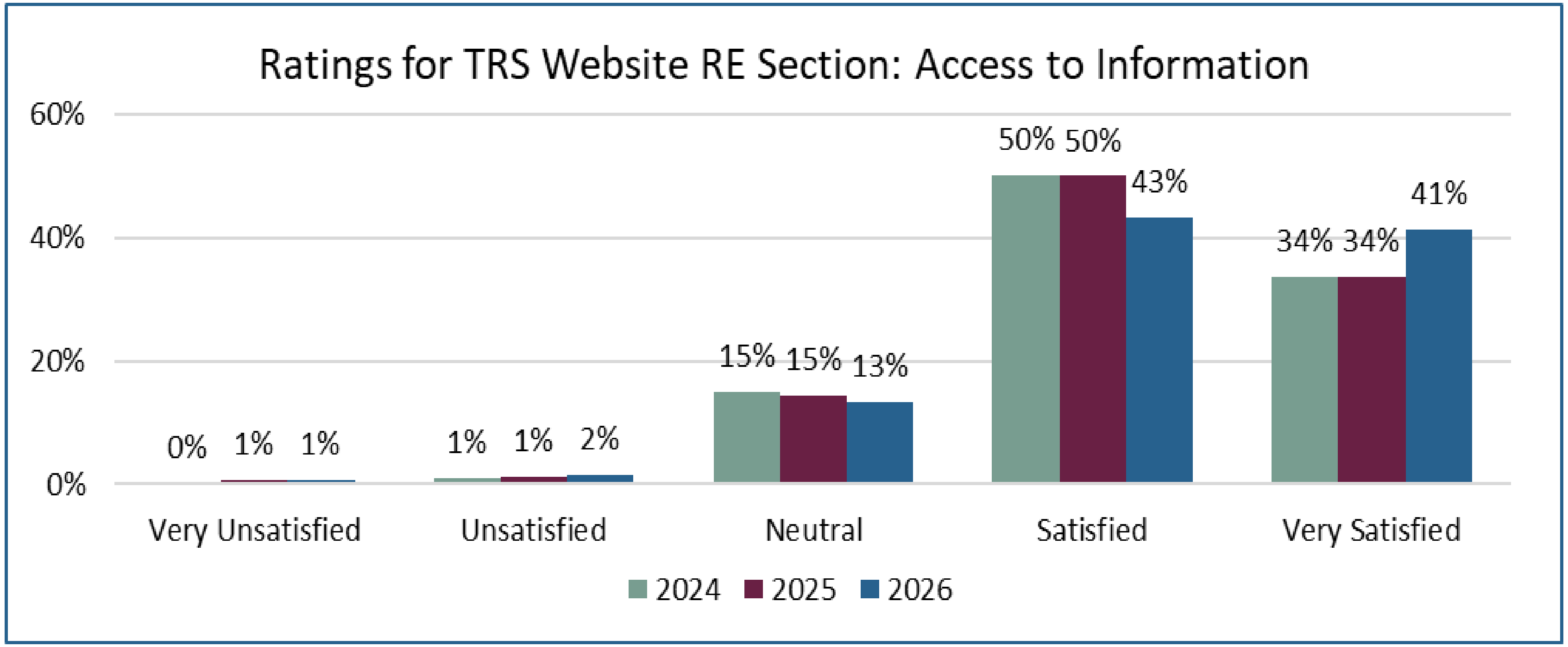


RE Portal Dimensions
Ease of Use
Access to Information

Q: How would you rate the Reporting Employer Portal on ease of use and access to information, such as resources?

TRS Website

- Consistent with 2025, more than 80% of REs reported being satisfied with the overall Ease of Use and Access to Information on the TRS Website.
- Similar sized groups of REs are “Very Satisfied” and “Satisfied” with the RE section of the TRS website. The gap between “Very Satisfied” and “Satisfied” REs is shrinking for both TRS website items (2-4% difference).



TRS Website RE Section
Ease of Use
Access to Information

Q: How would you rate the Reporting Employer section of TRS’ Internet site on ease of use and access to information, such as resources?

DATE: *July 16, 2026*

TO: *Benefits Committee*

THROUGH: Brian Guthrie, Executive Director

FROM: *Barbie Pearson, Chief Benefit Officer*
Sunitha Downing, Director, Enterprise Program Management

RE: *2026 Reporting Employer Satisfaction Survey Results*

ITEM TYPE: *Informational*

Purpose: This memorandum provides the Benefits Committee with an overview of the results of the 2026 Reporting Employer Satisfaction Survey (RESS), which measures Reporting Employer (RE) satisfaction with TRS services, communications, resources, and support.

Executive Summary: The 2026 RESS results demonstrate continued positive momentum in employer perceptions of TRS services. Overall satisfaction reached its highest level since the survey's inception, service quality ratings remained exceptionally strong, and satisfaction with communications and resources improved across nearly all measured areas. RE Coaches continued to be among TRS' highest-rated services, reinforcing their value in supporting REs and building strong employer relationships.

