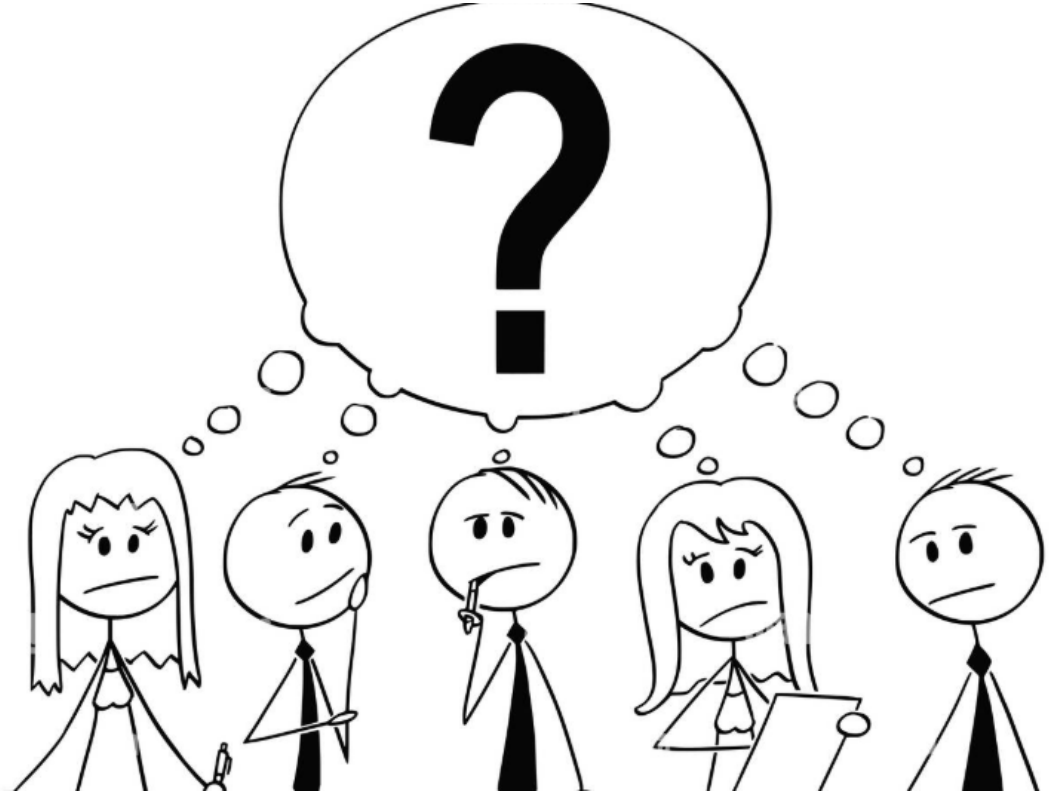
Is TRS ActiveCare The Best Option For Your District



Is The Grass Greener On The Other Side?

Evaluating Benefits, Cost, Access*, Fit and Alternatives*

Understanding TRS ActiveCare

AFFORDABILITY FOR SMALL DISTRICTS: Small districts struggled to obtain affordable stable health insurance & coverage was not guaranteed

RISK POOLING: Many small school districts found it difficult or impossible to secure health insurance due to high costs and limited risk pools

COVERAGE: a statewide health plan for school districts, charter schools, regional educational service centers, and other educational districts, ensuring consistent benefits regardless of district size

STATE-LEVEL SUPPORT: The law authorized state funding to help employees pay for coverage, with a minimum contribution of $225 per eligible employee, enabling a $0 premium for employee-only coverage when the program began

Benefits

TRS ACTIVECARE PRIMARY – Lowest premium, statewide network, requires PCP referrals for specialists, lower deductible than HD, copays for many services/drugs, not compatible with a Health Savings Account (HSA), no out-of-network coverage.

TRS ACTIVECARE PRIMARY+ - Higher premium than Primary, statewide network, requires PCP referrals, lower deductible than HD, copays for many services/drugs, not compatible with HSA, no out-of-network coverage.

TRS ACTIVECARE HD – Highest premium, nationwide network with out-of-network coverage, no PCP referral required, higher deductible and coinsurance, must meet deductible before paying for non-preventive care, compatible with HSA.

TRS ACTIVECARE 2 - Closed to new enrollees.

