

August 22, 2024

Mr. Brian Guthrie
TRS Executive Director
Comparability Report Teacher Retirement System of Texas
1000 Red River St
Austin, TX 78701-2698

Re: Klondike ISD Comparability with TRS ActiveCare Primary of Texas

Dear Mr. Guthrie:

Background

Per Section 22.004 of the Education Code, Texas school districts that do not participate in the Texas Retirement System (TRS) are required to report in even-numbered years if their plans are comparable to the ActiveCare Primary of Texas plan. Higginbotham Public Sector has performed the required analysis.

There are several criteria that must be compared

1. The deductible amount for service provided inside and outside of the network.
2. The coinsurance percentages for service provided inside and outside the network.
3. The maximum amount of coinsurance payments a covered person is required to pay.
4. The amount of the copayment for an office visit.
5. The schedule of benefits and the scope of coverage.
6. The lifetime maximum benefit amount.
7. Verification that the coverage is issued by a provider licensed to do business in this state by the Texas Department of Insurance or is provided by a risk pool authorized under Chapter 172, Local Government Code, or that a district is capable of covering the assumed liabilities in the case of coverage provided through district self-insurance.

Methodology

To satisfy requirements 1-6, I compared the TRS ActiveCare Primary/Base Plan to the LM4HB1A1, using Claros Actuarial Assistant, an industry leader in actuarially based analytics tools.

I measured the expected Actuarial Plan Value (APV) of each plan shown below, showing their relative value against the TRS ActiveCare Primary plan. An APV measures a proportion of the total allowed medical costs that a health insurance plan is obligated to pay and is the most accurate representation of plan claims cost absorption.

Conclusion

The results of the comparison are below.

| | APV | Relativity |
|---|-------------|-------------------|
| TRS ActiveCare Primary/Base Plan | 77.7 | 1 |
| LM4HB1A1 | 95.4 | 22.8% |

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The conclusion is that the LM4HB1A1 is within 5% of the ActiveCare Select plan, and therefore Klondike ISD is in compliance with Section 22.004.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sam McMahan', with a long horizontal flourish extending to the right.

Sam McMahan
Director – Underwriting and Financial Analytics
Higginbotham