The results affirm the effectiveness of ongoing service improvement efforts while identifying opportunities to further enhance communication, responsiveness, RE Portal functionality, and employer support. The findings also provide insight into the attributes that drive exceptionally high RE Coach satisfaction, which may help inform improvements across other TRS service areas.

TRS management will continue to incorporate employer feedback into operational and service delivery initiatives to strengthen the employer experience and support the accurate administration of member benefits.

Background:
The RESS has been administered annually since 2019 and is distributed to all Texas public and higher education employers. The survey provides feedback to help TRS evaluate service delivery and identify opportunities to improve the employer experience. The 2026 RESS was

administered online through the TRS survey platform between February and March 2026. Survey responses were independently analyzed by Elite Research, LLC, which also prepares the annual Reporting Employer Satisfaction Survey Report published on the TRS website.

Annual Updates:
Key survey findings are as follows:

For the first time since the survey's inception, a majority of REs indicated they were “Very Satisfied” with TRS overall. Combined satisfaction ratings (“Satisfied” and “Very Satisfied”) increased to 92%. These results reflect continued improvement in employer perceptions and confidence in TRS service delivery.

Service quality ratings remained exceptionally strong, with a majority of REs reporting they were "Very Satisfied" with TRS services. Satisfaction with communications and resources also improved across nearly all measured areas. These results reflect increased value and usability of TRS tools, guidance, and support materials and reinforce confidence in the quality and reliability of TRS services.

RE Coaches remained among TRS' highest-rated services, maintaining approximately 90% satisfaction across measured dimensions. Although slight declines were observed in some measures, RE Coach satisfaction continued to exceed overall TRS satisfaction and remained a key organizational strength in supporting REs and fostering positive relationships with TRS.

Opportunities for Improvement
While overall satisfaction remains strong, REs identified opportunities to further enhance communication, responsiveness, and service delivery.

The most frequently cited opportunity for improvement was enhanced communication. REs also emphasized the importance of improved response time and availability. Additional suggestions included enhancements to the RE Portal, reporting functionality, and consideration of reporting deadline flexibility.

Survey results also highlight a gap between exceptionally high satisfaction with RE Coaches and lower overall ratings for TRS.

PowerPoint Presentation: Yes

TAB 6

TAB 7

TAB 8

TRS Health

Presentation Date
July 16,2026

Presented By
Katrina Daniel, Chief Health Care Officer

Meaghan Bludau, Chief of Staff, Health Division

TRS TEACHER RETIREMENT SYSTEM OF TEXAS

- **TRS-Care Rates & Benefits**
- **Risk-Based Rating for New Districts**

Lower TRS-Care Medicare Advantage Premiums

After reducing TRS-Care Medicare Advantage premiums by ~45% in 2025, TRS is proposing an additional 27% decrease for Plan Year 2027.

Lower premiums,
Same benefits,
New chance to enroll!

Monthly Premium	PY 2026	PY 2027	Change
Retiree Only	$75	$50	- $25
Retiree + Spouse	$280	$230	- $50
Retiree + Child(ren)	$408	$383	- $25
Retiree + Family	$613	$563	- $50

TRS will offer a **limited-time enrollment opportunity** for Medicare eligible retirees not currently enrolled to join and take advantage of the new, lower premiums.

Enrollment Window:
Oct. 1, 2026 – March 31, 2028

Stability for Under-65 Retirees

For nearly a decade, TRS-Care Standard has provided retirees with **stable, predictable premiums at an increasing value**.

By keeping TRS-Care Standard premiums flat, many retirees experience significant savings compared to other health plans available on the commercial market and the value grows every year.

TRS-Care Standard Costs
50–80%
LESS
than comparable plans

Changes to TRS-Care Standard deductibles to align with IRS guidelines

	PY 2026	PY 2027	Price Change
In-Network Deductibles	\$1,700 (individual) / \$3,400 (family)	\$1,750 (individual) / \$3,500 (family)	+\$50 (individual) / +\$100 (family)
Out-of-Network Deductibles	\$3,400 (individual) / \$6,800 (family)	\$3,500 (individual) / \$7,000 (family)	+\$100 (individual) / +\$200 (family)

TRS-Care Dental & Vision premiums are
STAYING THE SAME
for PY 2027

Risk-Based Rating for New Districts

Employers entering TRS-ActiveCare in the 2028 plan year will pay premiums that reflect the risk they bring, protecting current participants from the cost of higher-cost entrants.

- New entrants tend to have higher claims and have not contributed to reserves.
- Risk-based rates apply during an employer’s first two years, phasing in risk and reserve requirements for stable, accurate and competitive pricing.
- TRS-ActiveCare rules (TAC §41.35(e)) let TRS set different rates and premiums for participating entities based on certain risk, regional factors and other underwriting considerations.