HMO/PPO

2026-2027 Annual Premium Cost

	PRIMARY	PRIMARY+	TRS ACTIVECARE HD
EE	$5,148	$6,048	$5,294
ES	$13,908	$15,732	$14,292
EC	$8,760	$10,284	$9,000
EF	$17,508	$19,968	$18,000

NOTE:

- ☐ Rates shown are lowest cost rates.
- ☐ Highest rates are +43%.
- ☐ Coinsurance costs not included

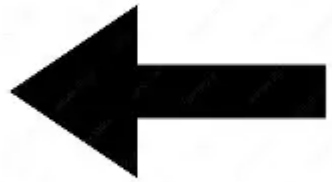
"If additional funding was allocated to make up the 20-year gap, the total state and employer contribution would be approximately $600 per employee per month, with the split between the state and public school employers needing to be decided by the legislature." -**Segal Report August 2022**

TRS-ActiveCare Fund Contributions

Fiscal Year	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Other Income	Total Revenue
FY 2017	$754,034,435		$1,141,916,735	$230,628,896	$145,792	$4,844,126	$2,131,569,985
FY 2018	$934,605,313		$1,003,203,754	$240,692,840	$110,090	$7,033,199	$2,185,645,196
FY 2019	$1,049,243,657		$881,998,119	$246,513,026	$146,090	$11,162,989	$2,189,063,880
FY 2020	$1,035,176,542		$870,173,250	$260,364,669	$145,265	$8,121,853	$2,173,981,579
FY 2021	$1,011,525,120		$850,291,777	$176,981,437	$142,718	$1,853,676	$2,040,794,727
FY 2022	$1,033,743,705	$638,337,761	$868,968,802	$149,833,847	$0	$1,656,095	$2,692,540,210
FY 2023	$952,097,761		$800,336,918	$85,603,456	$0	$27,739,322	$1,865,777,457
FY 2024	$1,088,669,143	$588,518,000	$757,221,705	$67,899,516	$0	$48,200,848	$2,550,509,213
FY 2025	$1,205,306,611	$369,224,574	$838,348,669	$7,653,508	$0	$39,982,705	$2,460,516,067
FY 2026	$1,303,655,064		$906,754,744	$2,123,862	$0	$33,736,173	$2,246,269,844
FY 2027	$1,508,466,037		$1,049,210,618	$0	$0	$20,213,979	$2,577,890,635

TRS-ActiveCare Fund Expenditures

Fiscal Year	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	Ending Balance (Incurred Basis)
FY 2017	$1,426,394,600	$306,703,364	$227,088,896	$127,129,189	$2,087,316,049	$97,804,829
FY 2018	$1,589,245,112	$275,730,514	$237,386,929	$124,795,087	$2,227,157,640	$56,292,384
FY 2019	$1,459,520,631	$254,168,852	$243,198,667	$123,514,885	$2,080,403,035	$164,953,230
FY 2020	$1,522,489,616	$271,480,529	$256,850,839	$119,814,483	$2,170,635,466	$168,299,343
FY 2021	$1,615,822,471	$285,092,897	$173,297,782	$78,637,967	$2,152,851,116	$56,242,954
FY 2022	$1,690,700,579	$293,845,034	$146,752,232	$69,945,345	$2,201,243,189	$547,539,975
FY 2023	$1,683,988,310	$288,020,255	$83,782,801	$73,689,100	$2,129,480,467	$283,836,966
FY 2024	$1,741,530,426	$251,690,274	$72,524,931	$80,123,736	$2,145,869,368	$688,476,811
FY 2025	$1,961,981,400	$275,892,828	$7,555,813	$84,806,577	$2,330,236,617	$818,756,260
FY 2026	$2,024,964,882	$332,525,686	$2,103,612	$86,422,619	$2,446,016,799	$619,009,305
FY 2027	$2,296,384,016	$395,954,538	$0	$97,338,268	$2,789,676,822	$407,223,118



TRS ActiveCare Supplemental Funding

The Texas legislature provided supplemental funding for 2022, 2024 and 2025 totaling $1,596,080,335.

According to TRS supplemental funding was part of a four of a five-year strategy to realign premium revenue with plan expenses.

Comparing net contributions (minus supplemental funding) vs expenditures during each of these three years produces the following paid loss ratios:

2022	107%
2024	109%
2025	111%

Source: Board Book | TRS Benefits Committee | May 2026

TRS ActiveCare Pros & Cons

PROS:

- ☐ No assumption of risk
- ☐ Large pooling advantages
- ☐ Low administrative expenses
- ☐ Defined contribution
- ☐ State supplemental funding
- ☐ Limited administrative responsibilities
- ☐ Local politics eliminated
- ☐ Professional Risk management oversight
- ☐ Broad specialty drug coverage

CONS:

- ☐ Adverse selection
- ☐ Low state/district contributions
- ☐ No local control
- ☐ Limited benefit choice / plan design
- ☐ 5-year lock-in
- ☐ Limited out-of-network benefits
- ☐ Limited claim data needed for competitive alternatives
- ☐ Requires PCP & Referrals
- ☐ No first dollar coverage on HD plan

Commerical Market Alternatives

FULLY-INSURED GROUP PLANS – *Managed care networks for all size groups receiving the same health care pricing*

- ☐ Insurance company assumes all risk
- ☐ Limited number of carrier choices
- ☐ Winner takes all

ICHRA – *Provides all the guarantees and protections of fully-insured group plans*

- ☐ Carrier assumes all risk
- ☐ Broad choice of insurance companies

SELF-FUNDED GROUP PLANS– *Choice of most non-TRSAC health plans*

- ☐ Broad number of independent TPAs
- ☐ High flexibility and control
- ☐ Potential savings when claims are low
- ☐ PPO and/or Reference Based Pricing

Important Differences / Similarities

TRS ACTIVECARE

TRSAC is a Defined Contribution plan - districts bear no risk of deficit spending

PPO / HMO network discounted pricing

TRS Board of Trustees control

State supplemental funding

Limited administrative burdens

COMMERCIAL HEALTH PLANS

Commercial market Defined contribution plans with insufficient contribution levels put districts at increased financial risk

Same networks, same pricing

Local decision making authority

No state supplemental funding

Broad administrative burdens

What Motivates A District To Consider Commercial Alternatives?

☐ Cost	☑ Claims drive cost
☐ Better Benefits	☑ Benefit improvements increase cost
☐ Local Control	☑ Custom built plan based on local needs
☐ Recruitment & Retention	☑ Better benefits reduces turnover

How Have Most Non-TRS ActiveCare Groups Fared?

Most districts have failed while few have achieved unusual success.

What makes the difference?

Monster Texas School District Gets An "F" In Health Care Finance

Claims Have Doubled But Blue Cross Is Free

Amarillo ISD Wants Out Of The Health Insurance Business

Killeen ISD To Save $10,000,000 By Joining Government Health Plan

Texas School District Wins "Highest Cost Health Insurance" Award

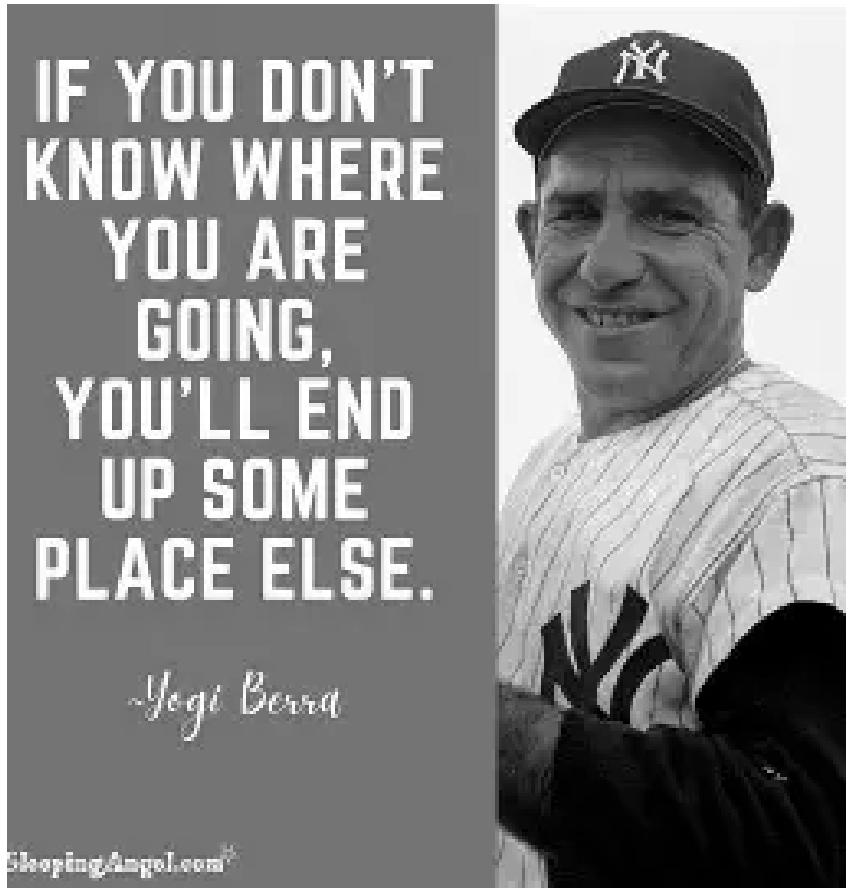
El Paso ISD's $18,000,000 Health Plan Deficit

At the November 21, 2025, Board Meeting, the Board of Trustees unanimously approved transitioning from Conroe ISD's self-funded employee health plan to TRS-ActiveCare, effective September 1, 2026.