Appendix

TRS-ActiveCare Fund Balance Projection

Financial History and Projection through FY2027 as of Feb. 28, 2026

	Contributions							Expenditures					
Fiscal Year	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Other Income	Total Revenue	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	Ending Balance (Incurred Basis)
FY 2017	$754,034,435		$1,141,916,735	$230,628,896	$145,792	$4,844,126	$2,131,569,985	$1,426,394,600	$306,703,364	$227,088,896	$127,129,189	$2,087,316,049	$97,804,829
FY 2018	$934,605,313		$1,003,203,754	$240,692,840	$110,090	$7,033,199	$2,185,645,196	$1,589,245,112	$275,730,514	$237,386,929	$124,795,087	$2,227,157,640	$56,292,384
FY 2019	$1,049,243,657		$881,998,119	$246,513,026	$146,090	$11,162,989	$2,189,063,880	$1,459,520,631	$254,168,852	$243,198,667	$123,514,885	$2,080,403,035	$164,953,230
FY 2020	$1,035,176,542		$870,173,250	$260,364,669	$145,265	$8,121,853	$2,173,981,579	$1,522,489,616	$271,480,529	$256,850,839	$119,814,483	$2,170,635,466	$168,299,343
FY 2021	$1,011,525,120		$850,291,777	$176,981,437	$142,718	$1,853,676	$2,040,794,727	$1,615,822,471	$285,092,897	$173,297,782	$78,637,967	$2,152,851,116	$56,242,954
FY 2022	$1,033,743,705	$638,337,761	$868,968,802	$149,833,847	$0	$1,656,095	$2,692,540,210	$1,690,700,579	$293,845,034	$146,752,232	$69,945,345	$2,201,243,189	$547,539,975
FY 2023	$952,097,761		$800,336,918	$85,603,456	$0	$27,739,322	$1,865,777,457	$1,683,988,310	$288,020,255	$83,782,801	$73,689,100	$2,129,480,467	$283,836,966
FY 2024	$1,088,669,143	$588,518,000	$757,221,705	$67,899,516	$0	$48,200,848	$2,550,509,213	$1,741,530,426	$251,690,274	$72,524,931	$80,123,736	$2,145,869,368	$688,476,811
FY 2025	$1,205,306,611	$369,224,574	$838,348,669	$7,653,508	$0	$39,982,705	$2,460,516,067	$1,961,981,400	$275,892,828	$7,555,813	$84,806,577	$2,330,236,617	$818,756,260
FY 2026	$1,299,131,217		$903,608,191	$1,889,750	$0	$33,737,923	$2,238,367,082	$2,025,373,431	$317,863,191	$1,870,400	$85,253,843	$2,430,360,865	$626,762,477
FY 2027	$1,494,623,555		$1,039,582,507	$0	$0	$20,808,912	$2,555,014,974	$2,275,954,614	$368,804,469	$0	$90,690,156	$2,735,449,239	$446,328,212

NOTES

- Invoice data through Feb. 28, 2026
- Medical trend: 5.5% trend in FY26, 6.2% trend assumed in FY27 to account for new districts
- Pharmacy trend: 9.0% trend in FY26, 9.7% trend assumed in FY27 to account for new districts
- Prior to FY2018: State contributions are equal to $75 PEPM. District contributions are equal to $150 PEPM.
- FY2018 and Forward: State/District Contributions are based on September actual contributions.
- Interest rate assumed in FY26 is 3.8%. Rate decreases by a factor of 25% each year with a minimum of 0.5%.
- FY27 rates are updated to reflect a 9.9% rate increase.
- The ActiveCare Fund balance is managed to prevent a deficit through premium and benefit adjustments.

TRS-Care Fund Balance Projection

Financial History and Projection through FY2027 as of Feb. 28, 2026

	Contributions							Expenditures			
Fiscal Year	**Retiree Contributions**	**State Contributions**	**Supplemental Appropriations**	**Active Employee Contributions**	**District Contributions**	**Investment Income**	**CMS, Part D and EGWP Subsidies**	**Medical Expenses**	**Drug Expenses**	**Administrative Costs**	**Ending Balance (Incurred Basis)**
FY 2017*	$373,229,610	$328,063,352	$15,559,552	$213,241,179	$191,057,800	$5,225,993	$195,396,219	$807,831,048	$734,805,874	$51,885,051	$368,737,886
FY 2018	$488,069,004	$425,625,726	$394,600,000	$221,325,377	$266,061,322	$10,930,281	$183,159,406	$840,420,584	$669,082,906	$50,430,879	$798,574,633
FY 2019	$517,965,033	$437,189,334	$73,641,562	$227,338,454	$273,110,251	$25,046,771	$321,106,153	$688,148,611	$648,749,351	$45,051,884	$1,292,022,346
FY 2020	$499,057,861	$468,330,999	$230,756,971	$243,532,120	$292,411,364	$25,396,789	$317,440,892	$659,668,989	$668,307,637	$44,654,785	$1,996,317,930
FY 2021	$533,592,849	$481,564,562	$5,520,343	$250,413,572	$299,803,511	$9,226,940	$311,771,512	$604,926,549	$705,239,916	$38,802,284	$2,539,242,470
FY 2022	$399,788,260	$506,388,630	$83,000,000	$263,328,449	$315,688,282	$13,499,534	$288,606,867	$551,595,432	$694,534,457	$45,475,384	$3,117,937,219
FY 2023	$477,018,666	$533,605,088	$0	$277,468,284	$334,703,238	$151,354,211	$354,575,016	$590,029,372	$714,251,845	$52,615,305	$3,889,765,200
FY 2024	$469,319,251	$558,086,044	$0	$290,204,743	$351,169,597	$202,197,475	$395,494,793	$607,212,304	$690,449,243	$41,929,243	$4,816,646,313
FY 2025	$376,630,174	$567,207,577	$0	$294,947,940	$357,176,773	$220,852,534	$507,069,348	$649,683,033	$872,609,166	$48,447,996	$5,569,790,466
FY 2026	$333,376,707	$599,047,394	$0	$311,504,645	$359,428,436	$228,664,000	$577,261,472	$697,016,627	$997,894,815	$56,928,502	$6,227,233,175
FY 2027	$336,663,782	$614,848,593	$0	$319,721,268	$368,909,156	$191,390,742	$649,592,567	$773,742,755	$1,056,387,406	$58,312,385	$6,819,916,736

NOTES

- Invoice data through Feb. 28, 2026
- The purpose of this report is to project revenue and expenses on an incurred basis and should not be used as a projection of cash flow.
- Cash flow projections are usually less than incurred primarily due to a delay in receipt of federal subsidies.
- State Contribution rate of 1.25%; District Contribution rate of 0.75%; and Active Contribution rate of 0.65% beginning 9/1/2017.
- Medical trends: 6.75% through FY2026; and 6.5% in FY2027
- Pharmacy trends, Non-Part D: 9% in 2026 and reduced by 0.25% each year thereafter.
- Pharmacy trends, Part D: -1.4% in 2026 and 6% in 2027.
- Interest rate is set to match current returns and reduced by 25% a year with a floor of 0.5%.
- Increase in payroll from Texas House Bill 2 (HB 2) from 89th Legislative Session is accounted for in FY 2026 and FY 2027 projections.

DATE: July 16, 2026

TO: *Benefit Committee*

THROUGH: Brian Guthrie, Executive Director

FROM: *Katrina Daniel, Chief Health Care Officer*
Meaghan Bludau, Chief of Staff, Health Division

RE: *TRS-Care Rates and Benefits and other TRS-Health Informational Items*

Item Type: *Action and Informational*

Executive Summary

2027 TRS-Care Rates and Benefits Recommendations
TRS Health is recommending the following for the retiree health plans, effective Jan. 1, 2027:

- Due to the healthy position of the fund balance, lower TRS-Care Medicare Advantage premiums in 2027 by 27%, saving retirees between $300 and $600 in annual premiums; TRS will offer an enrollment period from Oct. 1, 2026 through Mar. 31, 2028, to allow Medicare-eligible retirees to return to TRS-Care with new, lower premiums.
- Adopt conforming adjustments to COBRA rates that reflect the premium changes in TRS-Care.
- Maintain current premiums for TRS-Care Standard at 2018 levels.
- Adjust TRS-Care Standard deductibles due to IRS guidelines for plans that are compatible with health savings accounts.
- No changes to premiums and benefits for TRS-Care Dental and Vision, which are fully supported by member premiums.

And, effective September 1, 2027, adopt confirming adjustments to the TRS-Care surcharge that reflect the premium changes in TRS-Care.

Risk-Based Rating in For Employers Joining TRS-ActiveCare
TRS Health intends to introduce risk-based rating in TRS-ActiveCare starting in the 2028 plan year to ensure premiums reflect the risk new employers bring to TRS-ActiveCare and to protect participating employers from bearing the impact of higher-cost entrants. Interest in TRS-ActiveCare is increasing, with 25 employers joining next year. New entrants tend to

have higher claims and have not contributed to reserves. To address the higher cost to the region associated with entrance of new employers, TRS will apply risk-based rates during the first two years that an employer participates, phasing in risk and reserve requirements to support stable, accurate, and competitive pricing. TRS-ActiveCare rules (TAC §41.35(e)) allow TRS to determine different rates and premiums applicable to different participating entities or potential participating entities under the TRS-ActiveCare program based on certain risks, regional factors, and other underwriting considerations.

Claims Administration and Rebate Audit Reports

Consistent with TRS' fiduciary duty to health care funds, TRS engages independent firms to audit medical and pharmacy claims and rebates on an annual basis for the self-insured plans. For plan year 2024, Health Management System (HMS-Gainwell) reviewed Blue Cross Blue Shield of Texas' medical claims for TRS-ActiveCare and TRS-Care Standard, while Pharmaceutical Strategies Group (PSG) audited Express Script's pharmacy claims and rebates for TRS-ActiveCare, TRS-Care Standard and TRS-Care Medicare Part D. The audits confirmed that both administrators met required claim processing accuracy standards, achieving less than 0.1% error rate and the rebate payment amounts paid to TRS were correct. More detail is appended.

Background:

TRS-Care Rates and Benefits

TRS-Care Medicare Advantage premiums are proposed to decrease for PY 2027, by 27%, following a reduction of approximately 45% in 2025. Additionally, TRS proposes to offer a limited-time enrollment opportunity from Oct. 1, 2026 to Mar. 31, 2028 for Medicare-eligible retirees to enroll in the plan and take advantage of the lowered rates.