Spring ISD board votes to rejoin TRS ActiveCare for 2026 amid trustee concern about risk

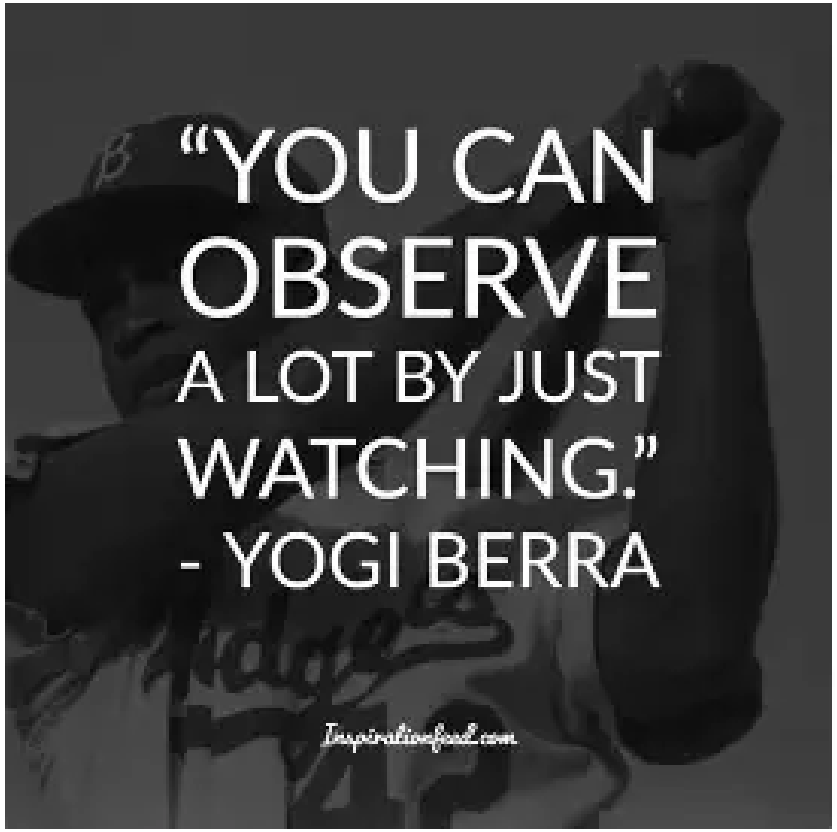
8 Reasons Why Districts Who Leave TRS ActiveCare Fail

1. Moving to another PPO network rarely saves money
2. Misplaced trust in marketers
3. No independent analysis or expert guidance
4. Underwriting gone wrong
5. Inadequate funding and contributions
6. Adverse selection and death spiral
7. Lack of risk management strategies
8. Lack of strong leadership, planning and discipline



Prerequisites For Districts Considering Commercial Alternatives

1. Move away from managed care networks
2. Perform actuarial / feasibility study
3. District contribution = 100% EO cost
4. Underwriting gone wrong
5. Expert risk management
6. Commit to five year strategic plan
7. Revamp insurance committee
8. Strong administration leadership
9. Financial discipline



Summary

If your district has weak leadership, a split board, and unwilling to consider anything other than a traditional managed care plan as well as unwilling to fund what is necessary to achieve 100% employee participation your best option is TRS ActiveCare

If you have strong leadership, a unified board, and have the political courage to prevail by trying something new while practicing strict financial discipline, you will likely succeed in offering better benefits and stable costs through the commercial market

But Wait! What About ICHRA?

Nations largest risk pool with millions of member

Defined contribution plan

Fully insured

No participation requirements

No underwriting

Potential subsidies for dependents

Federal oversight of network adequacy

Pre-existing condition covered

Average rates increase below industry norm

Federal mandated benefits

Federal tax subsidies may be available

Single source vendors – no bidding necessary

Eliminates risk

Allows district to set their own budgets

Plan members choose benefits best for them

Removes districts from the health insurance business

Here Are Your Choices

TRS ActiveCare

Commercial Coverage

- Fully Insured
- Self Funded
- Level Funded
- ICHRA

What is Best For Your District?

Your answer to the following questions will help determine which option may be best for your district

How long has your superintendent been at your district?

Is the Board of Trustees united or split?

How much do you currently contribute and are you willing to contribute more if needed. If so how much?

Do you have an insurance committee?

If you were to have everything you wanted what would that look like and do you have the drive and commitment to make it work?

Choice Is Good