TRS proposes to maintain TRS-Care Standard premiums unchanged for the tenth consecutive year. These premiums remain highly competitive—approximately 50–80% lower than comparable market plans. TRS proposes increasing the individual TRS-Care Standard in-network deductibles by $50 due to IRS requirements and updating the SaveOn copay assistance drug list. As part of the annual review of benefit and premium review, TRS proposes to adjust TRS-Care COBRA rates and the TRS-Care surcharge for return-to-work retirees to reflect changes to premiums. TRS-Care has approximately 200 COBRA enrollees, while the surcharge is paid by fewer than 2,000 enrollees.

TRS-Care Dental and Vision premiums and benefits are proposed to remain unchanged for PY 2027 as part of the three-year rate commitment with MetLife. Retirees can enroll in or make plan changes during the annual enrollment window from Oct. 1 to Dec. 7, 2026, which aligns with the Medicare open enrollment window.

See the attached memorandum from Segal Consulting for more detail. Fund balances for TRS-Care and TRS-ActiveCare are also attached.

PowerPoint Presentation: Yes

Attachments:

1. TRS-ActiveCare and TRS-Care FY2027 Fund Balances
2. Segal Actuarial Memo for PY 2027 Rates for TRS-Care
3. Claims Administration and Rebate Audit Reports for the TRS-ActiveCare and TRS-Care self-funded benefit plans

TRS-ActiveCare Fund Balance Projection

Financial History and Projection through FY2027 as of February 28, 2026

	Contributions							Expenditures					
Fiscal Year	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Other Income	Total Revenue	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	Ending Balance (Incurred Basis)
FY 2017	$754,034,435		$1,141,916,735	$230,628,896	$145,792	$4,844,126	$2,131,569,985	$1,426,394,600	$306,703,364	$227,088,896	$127,129,189	$2,087,316,049	$97,804,829
FY 2018	$934,605,313		$1,003,203,754	$240,692,840	$110,090	$7,033,199	$2,185,645,196	$1,589,245,112	$275,730,514	$237,386,929	$124,795,087	$2,227,157,640	$56,292,384
FY 2019	$1,049,243,657		$881,998,119	$246,513,026	$146,090	$11,162,989	$2,189,063,880	$1,459,520,631	$254,168,852	$243,198,667	$123,514,885	$2,080,403,035	$164,953,230
FY 2020	$1,035,176,542		$870,173,230	$260,364,669	$145,265	$8,121,853	$2,173,981,579	$1,522,489,616	$271,480,529	$236,850,839	$119,814,483	$2,170,635,466	$168,299,343
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- FY27 rates are updated to reflect a 9.9% rate increase.
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TRS-Care Fund Balance Projection

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- Increase in payroll from Texas House Bill 2 (HB 2) from 89th Legislative Session is accounted for in FY 2026 and FY 2027 projections.

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July 16, 2026

Mr. Brian Guthrie
Executive Director
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701

Re: PY 2027 Rates for TRS-Care

Dear Mr. Guthrie:

This letter provides a summary of all TRS-Care proposed monthly retiree contribution rates, plan design changes, and COBRA rates for Plan Year 2027 (PY 2027), effective Jan. 1, 2027. The rates are included for 1 self-insured medical and pharmacy benefit plan for non-Medicare eligible retirees (TRS-Care Standard), 1 fully insured Medicare Advantage plan combined with a self-insured Part D pharmacy benefit for Medicare eligible retirees (TRS-Care Medicare), 1 fully insured Optional Dental benefit plan, and 1 fully insured Optional Vision benefit plan. All plans are currently offered to TRS-Care participants. Rates and plan design changes for the plans were developed internally in collaboration between Segal and TRS' internal actuaries.

TRS-Care medical and pharmacy plans are funded through statutory state, district and active payroll contributions in addition to retiree contributions. TRS-Care Medicare plans also receive additional funding through federal subsidies provided by Centers for Medicare and Medicaid Services (CMS) for Medicare Advantage and Part D Employer Group Waiver Plans (EGWP). The PY 2027 contribution rates were developed to account for updates to claims experience and projected state and federal CMS funding. Recent federal changes to Medicare along with TRS' health plan management have generated savings to the TRS-Care Medicare Advantage program, enabling TRS to reduce premiums for Medicare retirees while maintaining long-term stability of the fund. TRS-Care Dental and Vision plans are optional fully insured plans and are funded 100% through retiree premiums.

PY 2027 COBRA rates were developed to account for updates to claims experience and projected federal CMS funding and are based on total costs of care. COBRA provides federally required temporary coverage for spouses and/or children that lose TRS coverage in certain situations. TRS-Care Medicare contribution and COBRA rates are also developed to be compliant with Medicare laws and regulations.

The proposed monthly retiree contribution rates and plan design changes are summarized on the following page for both TRS-Care plans.

TRS-Care Standard Contribution Rates for Non-Medicare Eligible Retirees

Proposed Contribution Rates:

TRS-Care Standard	PY 2026	PY 2027	%Change
Retiree Only	$ 200.00	$ 200.00	0.0%
Retiree and Spouse	$ 689.00	$ 689.00	0.0%
Retiree and Child(ren)	$ 408.00	$ 408.00	0.0%
Retiree and Family	$ 999.00	$ 999.00	0.0%

Proposed Benefit Changes:

- Increase Individual In-Network deductible from $1,700 to $1,750
- Increase Family In-Network deductible from $3,400 to $3,500
- Increase Individual Out-of-Network deductible from $3,400 to $3,500
- Increase Family Out-of-Network deductible from $6,800 to $7,000

TRS-Care Medicare Contribution Rates for Medicare Eligible Retirees

Proposed Contribution Rates:

TRS-Care Medicare	PY 2026	PY 2027	%Change
Retiree Only	$ 75.00	$ 50.00	-33.3%
Retiree and Spouse	$ 280.00	$ 230.00	-17.9%
Retiree and Child(ren)	$ 408.00	$ 383.00	- 6 1%
Retiree and Family	$ 613.00	$ 563.00	- 8.2%

Proposed Benefit Changes:

- No Changes.

TRS-Care COBRA Rates

Proposed COBRA Rates:

TRS-Care	PY 2026	PY 2027	%Change
Spouse Non-Medicare	$ 864.00	$1,037.00	20.0%
Spouse Medicare	$ 349.00	$ 326.00	-6.6%
Child	$ 284.00	$ 341.00	20.1%

TRS-Care Optional Dental and Vision Plan Premiums

Proposed Premium Rates:

Dental	**PY 2026**	**PY 2027**	**%Change**
Retiree Only	$ 41.64	$ 41.64	0.0%
Retiree and Spouse	$ 83.29	$ 83.29	0.0%
Retiree and Child(ren)	$ 87.45	$ 87.45	0.0%
Retiree and Family	$ 129.93	$ 129.93	0.0%

Vision	**PY 2026**	**PY 2027**	**%Change**
Retiree Only	$ 6.89	$ 6.89	0.0%
Retiree and Spouse	$ 13.79	$ 13.79	0.0%
Retiree and Child(ren)	$ 15.57	$ 15.57	0.0%
Retiree and Family	$ 24.08	$ 24.08	0.0%

SUMMARY

The medical and pharmacy benefit plan retiree contribution rates were developed to cover estimates of future costs when combined with state statutory funding and federal CMS subsidies. COBRA rates were developed based on total costs of care after federal CMS subsidies. The rates are based on unaudited information available to TRS and Segal Consulting at the time the rates were developed. Projected rates are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The fully insured dental and vision rates provided by MetLife were reviewed for reasonableness in collaboration between Segal and TRS staff.

By signing below, I certify that I am a qualified actuary by education and experience to evaluate health rates. I am an Associate of the Society of Actuaries and a member of the American Academy of Actuaries and certify that all analysis was conducted in accordance with all applicable Actuarial Standards of Practice.

Please let us know if you have any questions or need any additional information.

Sincerely,

Kirsten R. Schatten, ASA, FCA, MAAA
Senior Vice President, Consulting Actuary

Final Draft Report TRS

TEACHER RETIREMENT SYSTEM OF TEXAS

05/08/2026

A Gainwell Technologies Company

Executive Summary

HMS completed a hybrid claims audit of Blue Cross and Blue Shield of Texas (BCBSTX) for medical claims administered on behalf of the Teacher Retirement System of Texas (TRS) medical plan options, as specified in the Audit Agreement. The intent of the audit was to validate processed claims and identify overpayments made in TRS-ActiveCare and TRS-Care. All overpayments identified during the audit should move forward into the recovery process, if eligible.

The scope of the audit was for medical claims incurred and processed between September 1st, 2023, and August 31st, 2024, for TRS-ActiveCare and between January 1st, 2024 and December 1st, 2024, for TRS-Care. The audit sample consisted of 800 claims chosen with a hybrid audit approach. A hybrid audit approach is a combination of a random, stratified audit and a comprehensive audit. HMS selected 400 claims for the random portion of the audit and 400 claims for the comprehensive portion of the audit.

HMS reviewed each sample claim and verified processing and payment information in the BCBSTX systems via remote access. HMS employees were able to access the documents and systems needed. BCBSTX provided all claim forms, contracting, and pricing details. HMS submitted overpayment inquiries to BCBSTX twice a day, or as needed. BCBSTX responded to some inquiries while HMS was conducting the remote review. All outstanding inquiries were received from BCBSTX by January 21st, 2026, for TRS-ActiveCare and February 20th, 2026, for TRS-Care. BCBSTX was courteous and very professional throughout the entire audit process.

Lastly, claims processing goals were also achieved, with .01% error rates in processing for both TRS-ActiveCare and TRS-Care, indicating small improvements from previous years *(see Operational Audit 2026 for further detail).*

Areas of Concentration

Our audit process includes a review for common situations in a manner that is fully customizable based on the parameters of the TRS-ActiveCare and TRS-Care plans administered by BCBSTX. The audit included, but was not limited to, the areas listed below.

- Eligibility
- Industry Standards
  - Add-on Codes Billed Without Primary Codes
  - Correct Coding (bundling & unbundling)
  - Duplicate Payments
  - Expired Codes
  - Global Days
  - Invalid Age or Gender
  - Medically Unlikely
  - Multiple Surgery & Assistant Surgeon Fee Cuts
  - Services Rarely/Never Performed in a Facility/Non-facility Setting
- Plan Benefits
  - Benefit Quantity Limitations
  - Coordination of Benefits
  - Member Cost Sharing (Copays, Deductibles, Out of Pocket (OOP) Max, etc.)
  - Excluded Services
  - Subrogation
- Provider Contract
  - Provider Discounts and Fee Schedules
  - Timely Filing

Recovery Potential

Out of the 800 audited claims, HMS-Gainwell estimates the recovery potential to be $460,327 total ($331,958 for TRS-ActiveCare and $128,369 for TRS-Care). Across the combined programs, Duplicate Claims ($207,962; 45.2%), Member Eligibility ($180,084; 39.1%), and Member Benefits ($45,071; 9.8%) were the highest-cost sub-categories of overpayment recoveries, with other categories totaling significantly less (< $9,000 each; $27,210 combined; 5.9%), which included issues such as timely filings, invalid age for service, coding errors, coordination of benefits, etc.

The table below is a summary of the claims that were identified by HMS as overpaid with collection potentials during the remote onsite review. These claims represent the potential recovery amount from the audit sample. These claims should be placed into the recovery process if eligible or researched further where necessary.

Combined TRS-ActiveCare and TRS-Care programs			
Finding Status	**Category**	**Claim Count**	**Identified Amount**
Overpaid - Agreed	Add-On Codes	1	$129.57
	Correct Coding	1	$42
	Duplicates	23	$155,166
	Excessive Codes	1	$1,698
	Member Benefits	24	$8,596
	Physicians Concurrent Services	4	$281
	Total	**54**	**$165,913**
Overpaid -In Collections	Assistant Surgeon	1	$4,149
	Correct Coding	4	$1,525
	Duplicates	3	$52,796
	Eligibility	24	$180,084
	Global Days	2	$193
	Not a New Patient	4	$139
	Timely Filings	1	$8,495
	Unbundled Labs	1	$19
	Total	**40**	**$247,400**
Overpaid-Agreed Out of Sample	Coordination Of Benefits	1	$5
	Unbundled Labs	7	$569
	Total	**8**	**$574**
Overpaid-Disagreed	Add-On Codes	3	$3,082
	Age: Invalid For Service Code	3	$5,968
	Coordination Of Benefits	7	$639
	Member Benefits	8	$36,475
	Physicians Concurrent Services	2	$249
	Unbundled Labs	1	$27
	Total	**24**	**$46,440**
GRAND TOTAL		**126**	**$460,327**

Final Recommendation

After a final review of all 800 samples, HMS has the following recommendations. The duplicate samples yielded $155,166 of errors that were agreed upon and an additional $52,796 in recoupable funds. HMS recommends a full review of the duplicate filter to determine if it is properly aligned to catch and reject potential duplicates, and to complete any additional training that may be needed in case of a manual error, which BCBSTX stated has already been done.

Secondly, the eligibility samples saw $180,084 of additional recoupable funds. BCBSTX has explained their backend recoupment process when a claim was paid prior to receiving the termination date. HMS recommends a review of the system to ensure claims are processed in a timely manner and not being left overpaid for an extended period of time. BCBSTX has agreed to review the process to return the funds to TRS in a more timely manner.

Conclusion

HMS had the opportunity to review BCBSTX from a claims processing accuracy perspective. HMS appreciates the organization and dedication BCBSTX presented during that time. There were $460,327 ($331,958 for TRS-ActiveCare and $128,369 for TRS-Care) in potential overpayments identified during the hybrid claims audit. HMS appreciates the opportunity to perform a medical plan audit on behalf of TRS and will continue to offer recovery support and remains committed to our partnership with TRS and BCBSTX.

Teacher Retirement System of Texas

Final Report

PBM Claim Audit Report of Express Scripts

Period Reviewed (TRS-ActiveCare): September 1, 2023 – August 31, 2024

Period Reviewed (TRS-Care Standard and TRS-Care Medicare Rx): January 1, 2024 – December 31, 2024

PBM Report Issued: May 2026

Final Report Issued: June 2026

AN EPIC COMPANY

Engagement Summary

Teacher Retirement System of Texas (TRS) engaged the service of the Pharmaceutical Strategies Group, LLC (PSG) to perform an audit of their pharmacy benefit management (PBM) vendor, Express Scripts, Inc. (ESI).

Line of Business (LOB) and Carriers:

Carrier ID	LOB	Segment
93Z3	Commercial	TRS-ActiveCare
93Z5	Commercial	TRS-Care Standard
93Z2	Medicare	TRS-Care Medicare Rx

TRS-ActiveCare: 4,304,862 claims / $574,395,043.28 gross amount

TRS-Care Standard: 1,143,333 claims / $214,081,350.66 gross amount

TRS-Care Medicare Rx: 4,873,947 claims / $1,090,283,801.96 gross amount

Audit Periods:

TRS-ActiveCare: September 1, 2023 – August 31, 2024
TRS-Care Standard and TRS-Care Medicare Rx: January 1, 2024 – December 31, 2024

Audit Scope

- Claim Integrity & Processing
- Pricing Audit
    - Lesser of Logic, AWP Validation, Custom Pricing, etc.
    - Financial Guarantees
    - Administrative Fees
- Benefit Design Validation Audit
- Performance Guarantee Audit

Overall Observations

Client: Teacher Retirement System of Texas (“TRS”)

Audit Periods:

TRS-ActiveCare: September 1, 2023 – August 31, 2024

TRS-Care Standard and TRS-Care Medicare Rx: January 1, 2024 – December 31, 2024

PBM: Express Scripts, Inc. (“ESI”)

- Audit results in no errors

Scope Item	Compliance	Auditor Notes	PSG Estimated Impact
Claims Integrity & Processing			
• Claims Cost Component Verification • Duplicate Claims • Obsolete Drugs	Compliant	All claims processed as expected.	$0.00
Pricing Audit			
AWP Validation	Compliant	All claims are processed with correct pricing.	$0.00
Lesser/Lower of Logic	Compliant	All claims are processed with correct pricing.	$0.00
Brand/Generic Classification	Compliant	All claims are processed with correct pricing.	$0.00

<table>
<tr><th>Scope Item</th><th>Compliance</th><th colspan="2">Auditor Notes</th><th>PSG Estimated Impact</th></tr>
<tr><td rowspan="4">Financial Guarantees (Discounts and Dispensing Fees)</td><td rowspan="4">Non-Compliant; Self-Reported</td><td>TRS-Care Medicare Rx</td><td>ESI reports an underperformance of ($14,606,253.45).</td><td>$0.00</td></tr>
<tr><td>TRS-ActiveCare</td><td>ESI reports an underperformance of ($13,403,653.88).</td><td>$0.00</td></tr>
<tr><td>TRS-Care Standard</td><td>ESI reports an underperformance of ($4,338,616.33).</td><td>$0.00</td></tr>
<tr><td colspan="3">PSG validated and agreed with ESI results. All above recoveries have already been made, and no additional recoveries were identified.</td></tr>
<tr><td>Administrative Fees</td><td>Compliant</td><td colspan="2">All administrative fees were accurately charged to Client. No issues identified.</td><td>$0.00</td></tr>
<tr><td colspan="5">Benefit Design Validation Audit</td></tr>
<tr><td>Member Cost Share</td><td>Compliant</td><td colspan="2">All claims are processed with accurate copayments/coinsurance.</td><td>$0.00</td></tr>
<tr><td>Days’ Supply Limits</td><td>Compliant</td><td colspan="2">All claims processed as expected for days’ supply limitations.</td><td>$0.00</td></tr>
<tr><td colspan="4">Overall Error Rate:</td><td>0.00%</td></tr>
</table>

Teacher Retirement System of Texas

Final Report

PBM Audit Report of Express Scripts, Inc.

Rebates

Period Reviewed (TRS-ActiveCare): September 1, 2023 – August 31, 2024

Period Reviewed (TRS-Care Standard and TRS-Care Medicare Rx): January 1, 2024 – December 31, 2024

PBM Report Issued: June 2026

Engagement Summary

Teacher Retirement System of Texas (TRS) engaged the service of the Pharmaceutical Strategies Group, LLC (PSG) to perform a rebate audit of their pharmacy benefit management (PBM) vendor, Express Scripts, Inc.(ESI).

Line of Business (LOB) and Carriers:

Carrier ID	LOB	Segment
93Z3	Commercial	TRS-ActiveCare
93Z5	Commercial	TRS-Care Standard
93Z2	Medicare	TRS-Care Medicare Rx

Audit Periods:

TRS-ActiveCare: September 1, 2023 – August 31, 2024
TRS-Care Standard and TRS-Care Medicare Rx: January 1, 2024 – December 31, 2024

Audit Scope

- Rebate Audit
    - Minimum Rebate Guarantee
    - Virtual Manufacturer Rebates

Client: Teacher Retirement System of Texas ("TRS")

Audit Periods:

Commercial TRS-ActiveCare: September 1, 2023 – August 31, 2024

Commercial TRS-Care Standard and TRS-Care Medicare Rx: January 1, 2024 – December 31, 2024

PBM: Express Scripts, Inc. ("ESI")

- Minor discrepancies identified

Scope Item	Compliance	Auditor Notes	PSG Estimated Impact
Rebate Audit			
Minimum Rebates Audit- TRS-ActiveCare Audits	Compliant	No discrepancies identified	$0.00
Minimum Rebates Audit- TRS-Care Standard Audits	Non-Compliant	PSG identified claims that were omitted from the rebate reporting provided for audit review. ESI acknowledged that these claims were inadvertently excluded during the initial assessment process.	$24,737
Minimum Rebates Audit- TRS-Care Medicare Rx Audits	Compliant	No discrepancies identified	$0.00

TAB 9